

## 7 PM COMPILATION

**February, 2024**

### Features of 7 PM compilation

- ❖ Comprehensive coverage of a given current topic
- ❖ Provide you all the information you need to frame a good answer
- ❖ Critical analysis, comparative analysis, legal/constitutional provisions, current issues and challenges and best practices around the world
- ❖ Written in lucid language and point format
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- ❖ Best-in class coverage, critically acclaimed by aspirants
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- ❖ Best cost-benefit ratio according to successful aspirants

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## Interim Budget 2024-Key Highlights – Explained Pointwise

Union Finance Minister, Nirmala Sitharaman, presented the Interim Budget 2024. The Interim budget that the finance minister presented today will **stay valid for the first four months of the new fiscal year** that starts in April. The comprehensive budget for the fiscal year 2024-2025 will be presented in July 2024.

### Vision of the Interim Budget 2024/Vikshit Bharat Budget 2024

#### 1.What is the difference between Annual Budget and Interim Budget?

Annual Budget	Interim Budget
The annual budget <b>covers all aspects of government finances</b> , including revenue generation, expenditure allocations, and policy announcements	The interim budget focusses primarily on <b>maintaining essential spending on ongoing schemes and critical public services</b> until the new government takes charge.
An annual budget, presented on <b>February 1st of each year and outlines the government's financial roadmap for the entire fiscal year</b> (April 1 to March 31).	An interim budget, also known as a ' <b>Vote on Account</b> ', which is presented in an election year. It is essential government operations <b>funded until the newly elected government</b> presents its full budget.
Major Policy decisions like <b>changes in tax structure, import duty Structure</b> are announced in the annual budget.	An interim budget <b>avoids</b> major policy pronouncements or significant <b>changes to tax structures</b> due to its transitory nature.
The annual budget faces <b>rigorous parliamentary debates and analysis</b> .	Interim budget receives less scrutiny due to its <b>limited scope and temporary nature</b> .

#### 2.What are the key highlights of the Interim Budget?

##### Macro-economic Highlights

##### 1. Budget Estimates 2024-25-

<b>Total receipts other than borrowings</b>	30.80 lakh crore
<b>Tax receipts</b>	26.02 lakh crore
<b>Total expenditure</b>	47.66 lakh crore

2. **Fiscal Deficit-** The estimated fiscal deficit in 2024-25 is set to be **5.1 per cent of GDP**. The **revised fiscal deficit is at 5.8% of the GDP** for 2023-24 (FY24). These fiscal deficit trends adhere to the path of reduction of fiscal deficit **below 4.5 per cent by 2025-26**.

3. **Lower borrowings by the Central Government-** The gross and net market borrowings through dated securities during 2024-25 are estimated at **14.13 and 11.75 lakh crore respectively**. The borrowings by the Central Govt are set to reduce in 2024-25 as compared to 2023-24. The lower borrowings by the central government will facilitate larger availability of credit for the private sector.

4. **Continuation of the Fifty-year interest free Loan for Capital Expenditure to states-** The scheme of fifty-year interest free loan for capital expenditure to states will be continued this year with **total outlay of 1.3 lakh crore**.

5. **No changes to income tax slabs-** No changes have been introduced in the income tax slabs.

6. **Extension of Tax Exemptions-** Tax exemptions given to start-ups extended till **March 31, 2025**.

7. **Withdrawal of Direct Income Tax Demands-** Government has decided to withdraw outstanding direct tax demands up to **Rs 25,000 for the period up to financial year 2009-10** and **up to Rs 10,000 for financial years 2010-11 to 2014-15**.

8. **Increase in Income Tax Filers and Income tax Collection-** The number of tax filers have **increased by 2.4 times**. The direct tax collection has **trebled since 2014**.

### Infrastructure Highlights

1. **Increase in Capital Expenditure Outlay for Infrastructure-** The Capital Expenditure outlay for Infrastructure for 2024-25 has been **increased by 11.1 per cent to eleven lakh, eleven thousand, one hundred and eleven crore rupees (11,11,111 crore)**. This would be **3.4 per cent of the GDP**.

2. **Major economic railway corridor programmes- Energy, mineral and cement corridors, port connectivity corridors** have been announced which will result in decongestion of the high-traffic corridors. These will help in improving operations of passenger trains.

3. **Expansion of Pradhan Mantri Awas Yojana- Gramin (PMAY-G)- 2 crore more houses** will be built under the Pradhan Mantri Awas Yojana-Gramin (PMAY-G).

4. **Rooftop solarization and muft bijli-** Through rooftop solarization, **one crore households** will be enabled to obtain up to 300 units free electricity every month.

### Green Energy Highlights

1. **Viability Gap Funding for Offshore Wind-** Viability gap funding will be provided for harnessing offshore wind energy potential for **initial capacity of one giga-watt**.

2. **Coal Gasification and liquefaction Plant-** Coal gasification and liquefaction capacity of **100 MT will be set up by 2030**. This will also help in reducing imports of natural gas, methanol, and ammonia.

3. **Phased mandatory blending of CBG in CNG and PNG-** Phased mandatory **blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purposes** will be mandated.

4. **New Schemes for Bio-Manufacturing and Bio-Foundry-** A new scheme of **bio-manufacturing and bio-foundry will be launched**. This will provide environment friendly alternatives such as **biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs**.

### Agriculture Highlights

1. **Agriculture and food processing-** Promotion of private and public investment in post-harvest activities including **aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding**.

2. **Nano DAP-** Application of Nano DAP on various crops will be expanded in all agro-climatic zones.

3. **Atmanirbhar Oil Seeds Abhiyan-** A strategy to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower will be formulated.

4. **Dairy Development-** A **comprehensive programme for supporting dairy farmers** will be formulated. The programme will be built on the success of existing schemes such **Rashtriya Gokul Mission, National Livestock Mission, and Infrastructure Development Funds** for dairy processing and animal husbandry.

5. **Matsya Sampada**- Implementation of Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be stepped up to **enhance aquaculture productivity from existing 3 to 5 tons per hectare, double exports to 1 lakh crore and generate 55 lakh employment opportunities** in near future. **Five integrated aquaparks** will be setup.

### Research and Development

1. **Corpus of Rs. 1 lakh crore**- A **corpus of rupees one lakh crore** to encourage the private sector to scale up research and innovation significantly in sunrise domains.
2. **New Scheme for Deep tech Technology**- A new scheme to be launched for strengthening deep-tech technologies for defence purposes and expediting 'atmanirbharta'.

### Nari-Shakti Highlights

1. **Enhancement of Target of Lakhpati Didi**- Target of Lakhpati Didi has been enhanced from 2cr to 3cr.
2. **Vaccination Programme to prevent Cervical Cancer**- Vaccination programme to prevent Cervical Cancer for girls in the age group of 9 to 14 years.
3. **Amalgamation of various schemes for maternal and child care**- Creation of **one comprehensive programme** for maternal and Child Care. Expedition of upgrading Anganwadi Centres under 'Saksham Anganwadi and Poshan 2.0'.

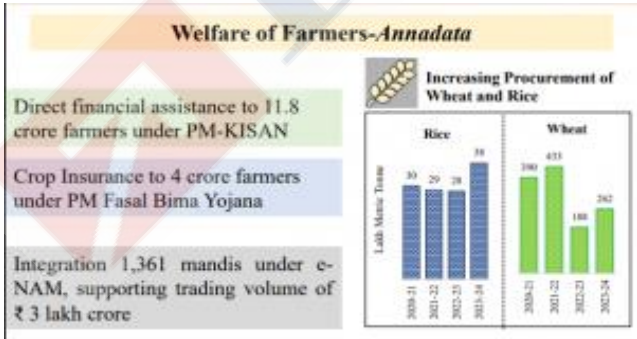
### Health Sector Highlights

1. **Setting up more medical colleges**- A committee to be formed to examine the issue of setting up more medical colleges.
2. **Extension of Coverage under the Ayushman Bharat Scheme**- ASHA workers, Anganwadi workers and helpers will be covered under the Ayushman Bharat Scheme.

### 3.Understanding Interim Budget 2024 through Infographs

#### Focus Area of Interim Budget 2024

1. Garib Kalyan Desh Kalyan, 2. Empowering the Youth, 3. Welfare of Farmers- Annadata, 4. Nari Shakti

Garib Kalyan Desh Kalyan	Empowering the Youth
<p><b>Welfare of Farmers- Annadata</b></p>  <p>Source- India Budget</p>	<p>Nari Shakti</p>

### Strategy of Amrit Kal


1. Sustainable Development, 2. Infrastructure and Investment, 3. Inclusive Development , 4. Agriculture and Food Processing

**Sustainable Development**


**Commitment to meet 'Net Zero' by 2070**

- Viability gap funding for wind energy
- Setting up of coal gasification and liquefaction capacity
- Phased mandatory blending of CNG, PNG and compressed biogas
- Financial assistance for procurement of biomass aggregation machinery


**Rooftop solarization**-1 crore households will be enabled to obtain up to 300 units of free electricity per month



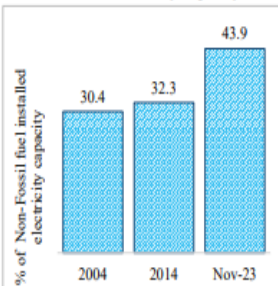
- Adoption of e-buses for public transport network
- Strengthening e-vehicle ecosystem by supporting manufacturing and charging



New scheme of biomanufacturing and bio-foundry to be launched to support environment friendly alternatives




**Per cent increase in Non-Fossil Fuel installed electricity capacity**




Year	% of Non-Fossil fuel installed electricity capacity
2004	30.4
2014	32.3
Nov-23	43.9

- >10 crore LPG connections released under PMUY
- 36.9 crore LED bulbs, 72.2 lakh LED Tube lights, and 23.6 lakh Energy efficient fans distributed under UJALA
- 1.3 crore LED Street Lights installed under SNLP

Source- India Budget




Source- India Budget



Source- India Budget


**Inclusive Development (2/2)**



**Housing**

Pradhan Mantri Awas Yojana (Grameen) close to achieving target of 3 crore houses, additional 2 crore targeted for next 5 years


Housing for Middle Class scheme to be launched to promote middle class to buy/built their own houses



**Tourism**

States will be encouraged to undertake development of iconic tourist centres to attract business and promote opportunities for local entrepreneurship

Long-term interest free loans to be provided to States to encourage development

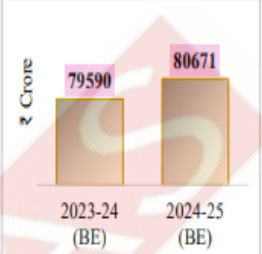


G20 meetings in 60 places presented diversity of India to global audience

Projects for port connectivity, tourism infrastructure, and amenities will be taken up in islands, including Lakshadweep

Source- India Budget

**Increased allocation for PMAY**



Year	Allocation (₹ Crore)
2023-24 (BE)	79590
2024-25 (BE)	80671

Source- India Budget

### People-Centric Inclusive Development

Substantive development of all forms of infrastructure-Physical, Digital and Social



Digital Public Infrastructure (DPI)-Promoted formalisation and financial inclusion

Deepening and widening of tax base via GST



Strengthened financial sector brought savings, credit and Investment back on track

GIFT IFSC- A robust gateway for global capital and financial services for the economy



Proactive Inflation management

All parts of country becoming active participants in economic growth


#### India and World Dollar GDP growth



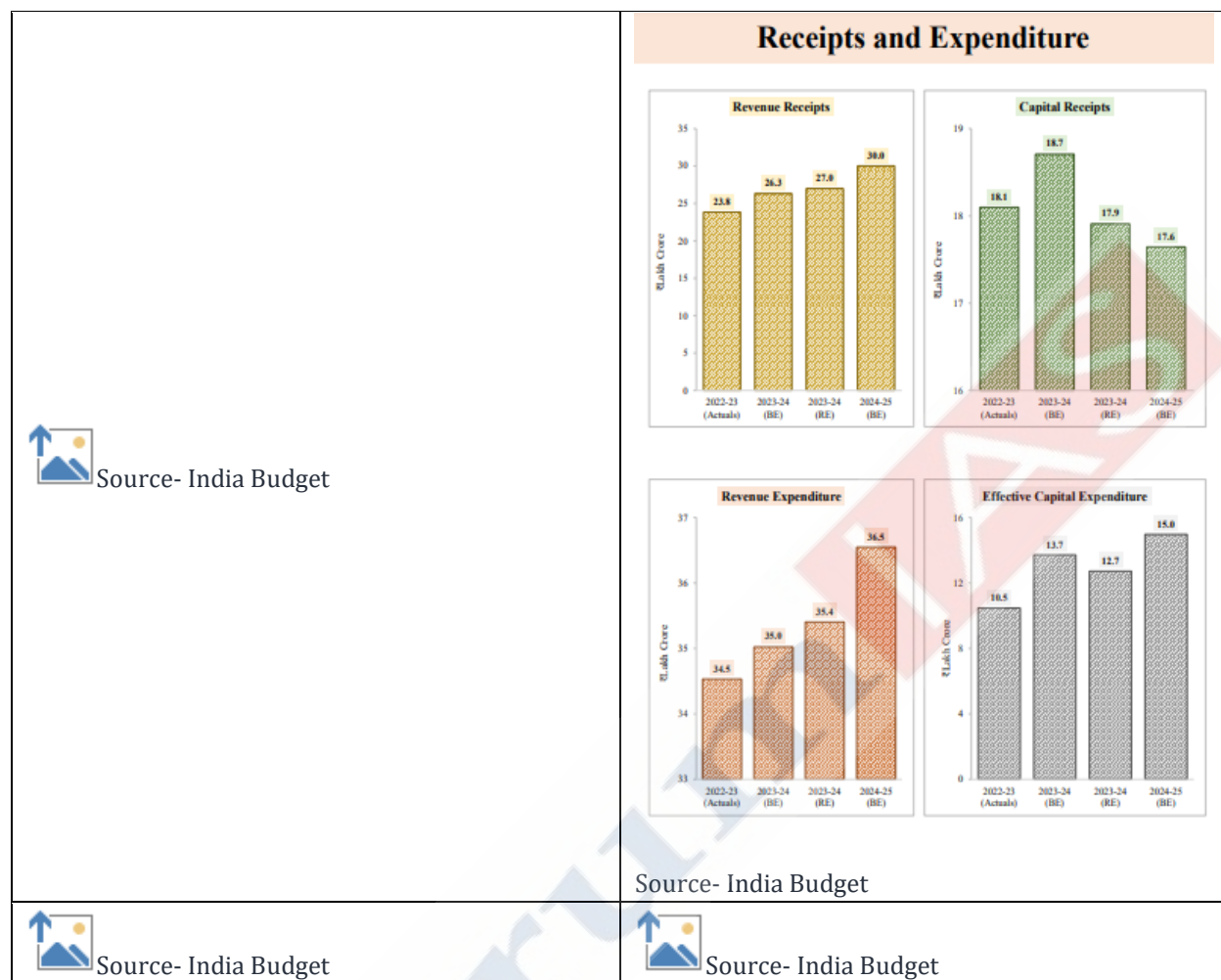
Fiscal Year	India Dollar GDP growth (%)	World Dollar GDP growth (%)
FY14	2	2
FY15	10	3
FY16	3	-6
FY17	16	7
FY18	6	7
FY19	2	4
FY20	5	4
FY21	-7	3
FY22	18	13
FY23	8	3
FY24	10	5
FY25	10	5
FY26	10	5
FY27	10	5
FY28	10	5
FY29	10	5

Source- India Budget

**Taxation Proposals**

**Budget Sources and Allocations**





This Interim Budget aims to create a Vikshit Bharat by 2047. A full Fledged Budget will be presented in July 2024.

[Read More- India Budget](#)

[UPSC Syllabus- GS3-Government Budgeting](#)

### Analysis of the Interim Budget 2024- Explained Pointwise




An analysis of the Interim Budget 2024 by different stakeholders is imminent, after the Union Finance Minister Nirmala Sitharaman presented the interim budget on 1st February 2024. The budget has been **appreciated for showing remarkable fiscal restraint in an election year** by not announcing any new populist schemes. However, **concerns have also emerged on the expenditure cuts on various flagship schemes** of the government.

Read More- [Interim Budget 2024-Key Highlights](#)



# Analysis of Interim Budget 2024

Union Finance Minister Nirmala Sitharaman presented the interim budget on 1st February 2024. The budget has been appreciated for showing remarkable fiscal restraint in an election year by not announcing any new populist schemes. However, concerns have also emerged on the expenditure cuts on various flagship schemes of the government.

 <b>Positives</b>	 <b>Concerns</b>
<ul style="list-style-type: none"> <li>» <b>Reduction in fiscal deficit (FD)</b>- The revised estimate of FD for FY 2023-24 is <b>5.8%</b> against the budgeted estimate of <b>5.9%</b>. The <b>budgeted estimate for FY 2024-25</b> has been kept at <b>5.1% of the GDP</b>. This reduction in fiscal deficits after COVID shows that the govt is on the <b>path of fiscal consolidation set by the FRBM Act 2003</b></li> <li>» <b>Increase in Capital Expenditure</b>- The increase in capital expenditure in FY 2024-25 by <b>11.1%</b> to <b>11,11,111 crore</b>, will have resultant multiplier effect on India's GDP. (Every Rs 100 spent on capex leads to a Rs 250 increase in GDP)</li> <li>» <b>Income Tax to emerge as biggest income generator after govt borrowings</b>- This increase in the contribution of income tax is a result of <b>Direct tax reforms</b> undertaken by the govt in past decades.</li> <li>» <b>Adoption of nano-DAP to all major agro-climatic regions</b>- Set to significantly reduce the import burden of fertiliser industry.</li> <li>» <b>Focus on Blue Economy</b>- Provides a roadmap for Blue Economy 2.0. and enhanced budgetary allocation to the fisheries sector. Help in <b>augmenting India's agri-exports</b></li> <li>» <b>Focus on Innovation and Green energy sector</b>- Corpus fund of 1 lakh crore for spurring innovation and the enhanced focus on green energy through rooftop solar schemes, mandatory blending of CBG in CNG and PNG will help India in achieving its <b>panchamrit goals</b>.</li> <li>» <b>Withdrawal of old tax demands</b>- Milestone in the Government's effort towards <b>Vivad se Vishwas</b> in matters of taxation.</li> </ul>	<ul style="list-style-type: none"> <li>» <b>Muted outlook on GDP growth</b>- The nominal GDP growth for FY 2024-25 is projected at just around <b>10.5%</b>. Raises concerns of achieving top 3 economies status by 2027.</li> <li>» <b>Missed Capex Target in FY 2023-24</b>- Against the <b>budgeted 10 Lakh crore exp.</b>, only <b>9.5 lakh crore</b> could be spent.</li> <li>» <b>Health, Education Budget Cuts</b>- Budgeted cut backs in the key sectors continued in FY 2023-24. Out of the budgeted education expenditure of <b>Rs 1,16,417 crore</b>, the actual expenditure is <b>Rs 1,08,878 crore</b>.</li> <li>» <b>Cuts in core schemes</b>- "Core of core schemes" meant for the most disadvantaged sections of society, such as <b>SCs, STs and minorities</b>, have witnessed cuts</li> <li>» <b>Neglect of the farm sector</b>- <b>No step</b> has been taken in the budget towards <b>rationalisation of food and fertiliser subsidy</b>.</li> </ul>
<div style="text-align: right;">  <b>Way Forward</b> </div>	
<ul style="list-style-type: none"> <li>» <b>Achieving Fiscal Consolidation by raising revenues than compressing Expenditure</b></li> <li>» <b>Strategic Asset sales Programme</b>- Will help in bringing down fiscal deficit without the need of reducing government expenditure.</li> <li>» <b>Increased expenditure on health and education</b></li> <li>» <b>Rationalisation of agricultural Subsidies</b></li> <li>» <b>Passing the baton of Capex in infrastructure to the private sector by reducing crowding out effect</b></li> </ul>	

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## What are The Positives that Emerge Out after The Analysis of Interim Budget 2024?

1. **Reduction in fiscal deficit**- The revised estimate of fiscal deficit for FY 2023-24 is 5.8% against the budgeted estimate of 5.9%. The budgeted estimate for FY 2024-25 has been kept at 5.1% of the GDP. This reduction in fiscal deficits after COVID shows that the **govt is on the path of fiscal consolidation set by the FRBM Act 2003**. Reduced fiscal deficit of the govt, will spur the growth of private sector borrowings from the market.

2. **Increase in Capital Expenditure**- The increase in capital expenditure in FY 2024-25 by 11.1% to 11,11,111 crore, will have **resultant multiplier effect on India's GDP**. (Every Rs 100 spent on capex leads to a Rs 250 increase in GDP)

3. **Income Tax to emerge as biggest income generator after govt borrowings**- According to the Interim Budget 2024-25, **income tax revenues will account for 19% of all government resources in FY25**. (Govt

borrowings-28%, Corporate tax-17% and GST-18%). This increase in the contribution of income tax is a result of **Direct tax reforms undertaken by the govt in past decades**.

4. **Adoption of nano-DAP to all major agro-climatic regions-** The adoption of domestically-produced Nano DAP produced in Kalol, Gujarat is set to **significantly reduce the import burden of fertiliser industry**.

5. **Focus on Blue Economy-** The interim budget 2024 provides a roadmap for **Blue Economy 2.0. and enhanced budgetary allocation to the fisheries sector**. This will help in augmenting India's agri-exports and will provide support to the coastal community livelihood.

6. **Focus on Innovation and Green energy sector-** The **corpus fund of 1 lakh crore for spurring innovation** and the enhanced focus on green energy through **rooftop solar schemes, mandatory blending of CBG in CNG and PNG** will help India in achieving its panchamrit goals.

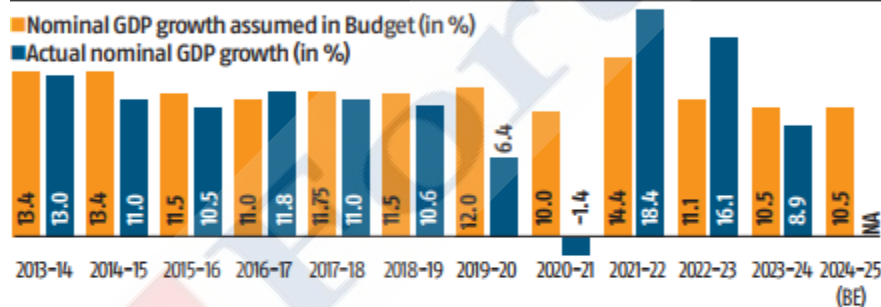
7. **Withdrawal of old tax demands-** This step will benefit one crore taxpayers and will be another milestone in the Government's effort **towards Vivad se Vishwas in matters of taxation**.

### What are The Concerns with The Interim Budget 2024?

1. **Muted outlook on GDP growth-** The nominal GDP growth for FY 2024-25 is projected at **just around 10.5%**. Taking into account the inflation rates for the coming financial year, the real GDP growth rate will be subdued. This **raises concerns with respect** to our target of becoming the **top 3 global economies of the world by 2027**.

## PUSHING FOR GROWTH

### NOMINAL GDP GROWTH HAS OFTEN BEEN LOWER THAN EXPECTED



### GDP DEFLATOR LOWER THAN BEFORE

Note: GDP growth and deflator numbers for 2023-24 are based on first Advance Estimates  
Source: Economic Surveys, Budget documents



Source- Business Standard

### << Challenges

- ▶ Nominal GDP growth rate is officially projected to be less than budget assumption for FY24, a trend also seen in previous years
- ▶ Official projection of deflators in first advance estimates was the lowest in at least 11 years

### >> Takeaways

- ▶ Conservative estimate on economic growth for the coming year in nominal terms shows the Budget erring on the side of caution
- ▶ Focus on technology and encouraging research and development to fuel innovation

2. **Missed Capex Target in FY 2023-24-** The Capex expenditure target **Rs 10 lakh crore** set for FY-24 set in the Budget 2023-24 has not been met. The revised estimates show that the Capex for FY-24 stands at **Rs 9.5 lakh crore**.

3. **Health, Education Budget Cuts-** Budgeted cut backs in the key sectors continued in FY 2023-24. Out of the budgeted education expenditure of **Rs 1,16,417 crore**, the actual expenditure is **Rs 1,08,878 crore**. Similarly, in healthcare, out of the budgeted expenditure of **Rs 88,956 crore**, **only Rs 79,221 crore** was spent in FY 24.

4. **Cuts in core schemes-** “**Core of core schemes**” meant for the most disadvantaged sections of society, such as SCs, STs and minorities, have witnessed cuts. **For ex-** Revised Estimates (RE) for the **Umbrella Scheme for Development of Schedule Castes** are **Rs 6,780 crore** against the **Budget Estimates (BE) of Rs 9,409 crore**.

5. **Neglect of the farm sector-** There has not been an increase in the allocation for agricultural sector. In real terms, the allocation of Department of Agriculture and Farmers Welfare (MoAFW) has gone down in the interim budget. **No step has been taken in the budget towards rationalisation of food and fertiliser subsidy.**

### What Should be The Way Forward?

1. **Achieving Fiscal Consolidation by raising revenues than compressing Expenditure-**Our fiscal deficit reduction approach must target on raising revenues rather than reducing expenditure, as **expenditure multipliers tend to be higher in an economy than revenue multipliers.**

2. **Strategic Asset sales Programme-** Asset monetisation will help in raising govt. revenues as the market condition remains buoyant. This will help in **bringing down fiscal deficit without the need of reducing government expenditure.**

3. **Increased expenditure on health and education-** The social sector expenditures by the govt. must be increased for achieving the goal of **Inclusive Development.**

4. **Rationalisation of agricultural Subsidies-** The full-fledged budget to be presented in July must take **bold reformative measures of rationalisation of food and fertiliser subsidies.**

5. **Passing the baton to the private sector-** With its initial push by increasing the Capex, the government must pass on the baton of infrastructural development to the private sector **by reducing the crowding out effect** in the economy. Crowding out effect can be reduced when the govt. reduces its fiscal deficit and achieves its FRBM 2003 target of fiscal deficit being 3% of the GDP.

**Read More-** [The Indian Express](#)

UPSC Syllabus- GS 3- Government Budgeting

## India-Myanmar Relations Amid Myanmar Civil War- Explained Pointwise

India-Myanmar relations have hit a rough patch after Union Home Minister Amit Shah announced **Centre's decision to fence the entire length of the India-Myanmar border to stop the free movement regime.**

The centre's decision to fence the border has come in the wake of ongoing ethnic clashes in Manipur. The Manipur government has been **blaming the “infiltrators” from Myanmar** for creating the ethnic conflict. There has been increase of Infiltration in India after the military coup in Myanmar in 2021. **India-Myanmar Relations Amid Myanmar Civil War**



## India-Myanmar Relations

India-Myanmar relations have hit a rough patch after Union Home Minister Amit Shah announced **Centre's decision to fence the entire length of the India-Myanmar border to stop the free movement regime**. The Manipur government has been blaming the "infiltrators" from Myanmar for creating the ethnic conflict. There has been increase of Infiltration in India after the military coup in Myanmar in 2021.



### Myanmar Military Coup

- » **Military Coup in 2021-** Aung San Suu Kyi's National League for Democracy (NLD) landslide victory in the 2020 elections sparked concern among the military. The military (Tatmadaw) **alleged electoral fraud and staged a coup** in February 2021.
- » **Anti-Junta Armed Struggle-** Various **Ethnic armed organizations (EAOs)** and **People's Defence Forces (PDFs)** intensified their resistance against the military regime. This has resulted in huge infiltration in India.



### Areas of Cooperation

- » **Trade and economy-** Bilateral trade has increased from **\$12.4 million in 1980-81 to \$2.18 billion in 2016-17**. Myanmar is the beneficiary of India's duty-free tariff preference scheme for LDCs.
- » **Infrastructure and Connectivity-** Tamu-Kalewa-Kalemryo highway, Kaladan Multi-Modal Transit Transport and Asian Trilateral Highway.
- » **Defence cooperation-** Joint military exercise, called India – Myanmar Bilateral Military Exercise (IMBEX). **Operation Sunrise** target the militant groups that operates in the border states
- » **Multilateral partnership-** Myanmar is a key component of India's strategy to bridge South and South-East Asia through **ASEAN, BIMSTEC**, and Mekong Ganga Cooperation (**MGC**).
- » **Humanitarian Aid and Disaster Relief-** India has provided humanitarian aid and disaster relief in natural calamities in Myanmar like **Cyclone Mora (2017), Komen (2015), earthquake in Shan State (2010)** and **COVID-19**.



### Significance

- » **Geo-strategic-** Myanmar is an important pillar of India's "Neighborhood First" policy and "Act East" Policy. For ex- **India-Myanmar-Thailand (IMT) trilateral highway, Kaladan Multi-Modal Transit Transport**
- » **Tackling insurgency in Northeast-** Insurgent groups such as **ISCN-K, ISCN-IM** have operational bases inside Myanmar
- » **Countering China-** India is developing the **Sittwe port in Myanmar's Rakhine state to counter the Chinese-fronted Kyaukpyu port**
- » **Reduction of illegal migration in India-** A stable Myanmar is necessary to reduce the illegal **Rohingya and Chin migration** in India



### Challenges

- » **India's Policy Paradox with respect to Myanmar Coup-** India faces a **dilemma** in the form of its **commitment to democracy vs. its internal security concerns** (for which it cooperates with Military )
- » **Misuse of Free movement regime-** Being exploited by militants and cross-border criminals for **drugs, arms smuggling**
- » **Refugee Influx-** Rohingyas, Chins refugees pose grave security concerns for India
- » **China's Inroads in Myanmar-** Steadily increasing like the **China-Myanmar Economic Corridor**
- » **Delays in regional connectivity Projects-** Like the Kaladan Multimodal Project

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**What is The Ongoing Crisis in Myanmar which has Led to Increase in Infiltrations in India?**

**Brief History of Political Unrest in Myanmar**

<b>Parliamentary Democracy Phase</b>	Myanmar (Burma) gained independence from British rule in <b>1948</b> . The Country established a democracy based on the parliamentary system of Government.
<b>First Phase of Military Rule</b>	In 1962, <b>General Ne Win</b> staged a coup d'état, establishing a military dictatorship. The Burma Socialist Programme Party (BSPP) became the country's sole political party.
<b>Phase of Political Conflict within the military</b>	In 1988, <b>General Saw Maung</b> seized control of the government, overthrowing the BSPP due to widespread economic decline and corruption. However, the military continued to rule under the State Peace and Development Council (SPDC).

<b>Phase of Democratic Transition</b>	In 2010, the SPDC held elections, paving the way for a quasi-civilian government. Aung San Suu Kyi's National League for Democracy (NLD) won the 2015 elections.
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### Current Military Coup and the Civilian Armed struggle

<b>Military Coup in 2021</b>	Aung San Suu Kyi's National League for Democracy (NLD) landslide victory in the 2020 elections sparked concern among the military. The <b>military (Tatmadaw)</b> alleged electoral fraud and <b>staged a coup in February 2021</b> . Aung San Suu Kyi and other leaders were detained, sparking widespread protests and a violent military crackdown.
<b>Anti-Junta Armed Struggle</b>	Various <b>Ethnic armed organizations (EAOs)</b> and <b>People's Defence Forces (PDFs)</b> intensified their resistance against the military regime, resulting in escalating conflicts across the country.

**Massive Influx of Refugees in India-** The ongoing armed struggle between the military Junta and the People's Defence forces in the **Chin region, Sagaing region** have led to massive influx of refugees in India, especially in Mizoram and Manipur. This influx of refugees in India has emerged as a major bone of contention between India and Myanmar, as these have been linked to **violent ethnic clashes, drug trafficking and smuggling**.



Map of major regions in Myanmar and India's northeastern states.

Source- Indian Express

**India's stand on the Conflict-** As Myanmar marked three years of military coup, India has called for **complete cessation of violence** in the country and its **transition towards inclusive federal democracy**.

### What is the Historical Background of the India-Myanmar Relations?

India and Myanmar have a long history of cultural, religious, and trade links that date back to ancient times. As the land of Lord Buddha, India is a country of pilgrimage for the people of Myanmar.

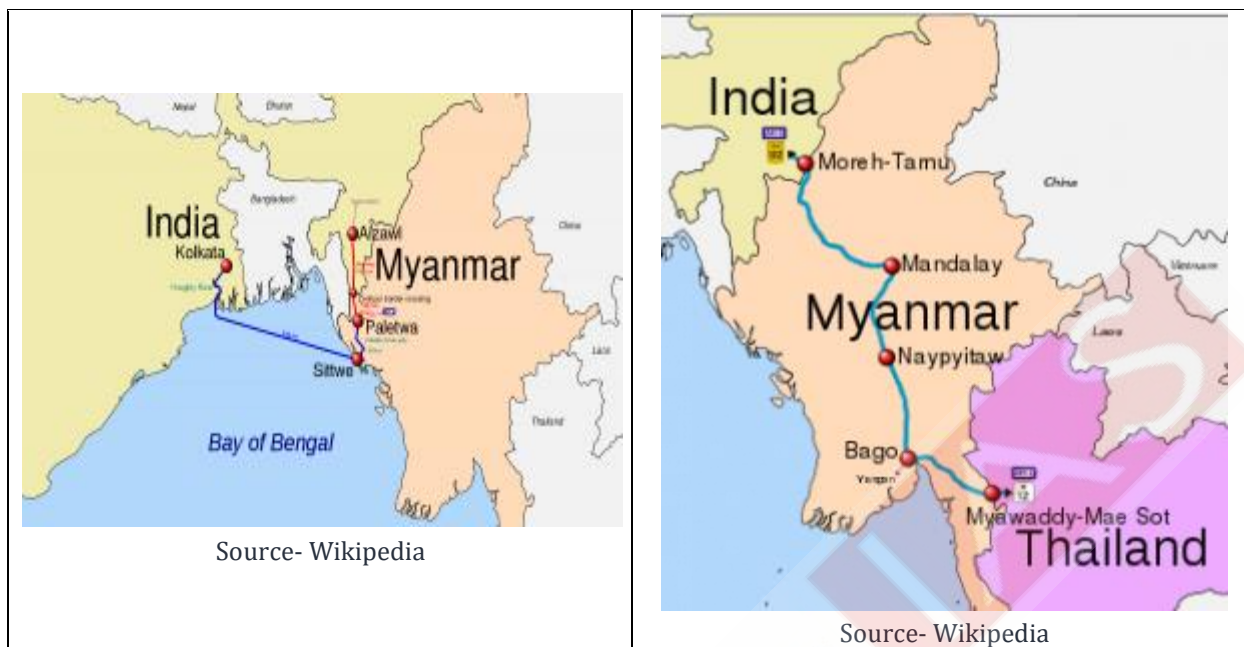
<b>British Era</b>	Both India and Myanmar were part of British India during colonial rule until 1935.
<b>Post Independence</b>	After independence, India and Myanmar established diplomatic relations and maintained close ties. India and Myanmar signed a <b>Treaty of Friendship in 1951</b> .
<b>2002</b>	Indian Consulate in Mandalay was reopened, and the Consulate of Myanmar was set up in Kolkata.
<b>2014</b>	Myanmar became part of India's " <b>Neighbourhood First</b> " policy and its " <b>Act East</b> " policy.

### What is the Significance of Myanmar for India?

- Geo-strategic-** Myanmar is India's gateway to South-East Asia and development of North-Eastern India. Myanmar is an important pillar of India's "Neighborhood First" policy and "Act East" Policy. **For ex-** Development of **India-Myanmar-Thailand (IMT) trilateral highway, Kaladan Multi-Modal Transit Transport (KMMTT) corridor** rely on Myanmar.
- Tackling insurgency in Northeast-** Insurgent groups such as **ISCN-K, ISCN-IM** have operational bases inside Myanmar. **For Ex-** Cooperation of Myanmar government in **controlling Naga insurgency**.
- Countering China-** Myanmar is crucial for India to counter its growing influence in the South-East Asian region. **For ex-** India is developing the **Sittwe port** in Myanmar's Rakhine state to **counter the Chinese-fronted Kyaukpyu port**.
- Reduction of illegal migration in India-** A stable Myanmar is necessary to reduce the **illegal Rohingya and Chin migration** in India.
- Cultural ties-** **Buddhism** which is the majoritarian religion in Myanmar **has its roots in India**, which has led to huge cultural similarities between India and Myanmar.

### What are the Major Areas of Cooperation Between India and Myanmar?

- Trade and economy-** Bilateral trade between India-Myanmar has grown from **\$12.4 million in 1980-81 to \$2.18 billion in 2016-17**. Myanmar is the beneficiary of **India's duty-free tariff preference scheme** for least-developed countries (LDCs). Indian companies such as **Essar, GAIL, and ONGC Videsh Ltd.** have invested in Myanmar's energy sector.
- Infrastructure and Connectivity-** India-Myanmar relations has been bolstered by the key connectivity projects. India has invested deeply in the infrastructure projects in Myanmar.
  - India and Myanmar inaugurated the 250-kilometer **Tamu-Kalewa-Kalemyo highway**, popularly called the Indo-Myanmar Friendship Road, In 2001.
  - India is building the **Kaladan Multi-Modal Transit Transport** to link Kolkata to Sittwe in Myanmar and then from Myanmar's Kaladan river to India's north-east.
  - India, Myanmar, and Thailand are building the **Asian Trilateral Highway**, which will connect India to ASEAN.



Source- Wikipedia

Source- Wikipedia

3. **Defence cooperation-** India and Myanmar conduct a joint military exercise, called **India – Myanmar Bilateral Military Exercise (IMBEX)**. **Operation Sunrise** between India-Myanmar armies jointly target the militant groups that operates in the border states.

4. **Multilateral partnership-** Myanmar is also a key component of India's strategy to bridge South and South-East Asia through **ASEAN, BIMSTEC**, and Mekong Ganga Cooperation (**MGC**).

5. **Education and research-** India has developed **Myanmar Institute of Information and Technology** and **Advanced Center for Agricultural Research and Education (ACARE)** for conducting research on pulses and oilseeds.

6. **Humanitarian Aid and Disaster Relief-** India has provided humanitarian aid and disaster relief in natural calamities in Myanmar like **Cyclone Mora** (2017), **Komen** (2015), **earthquake in Shan State** (2010) and **COVID-19**.

### What are the Challenges in India-Myanmar Relations?

1. **India's Policy Paradox with respect to Myanmar Coup-** India faces a **dilemma** in the form of **its commitment to democracy vs. its internal security concerns**. On one hand, India has been engaging with the military junta to control insurgent groups operating along the India Myanmar border. On the other hand, India also favours the establishment of federal democracy in Myanmar.

2. **Misuse of Free movement regime-** The Free Movement Regime between India and Myanmar is being **exploited by militants and cross-border criminals** for the illegal transportation of weapons, contraband goods, and counterfeit Indian currency.

3. **Refugee Influx-** The ongoing violence and instability in Myanmar have led to a surge in the number of refugees fleeing to India. **Over 54,100 Myanmar nationals** have sought **refuge** in the Indian states of **Arunachal Pradesh, Mizoram, Manipur, and Nagaland**. These illegal migration of Rohingyas, Chins pose grave security concerns for India.



4. **Northeast insurgency and Drug Menace**– Myanmar-China border is the **hotbed of local armed separatist groups** operating in Myanmar soil and Indian groups, ranging from **ULFA in Assam to the NSCN (IM) in Nagaland**. Myanmar's Golden Triangle region is a notorious hub for drug trafficking.

5. **China's Inroads in Myanmar**- China has been steadily increasing its influence in Myanmar, investing heavily in infrastructure projects and expanding its economic footprint. For ex- The launch of **China-Myanmar Economic Corridor**.

6. **Delays in regional connectivity Projects**- The inordinate delays in the implementation of the connectivity projects like the **Kaladan Multimodal Connectivity project** have widened the trust deficit between India and Myanmar.

Read More- [Concerns Related to The India-Myanmar Border](#)

### What Should be The Way Forward?

1. **Support for democracy and human rights**- The **United Nations Special Rapporteur** has reported an increase in India's arms supply to the military since the coup. Arming the Tatmadaw (Myanmar Military) undermines India's position on restoring democracy. India should continue to advocate for the restoration of democracy and respect for human rights in Myanmar like the **release of political prisoners** and **ending the military junta's crackdown on dissent**.

2. **Engagement with all stakeholders**- India should use its influence to open channels of dialogue with and between the junta and the opposition, including **armed ethnic groups**.

3. **Use of Regional Organisations for enhanced cooperation**- India should collaborate closely with the ASEAN nations for a peace plan for Myanmar.

4. **Enhanced Economic Engagement**- India should continue to **engage with Myanmar economically** to promote sustainable development for the benefit of the people of Myanmar. The delayed connectivity projects like the **Kaladan** and **Asian Trilateral Highways** must be expedited at the earliest.

5. **Closer Security Cooperation**- India must closely collaborate with Myanmar in intelligence sharing and coordinated efforts to **combat insurgencies and drug trafficking**.

6. **Solidarity with the People of Myanmar**- Providing aid and service to those affected by the crisis will alleviate suffering and demonstrate India's solidarity with the people of Myanmar.

Read More- [The Hindu](#)

UPSC Syllabus- GS 2- India and Neighbourhood Relations

## Payment Banks in India – The PayTM Case – Explained Pointwise

The recent case of RBI's crackdown on Paytm has put the spotlight on the operations of Payment Banks In India. **RBI has ordered Paytm Payments Bank Ltd (PPBL) to halt most of its business** including taking further deposits, conducting credit transactions and carrying out top-ups on any customer accounts, prepaid instruments, wallets, and cards for paying road tolls after February 29, 2024.

### Reasons for RBI Clampdown on Paytm payments Bank

1. **Non-KYC accounts-** Existence of Lakhs of non-KYC (Know Your Customer) compliant accounts.
2. **Use of Single PAN Card-** A single PAN was used to open multiple accounts in thousand of cases.
3. **Money Laundering concerns-** The total value of transactions in some accounts ran into crores of rupees, which was beyond the regulatory limits in minimum KYC pre-paid instruments.
4. **High number of Dormant Accounts-** Out of the 35 crore Paytm wallet Accounts, 31 crore accounts were found to be dormant. These dormant accounts were used as mule accounts and for committing digital frauds.
5. **Data Privacy Concerns-** Paytm bank's dependence on its parent entity one97 communications limited (OCL) for IT infrastructure raised data privacy concerns.
6. **False Compliance Submissions-** The compliances submitted by Paytm to the RBI were found to be incomplete and false on many occasions.



## Payment Banks In India-The Paytm case

RBI has ordered **Paytm Payments Bank Ltd (PPBL)** to halt most of its business including taking further deposits, conducting credit transactions, prepaid instruments, wallets. **RBI has raised concerns** of Non-KYC verified accounts, use of Single PAN Card for multiple accounts, money laundering by using dormant accounts, data privacy and false compliance submissions by the Paytm Payments Bank.



### Payment Banks

- » **Payment Banks-** Payment Banks in India were established in 2014 based on the recommendations of the **Nachiket Mor Committee**. The objective is to advance financial inclusion by **providing banking services to the unbanked** sections like migrant labour force, low-income households and small entrepreneurs
- » **Features of Payment Banks-**  
Can open only Savings Accounts and Current Accounts. Not allowed to lend money and hence no credit card. Invest a **minimum 75% in Govt bonds** of 1 year maturity. Cannot undertake Non-Banking Financial Services activities on their own. Allowed to **provide internet banking** and facility of utility bill payments



### Significance

- » **Promotion of Financial inclusion-** Banking to the unbanked like migrant workers.
- » **Expanded Geographical reach-** Wider geographical reach due to its **technology oriented services**
- » **Zero balance accounts-** Offer a zero balance account or a no minimum balance account without any extra or hidden charge **unlike traditional banks**
- » **Complements the financial efforts of traditional banks-** To sell mutual funds, pension products, and insurance products through their platform
- » **Low Value, High Volume Transactions-** Use of Paytm QR codes by the vegetable Vendors to grocery shop owners



### Challenges

- » **Low avenues of profitability-** Not allowed to lend money and earn interest income unlike traditional banks. **Net losses of Rs 516.5 crore** for financial year 2018
- » **Low return on equity-** Cap on the amount of demand deposits at **Rs 2 lakh and the 15% Capital to Risk Weighted Assets ratio** has impacted their returns.
- » **Digital Divide and slow internet connectivity-** Rural-urban divide in internet connectivity has impacted their expansion and penetration
- » **Large number of dormant accounts-** Conduits for **personal loan scams and Money Laundering**
- » **Cut-throat Competition-** From the payment wallets and conventional commercial banks payment bank services



### Way Forward

- » **Open up more avenues of profit generation-** RBI must increase deposit limits of payment bank.
- » **Facilitate Infrastructure sharing-** Payment bank desks in traditional bank branches.
- » **Increased Internet connectivity-** For the entry of new players as presently payment bank sector
- » **Increased regulatory vigilance-** Compliance of e-KYC and no frill accounts by payment banks. Implement **Anand Sinha committee recommendations** to ring-fence the banking operations of the payment bank from the ownership structure.



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What are Payment Banks? What are their features?

**Historical Background-** Payment Banks in India were established in 2014 based on the recommendations of the **Nachiket Mor Committee**. It was set up to operate on a smaller scale with minimal credit risk.

**Objective-** The main objective is to **advance financial inclusion** by offering banking and financial services to the unbanked and under-banked areas. It also caters to the needs of uncovered masses in the banking sector like the migrant labour force, low-income households and small entrepreneurs.

**Legal Provisions-** The legal provisions governing the payment banking operations in India are mentioned below-

- a. These banks have to **register** as a **Public Limited Company** under the **Companies Act 2013** and **obtain licence as per Banking Regulation Act 1949**. They are also regulated by the RBI Act 1934, Foreign Exchange Management Act 1999 and Payment and Settlement Systems Act, 2007.
- b. The **minimum capital requirement** is **100 crores**. For the first five years, the stake of promoters should not be less than 40%. Foreign shareholdings will also be allowed as per FDI rules for private banks in India.
- c. The **voting right of the shareholder** is **capped to 10%** and which can be raised to 26% from the approval of Reserve Bank of India. The banks should be fully networked from the beginning.

**Features-** These Banks have several distinct features when compared to the conventional Banks. These are mentioned below-

<b>Type of Accounts</b>	<ol style="list-style-type: none"> <li>1. The payment bank <b>can open only Savings Bank Accounts and Current Accounts</b>.</li> <li>2. The <b>maximum balance of deposit</b> they can have in their account is only <b>Rs 2,00,000</b> (Earlier it was only Rs 1,00,000).</li> <li>3. However, these <b>cannot accept deposits</b> from <b>Non-resident Indians</b>.</li> </ol>
<b>Lack of lending power</b>	<ol style="list-style-type: none"> <li>1. These are <b>not allowed to lend money</b> or lending services.</li> <li>2. They are allowed to issue ATM or Debit cards to its customers. But these banks are <b>not allowed to issue credit cards</b>.</li> </ol>
<b>CRR requirements</b>	Payments banks <b>have to deposit Cash Reserve Ratio (CRR)</b> with RBI, just like other commercial banks.
<b>SLR Requirements</b>	<ol style="list-style-type: none"> <li>1. They are required to <b>invest a minimum 75%</b> of its “<b>demand deposit balances</b>” in Statutory Liquidity Ratio (SLR) eligible Government securities/treasury bills with maturity up to one year.</li> <li>2. Further, they can <b>hold a maximum of 25%</b> of their “demand deposit balances” in <b>currents and fixed deposits with other commercial banks</b> for operational purposes.</li> </ol>
<b>Lack of NBFC functions</b>	<ol style="list-style-type: none"> <li>1. These banks are not allowed to open subsidiaries to undertake Non-Banking Financial Services activities.</li> <li>2. However, with the approval from RBI, payment bank <b>can work as a partner with other commercial banks</b> to sell <b>mutual funds, pension products, and insurance products</b>.</li> </ol>
<b>Other Functions</b>	<ol style="list-style-type: none"> <li>1. These banks are <b>allowed to provide internet banking</b> and mobile banking facility to their customers.</li> <li>2. They can provide the <b>facility of utility bill payments</b> to its customers and the general public.</li> <li>3. The payments banks <b>can accept remittances to be sent to or receive remittances</b> from multiple banks through payment mechanism approved by RBI, such as RTGS / NEFT / IMPS.</li> </ol>

**Payment Banks operating in India-** Currently only 6 banks are operating in the country- Airtel Payments Bank Limited, India Post Payments Bank Limited, Fino Payments Bank Limited, Paytm Payments Bank Limited, NSDL Payments Bank Limited and Jio Payments Bank Limited.

Read More- [Restrictions on Paytm Payments Bank](#)

### What is The Significance of these Banks for India?

- 1. Promotion of Financial inclusion-** These banks have promoted financial inclusion by catering to financial services to the **unbanked sections of the society** like migrant workers, low-income households and small scale entrepreneurs.
- 2. Expanded Geographical reach-** These banks have a wider geographical reach due to its **technology oriented services**, unlike traditional banks whose geographical outreach is constrained by the requirements of physical infrastructure.
- 3. Zero balance accounts and No minimum balance accounts-** These banks offer a **zero balance account** or a **no minimum balance account** without any extra or hidden charge, unlike a commercial bank who levy charges if the customer doesn't hold a minimum balance in their account.
- 4. Complements the financial efforts of traditional banks-** Payments banks complement the financial efforts of traditional banks by partnering to sell **mutual funds, pension products, and insurance products** through their platform. **For ex-** SBI Life Insurance product through Paytm.
- 5. Low Value, High Volume Transactions-** They have provided effective infrastructure to deal with low value, high volume transactions. **For Ex-** Use of **Paytm QR codes by the vegetable Vendors to grocery shop owners.**
- 6. Higher rates of Interest-** The rates of interest being offered by these banks is **higher in comparison to the traditional banks.** **For Ex-** ROI of Payment Bank is generally around 7% whereas as ROI of commercial bank ~3.5 and 6 per cent.

### What are The Challenges with Payment Banks in India?

- 1. Low avenues of profitability-** These banks are **not allowed to lend money and earn interest income** unlike traditional banks. Further, the **stringent SLR requirements** of 75% demand liabilities to be invested in G-secs have impinged on the avenues of profitability of these banks. **For ex-** The operational payments banks showed **net losses of Rs 516.5crore** for financial year 2018.
- 2. Low return on equity-** The **cap** on the amount of **demand deposits at Rs 2,00,000** and the **15% capital to Risk Weighted Assets ratio**, has severely impacted the returns on equities of payment bank in India. Their return on equity is less than 5%.
- 3. Digital Divide and slow internet connectivity-** These banks have no physical presence and their banking operations are solely reliant on internet connectivity. However, the **rural-urban divide in internet connectivity has impacted their expansion and penetration.**
- 4. Large number of dormant accounts-** The large number of dormant zero balance accounts have impacted the operations of payment bank in India. They have also been used as **conduits for personal loan scams and Money Laundering.** For ex- Out of the 35 crore Paytm payment bank accounts, 31 cr remained dormant and were misused.
- 5. Cut-throat Competition-** These banks are facing cut-throat competition from the **payment wallets** like Phone pe, Bharat Pe and **conventional commercial banks payment bank services** like SBI yono, ICICI i mobile pay.

6. **Increasing number of Defunct Payment Bank-** The **over-regulated functioning** and **huge losses**, have led to increase in the number of banks surrendering their licences and halting their operations. **For ex- Cholamandalam Distribution Services, Sun Pharmaceuticals, Tech Mahindra and Aditya Birla Payment Bank** have surrendered their licences.

#### Read More UPSC Topics-

- [India-Myanmar Relations Amid Myanmar Civil War- Explained Pointwise](#)
- [Analysis of the Interim Budget 2024- Explained Pointwise](#)

#### What Should be The Way Forward?

1. **Open up more avenues of profit generation-** RBI must **increase deposit limits** of payment bank. Also, a mechanism must be worked out to let these banks transfer the surplus money in the demand deposit accounts to the universal banks.
2. **Facilitate Infrastructure sharing-** RBI should take measure to facilitate infrastructure sharing among the traditional banks and Payment Bank. **For ex- Payment bank desks in traditional bank branches.**
3. **Increased Internet connectivity-** The internet connectivity in rural areas must be increased for the entry of new players in the payment bank market as **payment bank sector is dominated by telecom giants like Airtel and Jio** which have their own network.
4. **Increase the scope of operations-** The payment bank should be allowed to **offer their own mutual fund and insurance products** to enhance their source of revenue generation and profitability.
5. **Increase regulatory vigilance-** The compliance of e-KYC and no frill accounts must be regularly undertaken by the RBI to **prevent future crisis like the Paytm crisis**. The recommendations of the **Anand Sinha committee** must be implemented to ring-fence the banking operations of the payment bank from the ownership structure.

#### Read More- [Livemint](#)

UPSC Syllabus- GS 3- Indian Economy (Banking Sector Challenges)

### Public Examinations (Prevention of Unfair Means) Bill 2024- Explained Pointwise

Recently, the landmark **Public Examinations (Prevention of Unfair Means) Bill 2024**, was introduced in Lok Sabha. The Bill aims to **prevent unfair means** in the public examinations. This will bring greater **transparency, fairness** and **credibility** in the public examinations system. The bill comes in the backdrop of cancellation of several recruitment exams due to paper leaks, such as **teacher recruitment exam in Rajasthan** and **constable recruitment examination in Bihar**.



Recently, the Landmark Public Examinations Bill 2024, was introduced in Lok Sabha. The Bill aims to “prevent unfair means” in order to “bring greater transparency, fairness and credibility in the public examinations system”.

Provisions of the Bill		Significance
<b>Unfair means</b>	Section 3 of the Bill lists 15 actions that amount to using unfair means in public examinations “for monetary or wrongful gain“. These Include 1. Leakage of question paper 2. Providing solutions 3. Tampering with OMR sheets 4. Creation of fake website 5. Conduct of fake examination	<ul style="list-style-type: none"> <li>» Stem paper leaks in recruitment examinations- 48 question paper leaks in 16 states over the last 5 years</li> <li>» Transparency, fairness and credibility- Reassure the youth that their sincere efforts for the public examinations will be fairly rewarded.</li> <li>» Deter the criminal and organised paper leak mafia- The harsh punishments and fines will deter them in exploiting the vulnerabilities</li> <li>» Securing the computer based Tests- High-level national technical committee on public examinations will make to make the computerised examination process more secure.</li> <li>» Draft Model Bill for the states- Serve as a model-bill for the states to secure their public exam system</li> </ul>
<b>Public Examinations</b>	Examination conducted by a “public examination authority” listed in the Schedule of the Bill. These include- UPSC, SSC, RRBs, IBPS, NTA, Ministries or Departments of the Central Government	<h3>Concerns</h3> <ul style="list-style-type: none"> <li>» Discretion of the state governments- States have displayed partisan interests in drafting model bills in the past like the Model APLM Act</li> <li>» Loopholes which can be exploited to evade criminal sanctions- Since students have been kept out of the purview of criminal punishments under the bill, organised mafias may pose as students to evade criminal actions.</li> <li>» National-Technical Committee on Public Exams- The bill does not provide for the composition and qualification of the members of the committee appointed to secure the computer based exam.</li> </ul>
<b>Punishments</b>	Offences are Cognizable, Non-bailable and Non-compoundable. 1. Punishment for any person or group of persons resorting to unfair means- 3-5 years in prison and fine up to Rs. 10 Lakh. 2. Punishment in case of organised Paper Leak- 5-10 years in prison and fines >1cr.	

## What are the various provisions of the Public Examinations (Prevention of Unfair Means) Bill 2024?

### Defined unfair means under the Bill

Section 3 of the Bill lists 15 actions that amount to using unfair means in public examinations “for monetary or wrongful gain”.

1. Leakage of question paper or answer key and colluding in such leakage.
2. Participating in collusion with others to effect leakage of question paper or answer key.
3. Accessing or taking possession of question paper or an OMR sheet without authority
4. Providing solutions to questions by any unauthorised person during a public exam.
5. Directly or indirectly assisting the candidate in any unauthorised manner.
6. Tampering with answer sheets, including OMR sheets.

7. **Altering the assessment** except to correct a bona fide error without any authority.
8. **Wilful violation of norms or standards** set up by the Central Government for conduct of a public examination on its own or through its agency.
9. **Tampering with any document** necessary for shortlisting of candidates or finalising the merit or rank of a candidate in a public examination.
10. **Deliberate violation of security measures** to facilitate unfair means in conduct of a public examination.
11. **Tampering with the computer network** or a computer resource or a computer system.
12. **Manipulation in seating arrangements**, allocation of dates and shifts for the candidates to facilitate adopting unfair means in examinations.
13. **Threatening the life, liberty or wrongfully restraining persons** associated with the public examination authority or the service provider or any authorised agency of the Government; or obstructing the conduct of a public examination.
14. **Creation of fake website** to cheat or for monetary gain.
15. **Conduct of fake examination**, issuance of fake admit cards or offer letters to cheat or for monetary gain

### Defined Public Examinations under the Bill

**Section 2(k)** of the Bill defines a “public examination” as any examination conducted by a “public examination authority” listed in the Schedule of the Bill.

### Public Examination Authorities under the Bill

1. Union Public Service Commission (UPSC)
2. Staff Selection Commission (SSC)
3. Railway Recruitment Boards (RRBs)
4. Institute of Banking Personnel Selection (IBPS)
5. National Testing Agency (NTA)
6. Ministries or Departments of the Central Government and their attached and subordinate offices for recruitment of staff.
7. Such other authority as may be notified by the Central Government.

### Punishments Under The New Bill

**Section 9** of the Bill deals with the nature of offences under the new Bill.

**Nature of Offences**– The offences under the new bill have been made **Cognizable, Non-bailable** and **Non-compoundable**.

- a. **Cognizable**– An arrest can be made without a warrant
- b. **Non-bailable**– Bail will not be a matter of right. A magistrate will determine whether the accused is fit to be released on bail
- c. **Non-compoundable**– A non-compoundable offence is one in which the case cannot be withdrawn by the complainant even when the complainant and the accused have reached a compromise. A trial will necessarily follow for the accused.

### Punishments under the Bill

1. **Punishment for any person or group of persons resorting to unfair means**- 3-5 years in prison and fine up to Rs. 10 Lakh. In case of failure to pay the fine, additional punishment as per the provisions of Bharatiya Nyaya Sanhita 2023 will be imposed.
2. **Punishment in case of organised Paper Leak**- 5-10 years in prison and fine of more than one crore rupees. In case of failure to pay the fine, additional punishment as per the provisions of Bharatiya Nyaya

Sanhita 2023 will be imposed.

**3. Punishment for Service Provider-** Fine of Rs 1 cr and are further barred from conducting future examination for period of 4 years.

### What are The Advantages of The Public Examinations (Prevention of Unfair Means) Bill 2024?

- 1. Stem the question paper leaks in recruitment examinations-** The hiring process has been disrupted by high instances of question paper leaks. **For ex-** There have been **48 question paper leaks** in **16 states** over the last five years that **impacted 1.51 crore applicants** who applied for about **1.2 lakh posts**.
- 2. Transparency, fairness and credibility to the public examination systems-** The bill will **reassure the youth** that their sincere and genuine efforts for the public examinations will be fairly rewarded.
- 3. Deter the criminal and organised paper leak mafia-** The harsh punishments and fines will **deter the organised paper leak crime mafias** in the country. They will be deterred in exploiting the vulnerabilities of the examination system.
- 4. Securing the computer based Tests-** The bill recommends to create a **High-level national technical committee on public examinations** which will make recommendations to make the computerised examination process more secure.
- 5. Draft Model Bill for the states-** The bill will serve as a **model-bill for the states** to secure their state-level public examination system.

Read More- [The Public Examinations Bill 2024](#)

### What are The Concerns with The Bill?

- 1. Discretion of the state governments-** The bill leaves it to the discretion of the state governments to draft their own acts by serving as a model bill. However, state governments have displayed **partisan interests in drafting model bills** in the past, like the **Model APLM Act**.
- 2. Loopholes which can be exploited to evade criminal sanctions-** Students have been kept out of the criminal sanctions under the bill. They have been placed under the administrative rule of the concerned public authority of examination. However, **paper leak gang members may take advantage** of this loophole by **posing themselves as students** and **escaping harsh criminal punishment**.
- 3. Composition of National-Technical Committee on Public Exams-** The bill does not provide for the **composition and qualification of the members** of the National-Technical Committee on Public Exams. There are chances of partisanship in selection of members by the central government.
- 4. Scope of subordinate legislation-** The bill leaves scope for subordinate legislations like **making various rules** under the act. The executive authorities will have a **large discretionary power** in the implementation of the bill.

### Conclusion

The Public examinations Bill is a remarkable step by the Central Government to protect the interests of student community who give their life and soul for the preparation of public examinations. The need of the hour is that **state governments adopt this model Bill** to ensure the integrity of their public examination systems.

Read More- [The Indian Express](#)

**UPSC Syllabus- GS 2-** Government policies and interventions for the development of various sectors (Bills and Acts)



## Uniform Civil Code (UCC) Debate- In wake of Uttarakhand UCC- Explained Pointwise

Recently, the Uttarakhand government tabled the Uniform Civil Code (UCC) 2024 Bill in the Uttarakhand Assembly. The Uniform Civil Code (UCC) Bill makes important changes in areas such as marriage, divorce, and succession. This bill has again reignited the Uniform Civil Code (UCC) Debate in India.



Recently, the Uttarakhand government tabled the **Uniform Civil Code (UCC) 2024 Bill** in the Uttarakhand Assembly. The Uniform Civil Code (UCC) Bill makes important changes in areas such as marriage, divorce, and succession. This bill has again **reignited the Uniform Civil Code (UCC) Debate** in India.

### Uniform Civil Code

- » **Uniform Civil Code-** The UCC is a **proposition to replace the personal laws**, which are based on the scriptures and customs of different religious communities in India, **with a common set of laws** governing every citizen. These laws **pertain to personal matters** like marriage, divorce, inheritance, adoption, and maintenance.
- » **Constitutional Basis-** **Article 44** of the constitution provides the basis for UCC.
- » **Status of UCC in India**
  - a. Enactment of **Special Marriage Act, 1954** to provide a secular law to regulate marriages in India.
  - b. Continued application of **Uniform civil laws** in **Goa and Puducherry**
  - c. Uttarakhand UCC Bill 2024

UCC for the entire country is **still a far-fetched dream**

### Challenges

- » **Violation of fundamental right of religious freedom-** **Art 25** provides **right to religious freedom** for each religion which will be impinged by UCC
- » **Threat to India's cultural diversity-** UCC could lead to a homogenization of laws which will be a threat to India's multicultural ethos. For Ex- **ST customary Laws**
- » **Existence of secular laws-** Already secular laws are existing like the **Section 125 of the Criminal Procedure Code**, which provides for maintenance in case of divorce
- » **Imposition of 'Hinduised' Code-** UCC could **follow the Hindu practices** in matters of marriage, divorce and inheritance
- » **Placement of Personal laws in concurrent list-** Personal laws as **Entry 5 of the Concurrent List**

### Significance

- » **Fulfilment of Constitutional mandate of equality-** UCC prescribed by **Article 44** would ensure equality before the law among all its citizens
- » **Promotion of gender justice and equality-** UCC would help in **eradicating gender discriminatory practices** related to marriage, divorce in various religions
- » **Strengthening of national integration-** UCC will affirm the notion of **'one nation, one law'** and reinforce the idea of a unified Indian identity
- » **Simplification of legal matters-** Will help in speedy disposal of cases and reduce judicial burden as most pending cases are of divorces and inheritance
- » **Embodiment of progressive jurisprudence-** UCC has been recommended by SC in its verdicts on progressive jurisprudence like **Shah Bano & Sarla mudgal Case**

### Way Forward

- » **Awareness efforts to reform current personal laws-** Legal intervention only when gender discriminatory
- » **Gradual transformation of diverse personal civil codes to uniform civil code-** **21st Law Commission** has recommended **piecemeal approach** in removing the gender disparities in matters of marriage, divorce, inheritance of personal laws
- » **In-depth Study and wider Consultation-** Involving all stakeholders including **academia, constitutional experts, religious and political leadership** must be undertaken before enacting the UCC.

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### Key Changes in The Uttarakhand Uniform Civil Code (UCC)

**Key Changes for Muslims in the Uttarakhand UCC**

- 1. Minimum age of marriage-** Uttarakhand UCC brings the **minimum age of marriage** to **18** and **21** for **Muslim women** and **men**, respectively. This makes it at par with the minimum age of marriage provided in the Hindu Marriage Act, 1955 and the Special Marriage Act, 1954.
- 2. Succession-** Under the Uttarakhand UCC, the two types of succession- **testamentary succession (through a will)** and **intestate succession (in the absence of a will)** have been brought at par with the provisions of the Indian Succession Act, 1925.
  - a. Testamentary Succession-** In case of **testamentary succession (through a will)**, there is **no restriction** on how much of the property a deceased can bequeath, or to whom. **Earlier**, in case of testamentary succession, Muslims **could bequeath up to one-third of their property** to **anyone of their choosing** through a will and the **rest two-third** were to be divided in the manner provided in the **Quran and the Hadith**.
  - b. Intestate succession-** In case of **intestate succession (without a will)**, the provisions of Indian succession act will be applicable. The priority in inheritance will be accorded to **Class-1 heirs**, who include the children, the widow and parents among a long list of others. In the absence of Class-1 heirs, the property will pass on to **Class-2 heirs**, who include siblings, nieces, nephews and grandparents, among others. If no such heir exists, anyone most closely related to the deceased person may receive the property.
- 3. Ban on practices like bigamy or polygamy and Nikah Halala-** The new UCC outlaws and criminalises the practice of **polygamy, Nikah Halala** and **Iddat** which are practised under the Muslim personal laws.

**Key Changes for Hindus in the Uttarakhand UCC**

- 1. Abolition of distinction between ancestral and self-acquired property-** Under the new UCC Bill, a father is **free to dispose both his self acquired property as well his ancestral property**. **Earlier**, a father could only dispose his self acquired property and not his ancestral property because of coparcenary rights. **Coparcenary rights in the ancestral property** provided by the Hindu Succession Act **have been abolished** as part of the UCC Bill (Coparceners- his son/daughter, grandson/granddaughter, great-grandson/great-granddaughter, who had rights in the ancestral property).
- 2. Changes in intestate succession- Elevation of both parents- mother and father-** as Class I heirs in case of intestate succession. **Earlier**, only mother was included in class I heir. Now, the inclusion of father in class I heir means that a person's property could travel to his siblings through his parents. This change has been effected to bring parity in intestate succession as Hindu law does not include siblings as legal heirs, which were included in the shariat law.

**Other Key Changes**

- 1. Registration of Live-In Relationships-** All live-in relationships will have to be registered with the registering authority notified under the law. If any of the partners is less than 21 years old, the registrar will inform the parents of the couple and forward the registration to the local police station. **Children born out of live-in relationships will have all legal rights**. If one of the partners is married, will not be allowed
- 2. Mandatory registration of marriage-** Every marriage has to be registered **within 60 days**. Three months jail term and fine of ₹25,000 will be awarded for wrong information during marriage registration and ₹10,000 fine for not registering the marriage.
- 3. Divorce only through courts-** No marriage can be dissolved **without a court order**. In case of violation, there would be punishment of up to **3 years in jail**.

**What is Uniform Civil Code (UCC)? What is The Status of UCC in India?**

**Uniform Civil Code-** The UCC is a **proposition to replace the personal laws**, which are based on the scriptures and customs of different religious communities in India, with a **common set of laws governing every citizen**. These laws pertain to **personal matters** like **marriage, divorce, inheritance, adoption, and maintenance**.

**Constitutional Basis of UCC-** The concept of UCC is enshrined in Article 44 of the Indian Constitution. The implementation of UCC falls under the Directive Principles of State Policy

**Status of UCC in India-** The need for UCC was debated in the constitutional assembly. After long deliberation, it was decided to place UCC under the DPSP. Since the adoption of constitution, government has made certain efforts towards implementation of UCC.

<b>Enactment of Special Marriage Act, 1954</b>	The Special Marriage Act, 1954 was enacted to provide <b>secular alternative in marriages</b> . The <b>inheritance rights</b> of the offsprings of couples married under the act were to be governed by the <b>religion-neutral chapter on inheritance</b> in the Indian Succession Act of 1925.
<b>Continued application of Uniform civil laws in Goa and Puducherry</b>	<b>Goa Civil Code/Goa Family Law-</b> With the liberation of Goa, from Portuguese rule, <b>Parliamentary law was enacted</b> for continued application of the Portuguese Civil Code of 1867. <b>Puducherry-</b> In Puducherry, a sizable section of citizens called <b>Renoncants (Indians whose ancestors had during the French rule abandoned personal law)</b> are still governed by the 218-year old French Civil Code of 1804.
<b>Uttarakhand UCC</b>	In 2024, Uttarakhand government has tabled the UCC Bill to govern the civil spheres of marriage, divorce of persons belonging to different religions

**UCC for the entire country is still a far fetched dream-** Most aspects related to marriage and divorces of persons belonging to different religions are continued to be governed by personal laws. For ex- Hindu Marriage Act (1955), a Muslim Personal Law (Shariat) Application Act (1937), a Christian Marriage Act (1872) and a Parsee Marriage and Divorce Act (1937).

### What Arguments do Proponents give in Support of Implementing UCC?

- 1. Fulfilment of Constitutional mandate of equality-** Proponents argue that it is a constitutional mandate to work towards a UCC, which is prescribed by Article 44 of the DPSP. This would ensure **equality before the law** among all its citizens, irrespective of their religion, class, caste, gender.
- 2. Promotion of gender justice and equality-** UCC can help eradicate discriminatory practices related to marriage, divorce, and inheritance in various religious personal laws. **For ex-** Even though Hindu Succession Act, 1956 was amended in 2005 to give **daughters equal inheritance rights at par with sons**, but similar reforms have not been adopted universally across all personal laws.
- 3. Strengthening of national integration-** UCC will affirm the notion of '**one nation, one law**'. This will reinforce the idea of a unified Indian identity amidst its diverse population.
- 4. Societal reforms-** UCC will remove the patriarchal notions of the society in all religions. **For ex-** Ending the subdued status of women in the religious sphere.
- 5. Simplification of legal matters-** UCC will simplify the cumbersome legal matters governed by different personal laws. It will also help in **speedy disposal of cases** and **reduce burden on the judiciary**. **For ex-** Most of the cases pending cases in the judiciary pertain to the **divorce, inheritance issues** of persons belonging to different personal laws.
- 6. Reflective of progressive jurisprudence-** UCC is an embodiment of the progressive jurisprudence exercised by the SC in matters related to gender and inter-religious equality. **For ex-** In cases like **Shah Bano case** (1985) where SC allowed the grant of maintenance to divorcee woman, **Shaira Bano case** (2017) where SC banned the discriminatory practice of **triple talaq**.
- 7. Precedent of Goa's Civil Code-** Proponents of the UCC cite the example of **successful implementation of UCC in Goa** where the civil laws of all Goans, irrespective of religion is governed by a Uniform Civil Code.

### What are The Critics Arguments Against the Uniform Civil Code?

**1. Violation of fundamental right of religious freedom-** Critics argue that the UCC infringes upon the **right to religious freedom** provided by **Article 25** of the constitution. Also, UCC infringes upon the right of communities to **preserve their distinct culture** granted by **Article 29** of the constitution.

**2. Diverse personal laws and customary practices in India-** Enforcing uniformity will interfere with the diverse personal laws and customary practices followed in India by different communities. **For ex- Special Marriage Act, 1954 (A Secular Law)** prohibits marriage between first cousins, which is a common practice in some communities in India. Marriage between second cousins is a popular practice among the Hindu communities in South India.

**3. Threat to India's cultural diversity-** UCC could lead to a homogenization of laws. This will be a threat to India's multicultural ethos. **For ex- Different religious and cultural practices** followed by **Scheduled tribes** in India.

**4. Existence of secular laws-** Critics point to the existence of secular laws applicable to all citizens, irrespective of religion. **For ex- Section 125 of the Criminal Procedure Code**, which is a secular law provides for **maintenance**, and existence of laws relating to domestic violence like the **Domestic Violence Act**.

**5. Imposition of 'Hinduised' Code-** Some critics suggest that the UCC might impose a 'Hinduised' code on all communities. **For ex- UCC could follow the Hindu practices in matters of marriage, divorce and inheritance** and will legally force other communities to follow the same.

**6. Placement of Personal laws in concurrent list-** Some constitutional law experts argue that perhaps the constitutional framers did not intend total in uniformity in personal laws. They cite the placement of personal laws as **Entry 5 of the Concurrent List** (where the Parliament as well as the State Assemblies have the power to legislate).

### What is the Judicial View on UCC?

<b>Shah Bano Case (1985)</b>	Supreme Court directed the Government to <b>enact a UCC</b> . The SC observed that UCC will help the cause of national integration.
<b>Sarla Mudgal Case (1995)</b>	The Supreme Court directed the <b>Government to reflect the steps taken towards securing a UCC</b> for the citizens of India.
<b>Pannalal Bansilal Patil v. State of Andhra Pradesh (1996)</b>	Supreme Court observed that while a uniform law is desirable, its <b>enactment in one go might be counter-productive to the unity and integrity of the nation</b> . Gradual progressive change should be brought about.
<b>John Vallamattom and Ors. v. Union of India (2003)</b>	Supreme Court held that there is <b>no necessary connection between religious and personal law in a civilized society</b> . Matters of secular character like <b>marriage</b> cannot be brought within the guarantee enshrined under <b>Article 25 and 26</b> .

### Read More UPSC Topics-

- [Public Examinations \(Prevention of Unfair Means\) Bill 2024- Explained Pointwise](#)
- [Payment Banks in India - The PayTM Case - Explained Pointwise](#)

### What Should be The Way Forward?

- 1. Awareness efforts to reform current personal laws-** This should be initiated and undertaken by the communities themselves. Legal intervention should be undertaken only **if a practice violates fundamental rights of citizens (especially women)**.
- 2. Gradual transformation of diverse personal civil codes to uniform civil code-** **21st law commission** has recommended that a **UCC is neither necessary nor desirable at this stage**. Government must take a piecemeal approach in removing the gender disparities in matters of marriage, divorce, inheritance of personal laws. Government must restrain implementing all aspects in single legislation.
- 3. In-depth Study and wider Consultation-** An in-depth study and wider consultation involving all stakeholders including **academia, constitutional experts, religious and political leadership** must be undertaken before enacting the UCC. This will ensure better formulation and greater acceptability of UCC when implemented.
- 4. Equality between men and women in communities rather than equality between communities-** **21st law commission** had recommended the **government to first concentrate on ensuring the equality between men and women** in the same community rather than focussing on the equality between communities.
- 5. Prioritise basic reforms-** The government must prioritise basic reforms such as **a) Having 18 years as the marriageable age for girls** for all across communities and genders **b) Introducing a 'no-fault' divorce procedure** and allowing the dissolution of marriage on the ground of irretrievable breakdown, and **c) Having common norms for post-divorce division** of assets.

### Conclusion

UCC in its true spirit, must be brought about by making gradual changes. As recommended by the Law Commission, the focus should be on ending discriminatory practices against women, rather than enforcing uniformity. However, until that is done, the better course would be to bring about small reforms, correcting some inherent irrationality in some of the personal laws, and make them suitable for modern times. This will lay the foundation of implementing a nation wide UCC at a later date.

**Read More-** [The Indian Express](#)

**UPSC Syllabus- GS-2 Indian Constitution- Significant Provisions**

## Fiscal Centralisation In India UPSC- Concerns and Way Forward- Explained Pointwise

Recently, after the presentation of the Interim Union Budget of 2024-25, **remarks of an MP from South India** regarding the **increasing Fiscal Centralisation** has caused a political uproar. **Southern States** have raised the **issue of reduced fiscal devolution despite higher contribution** in the Gross tax revenues. They have alleged the Central government of following the path of fiscal centralisation, which is against the spirit of Fiscal Federalism.



# Fiscal Centralisation In India

Southern States of India have raised the issue of **reduced fiscal devolution despite higher contribution** in the Gross tax revenues. They have alleged the Central government of following the path of fiscal centralisation, which is against the spirit of Fiscal Federalism.

## Fiscal Devolution Mechanism

- » **Statutory Transfers to the States (Based on Legal Provisions and the criteria of FC)- Net Tax Revenues and Grant-In Aids** form the two statutory transfers to the states by the Central Government. **Finance Commission under Art 280**, recommends the transfer these statutory transfers of Net Tax Revenues and Grant-in Aids.
- » **Non-Statutory Transfers to the States (Not Based on any Legal Provisions or criteria of FC)-** The financial transfers through **Centrally Sponsored Schemes (CSS)** and **Central Sector Schemes (CSec)** are non-statutory transfers to the states. These non-statutory grants are **tyed grants** – they have to be spent on specific schemes for which the grants are allocated.

## Fiscal Centralisation Concerns

- » **Reduced Financial Transfers to the States-** The share of states in the gross tax revenue has **decreased** from **35% in 2015-16 to 30% in 2023-24**.
- » **Disproportionate Growth between Union Govt's & State Govt's Revenue-** Union government's tax revenue has increased by **2.3 times** while state's share in the tax revenue has increased by **2 times**
- » **Decrease in Grants-in-Aid to the states-** Declined from **₹1.95 lakh crore in 2015-16 to ₹1.65 lakh crore in 2023-24**
- » **Increase in the share of non-devolvable cess and surcharge-** Increased from **Rs. 85,638 in 2015-16 to Rs. 3.63 lakh crore in 2023-24**
- » **Centralisation of Public Expenditure-** Out of the Combined allocation of **₹19.4 lakh crore** for CSS and CSec, **only ₹4.25 lakh crore** was devolved to States

## Disadvantages

- » **Strain on State Budgets-** Impacted the ability of state governments to effectively deliver public services. For ex- **Increase in Govt borrowings**.
- » **Accentuation of inter-State inequality in public finances-** **Less wealthy states** have been **forced to commit their borrowed finances** to avail the matching contribution from the central government
- » **Potential Bias in Resource Allocation-** Raised concerns of unequal treatment among states as **possibility of the Union government favouring certain states or regions**
- » **Impingement on the principles of Fiscal Federalism-** Increased centralised control over finances, with less revenue sharing with states against Fiscal federalism
- » **Fuelling regional separatism-** Growth of regionalism and separatist feelings in southern states due to **larger loss of tax revenue** due to GST implementation

## Way Forward

- » **16th Finance Commission-** Enhance the state's share in the net taxes from 41% (currently awarded by 15th FC)
- » **Rationalisation of Public Expenditure by Central Govt-** Financial rationalisation of the Central Sector and Centrally Sponsored schemes
- » **Addressing the GST related Concerns-** anomalies in GST like the **Integrated GST and compensation for tax losses** due to GST must be addressed at the earliest.



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## What is the Mechanism of Fiscal Devolution In India?

**1. Statutory Transfers to the States (Based on Legal Provisions and the criteria of FC)- Net Tax Revenues and Grant-In Aids** form the two statutory transfers to the states by the Central Government.

**a. Finance Commission-** **Article 280** of the constitution, provides for the constitution of Finance Commission to recommend **the distribution of net tax revenues** between the central government and the state governments.

**b. Grant in Aids-** **Article 275** of the constitution provides for Grant in Aids, which involves the discretionary transfer of funds from the central government to state governments for specific purposes or schemes. **The Grant in Aids are recommended by the Finance Commission.**

- **NOTE-** The Finance Commission has been granted the power by the constitution to recommend only the distribution of net tax revenues among the states.

**Net Tax Revenue= Gross Tax Revenue – Tax administration expenditure – Revenue collections from Union Territories – Cess and surcharge**

\* Thus, according to the constitution, cess and surcharges are not needed to be devolved by the Central Government to the state government.

**2. Non-Statutory Transfers to the States (Not Based on any Legal Provisions or criteria of FC)-** The financial transfers through **Centrally Sponsored Schemes (CSS)** and **Central Sector Schemes (CSec)** are non-statutory transfers to the states. These **non-statutory grants are tied grants**– they have to be spent on specific schemes for which the grants are allocated.

#### NOTE

**Centrally Sponsored Schemes (CSS Schemes)-** These schemes **require matching financial contribution from the state governments** from their own budgetary resources.

**Central Sector Schemes (CSec Schemes)-** These schemes are **fully funded by the Union government** in sectors where the Union government has exclusive legislative or institutional controls.

#### What are The Fiscal Centralisation Concerns being Raised?

**1. Reduced Financial Transfers to the States-** The **share of states in the gross tax revenue** (total tax revenue collected, which includes cess and surcharges) has **decreased** from **35% in 2015-16** to **30% in 2023-24**.

**2. Disproportionate Growth between Union Govt's & State Govt's Revenue-** From 2015-16 to 2023-24, while the **Union government's tax revenue has increased by 2.3 times** from ₹14.6 lakh crore to ₹33.6 lakh crore, the **states' share in the tax revenue has only doubled** from ₹5.1 lakh crore to ₹10.2 lakh crore. This indicates a disproportionate growth between Union Govt's and State Govt's Revenues.

**3. Decrease in Grants-in-Aid to the states-** Direct financial support to states, in the form of grants-in-aid, has **declined from ₹1.95 lakh crore in 2015-16** to **₹1.65 lakh crore in 2023-24**.

**4. Increase in the share of non-devolvable cess and surcharge-** The share of collected cess and surcharge (**which are not shared with states**) has increased from **Rs. 85,638 in 2015-16** (5.9% of the Union government's tax revenue) to **Rs. 3.63 lakh crore in 2023-24** (10.8% of the Union Govt's tax revenue).

**5. Centralisation of Public Expenditure-** Out of the **combined allocation of ₹19.4 lakh crore** for Centrally Sponsored Schemes (CSS) and Central Sector Schemes (CSec Schemes) in 2023-24, **only ₹4.25 lakh crore was devolved to States**. These are **tied grants** and the states have no autonomy to plan their expenditure.

**6. Erosion of State Taxation Autonomy on account of implementation of GST-** The ability of states to set tax rates on their own revenue sources has been significantly diminished due to the implementation of GST. **For ex- State VAT have been subsumed under GST**.

**7. Issues with GST-** The compensation of revenue loss to states on account of GST implementation, have not been properly addressed. **For ex- Discontinuation of GST compensation cess**.

Read More- [Issue with Financial Transfers to States](#)

#### What are The Disadvantages of Fiscal Centralisation in India?

**1. Strain on State Budgets-** The reduction in transfers and grants to the state government have impacted the ability of state governments to effectively deliver public services. **For ex- Increase in Govt borrowings**.

**2. Accentuation of inter-State inequality in public finances-** Less wealthy states have been **forced to commit their borrowed finances** to **avail the matching contribution from the central government** for the

implementation of Centrally Sponsored Scheme (CSS). This has increased the borrowings and liabilities of less-wealthy states and has accentuated inter-state inequality in public finances.

**3. Potential Bias in Resource Allocation-** The complete funding of Central Sector Schemes by the Central Government has raised concerns of unequal treatment among states. There is a **possibility of the Union government favouring certain states or regions** through Central Sector Schemes.

**4. Impingement on the principles of Fiscal Federalism-** Increased centralised control over finances, with **less revenue sharing with states**, goes against the principles of cooperative and fiscal federalism.

**5. Fuelling regional separatism-** The fiscal consolidation and redistribution imbalances has led to growth of regionalism and separatist feelings in **southern states**, as they have undergone larger loss of tax revenue on account of GST implementation.

This fiscal centralisation goes against the principle of fiscal federalism, which was displayed in the implementation of GST. However, there has been consistent decrease in the finances of state governments, which have impacted their governance.

Read More UPSC Topics-

- [Sixth Schedule- Advantages and Issues- Explained Pointwise](#)
- [Uniform Civil Code \(UCC\) Debate- In wake of Uttarakhand UCC- Explained Pointwise](#)

#### What Should be The Way Forward to Promote Fiscal Federalism?

**1. 16th Finance Commission-** The 16th Finance Commission (FC) must look to **enhance the state's share in the net taxes from 41%** (currently awarded by 15th FC). Further, the **principles of Vertical and Horizontal devolution, must be relooked** to ensure equitable distribution of taxes among the states.

**2. Rationalisation of Public Expenditure by Central Govt-** A mechanism must be instituted for thorough **financial rationalisation of the Central Sector** and **Centrally Sponsored schemes**, in collaboration with state governments.

**3. Addressing the GST related Concerns-** The anomalies in GST like the **Integrated GST** which favours the consuming states like UP and Bihar, rather than the producing states of TN, Gujarat must be corrected. Also, efforts must be undertaken to **open more avenues for revenue generation by broadening the scope of GST** to include petrol, diesel etc.

**4. Revisiting Article 246 and the Seventh Schedule-** The taxation powers listed in the seventh schedule must be relooked in the context of fiscal federalism. Rationalisation of Central Sector and Centrally sponsored schemes must be undertaken.

**5. List of Taxation for Third Tier of Govt-** **Specific taxation powers must be devolved to the local self governments** to help them raise their own resources and reduce their dependence on grant-in-aids. This will help in achieving fiscal federalism in its true sense.

[Read More- The Hindu](#)

[UPSC Syllabus- GS 2- Issues pertaining to centre-state relations](#)



## New Guidelines for Coaching Centres UPSC- Explained Pointwise



Recently, the Central Government has released **new guidelines** for coaching centres in India. This move addresses the need for a **legal framework** to manage the unregulated growth of private coaching centres. The proposed **Guidelines for Regulation of Coaching Centre 2024** released by the Centre suggest that students younger than 16 years of age should not be enrolled in coaching centres. **New Guidelines for Coaching Centres UPSC**

While several states such as **Bihar, Goa, Uttar Pradesh** and **Manipur** have **already taken initiatives** by enacting special legislations to regulate private coaching and tuition classes in their respective jurisdictions even prior to the issuance of these Guidelines, adoption of the Guidelines by other states/UTs **would be only the first step in regulating this unregulated sector.**



## Regulation of Coaching Industry

Central Government has prepared model guidelines for regulation coaching industry in India to manage the unregulated growth of private coaching centres. The proposed Guidelines for Regulation of Coaching Centre 2024 released by the Centre suggest that students younger than 16-year-olds should not be enrolled in coaching centres



### Guidelines

- » Enrolment Guidelines- Students younger than 16 years should not be enrolled in coaching centres.
- » Refrain from Misleading Promises- Should not make misleading promises or guarantee ranks to parents and students
- » Ensure Mental well-being of students- By providing weekly off, suitably spaced-out curriculum, Customised leaves for emotional boosting & extra-curricular activities and mental counselling
- » Qualification of Tutors- Tutors with qualifications less than graduation degree should not be allowed
- » Exit Option from the Course- Must refund fees fully paid by a student on a pro-rata basis within 10 days.
- » Filing complaints of complaints- Provisions for filing complaints before “a competent authority” which needs to be disposed within 30 days.
- » Penal Provisions- Fine of up to 1 lakh or cancellation of registration, if coaching centres charge exorbitant fees from students



### Coaching Growth Reasons

- » Need of Conceptual education- School education fails to impart conceptual clarity needed to clear competitive exams like JEE and NEET
- » Shadow the dysfunctional education system- Reflected by the presence of class 10th or 12th coaching.
- » Parental Dream and pressure- Wards securing a seat in a prestigious medical or engineering college
- » Cracking ultra-competitive examinations- Coachings provide structured help students get to crack ultra-competitive exams like UPSC, NEET, IIT



### Reasons behind Guidelines

- » Increase in student suicide cases- 28 cases of student suicides were reported in 2023 alone from Kota- the coaching capital for engg. and medical exams.
- » Exorbitant fees and lack of exit options- Coachings charge exorbitant fees and do not provide exit options with return of balance fees to students
- » False and Misleading Claims- Recent fines imposed on UPSC coaching centres for making false claims related to selections
- » Engineer or Doctor producing factories- Produce Doctors and engineers lacking in life skill sets
- » Absence of regulatory oversight- Inapplicability of Consumer Protection Act for the coaching industry.



### Advantages

- » Stem the rise of Student suicides- Mandatory provisions for customised leaves, mental health counselling and emotional boosting.
- » Transparency in functioning- Creation of a website mentioning all the details about the coaching institute
- » Provides an exit route- Reduction of undue stress of students to continue a course which they want to drop out of, due to fear of losing money.
- » Holistic well-being of the student- The move will help in the holistic development of students in a coaching, both academically and in co-extracurricular activities

### What are The New Guidelines for Coaching Centres ?

1. Enrolment Guidelines- Students younger than 16 years should not be enrolled in coaching centres.
2. Refrain from Misleading Promises- Coaching centres should not make misleading promises or guarantee ranks to parents and students.
3. Ensure Mental well-being of students- The coaching centres must provide weekly off for students. The curriculum must be suitably spaced-out and the duration of classes must not be longer than five hours a day.
4. Customised leaves and co-curricular activities- Coaching centres will have to provide Customised leaves to students for “emotional boosting” and “connection with family”. Also, co-curricular activities, life skills,

counselling from a psychologist, emotional bonding and mental well-being will have to be prioritised in coaching centres

**5. Qualification of Tutors-** Tutors with **qualifications less than graduation degree** should not be allowed to teach in coaching institutes.

**6. Maintenance of Website-** Coaching centres will be required to maintain a website with **updated details** of the **qualification of tutors, courses or curriculum**, duration of course, hostel facilities and the fees being charged.

**7. Exit Option from the Course-** In case when a student wishes to exit the course, coaching centres must refund fees fully paid by a student on a **pro-rata basis within 10 days**. An easy exit policy and details of a fee refund policy will also have to be furnished on the website.

**8. Filing complaints of complaints-** The guidelines provide provisions for filing complaints before “**a competent authority**” against the coaching centres by the student, parent or even tutor. The complaints will have to be **disposed of within thirty days**.

**9. Penal Provisions-** **Fine of up to 1 lakh or cancellation of registration**, if coaching centres charge exorbitant fees from students, cause undue stress leading to student suicide and other malpractices.

**10. Regulation and Monitoring-** State governments will have to undertake **registration of new and existing coaching centres, within three months** after the guidelines come into effect. The state government will be responsible for monitoring and regulating the activities of the coaching centre.

### **What Factors have Led to The Growth of Coaching Centres in India?**

**1. Need of Conceptual education-** The school education system is **rote-oriented**. **Conceptual clarity is required to clear competitive exams like** JEE and NEET.

**2. Shadow of broken education system-** Coachings shadow the **dysfunctional school education system** in India, which is reflected by the presence of coaching to pass class 10th or 12th Board exams in India.

**3. Parental Dream and pressure-** The dream of parents **for their wards to secure a seat in a prestigious medical or engineering college** has also led to the proliferation of private coaching centres in India.

**4. Cracking ultra-competitive examinations-** The **difficulty levels of public exams** in India have **become harder** because of more competition. Coachings provide structured help students get to crack these ultra-competitive exams like UPSC, NEET, IIT.

**5. Societal construct of success-** **Qualification in competitive exams** like UPSC, IIT, NEET, CAT is considered a **benchmark of success in the society**. There is absence of social appreciation for alternate profession like chef, fashion designing, entrepreneurship etc. Thus, this societal construct of a successful life and career have led to mushrooming of coaching centres in India.

### **What was The Need to Regulate Coaching Centres in India?**

**1. Increase in student suicide cases-** There has been an exponential rise in cases of student suicides from the competitive exam coaching institutes. **For ex- 28 cases of student suicides** were reported **in 2023 alone** from Kota- the coaching capital for engg. and medical exams.

**2. Exorbitant fees and lack of exit options-** The coachings charge exorbitant fees and do not provide exit options with return of balance fees to students due to lack of regulatory guidelines.

**3. False and Misleading Claims-** The coaching centres have been indulging in false and misleading claims related to selection ratio from their institutes. For ex- **Recent fines imposed on UPSC coaching centres for making false claims.**

**4. Engineer or Doctor producing factories-** The coaching centres function like a factory to produce candidates well equipped with practice and conceptual clarity to solve the JEE and NEET questions, but they lack heavily in extracurricular activities and life skills. For ex- **Kota is termed as KOTA FACTORY.**

**5. Absence of regulatory oversight-** There were no penal provisions and there was complete lack of regulatory oversight. For ex- **Inapplicability of Consumer Protection Act for the coaching industry.**

#### **What will Be The Advantages of New Guidelines for coaching centres?**

**1. Stem the rise of Student suicides-** The proposed guideline is a step to address this stem of student suicides by providing mandatory provisions for **customised leaves, mental health counselling and emotional boosting.**

**2. Regulation of unchecked growth of private coaching centres-** The proposed guideline is a step forward to regulate the unchecked growth of private coaching centres which have been **indulging in malpractices** like **misleading claims** and **false advertisements.**

**3. Transparency in functioning-** The move will introduce in an element of transparency in the opaque way of functioning of these coaching institutes. For ex- **Creation of a website mentioning all the details about the coaching institute.**

**4. Provide an exit route-** The guidelines provide for an exit route for students in case they want to drop out, with provision of return of fees. This will help to **reduce the undue stress of students** to continue a course which they want to drop out of, due to fear of losing money.

**5. Holistic well-being of the student-** The move will help in the holistic development of students in a coaching, both **academically and in co-extracurricular activities.** This will help us in better reaping of our demographic dividend.

#### **What Should be the Way Forward?**

**1. Proper Regulation by the state government-** Since most of the engineering and medical coachings take place at the 10+2 level, state governments have been entrusted with the regulatory function. State governments must diligently ensure the regulation of coaching industry.

**2. Public education-** There must be a large-scale public education about the adverse impact of putting such pressure on children from an early age **through media** and **civil society organisations.**

**3. Instilling sensitivity in Parents-** We need to make parents sensitive towards their **children in their adolescent years,** instead of putting the pressure of parental dream on them.

**4. Revamp education system-** The **rote learning** and **exam-centric education system** in India must be revamped with focus on imparting conceptual clarity to the students to stem the mushrooming of private coachings in India.

**5. Substance Abuse Prevention Programs-** Substance abuse prevention programs must also be implemented in the coaching districts like KOTA and Delhi to prevent student suicides.

**Read More-** [The Hindu](#)

**UPSC Syllabus- GS 2-** Govt intervention for the development of various sectors

## Farmer's Suicides In India UPSC- Explained Pointwise

According to the National Crime Reports Bureau (NCRB) report 2022, **11,290 cases of farmer's suicides were reported in 2022**. There has been a **3.75% rise** in the cases of farmer's suicides, **from the 10,881 suicides reported in 2021**. The situation has been particularly grim in Maharashtra, which accounts for 38% of all suicides in the agricultural community. **Farmer's Suicides In India UPSC**

### Farm suicides as per NCRB report

Year	2022	2021	2020	2019	2018
Farmer suicides	5,207	5,318	5,579	5,957	5,763
Agri labourer suicides	6,083	5,563	5,098	4,324	4,586
Total	11,290	10,881	10,677	10,281	10,349

Source- Indian Express

### What are The Reasons of Farmer Suicides in India?

- 1. Debt Trap-** Debt trap is a major cause of farmer suicide in India due to **crop failure** and **rising indebtedness**.
- 2. Lack of access to formal credit-** There is low access to formal credit agricultural credit in India. The easy availability of informal credits, **sahukars (moneylenders)** which provide instant loans at very high interest rates of **30% to 40%**, adds on to the burden of already aggrieved farmers.
- 3. Change in Cropping Patterns-** There has been change in cropping patterns in the arid regions of the country. **For ex-** Change in the crop patterns in arid regions of **Marathwada and Rayalaseema** from **millets (suited for arid regions)** to **cotton and sugarcane (unsuitable for arid regions)**.
- 4. Unproductivity of agriculture-** The **increase of input costs** like seeds, fertilizers, and pesticides and lack of commensurate price of final agricultural produce has made the agriculture sector unproductive. **For Ex-** In the Marathwada region, the **production cost of cotton** ranges between **₹6,500 and ₹7,000 per quintal**, while the current market price hovers around **₹6,800** which makes it challenging for farmers to break even.
- 5. Climate Change-** Climate change has led to **erratic monsoons, shrinking of water resources** and **increased pest attacks incidents** which has made agriculture unproductive and has driven farmers to suicides.
- 6. Socio-cultural Issues-** Socio-cultural challenges like loans for marriages for **fulfilling social obligations** like **dowry, spendings on weddings**, drug abuse/alcoholic addiction are major reasons for suicides in India.

**7. Lack of access to schemes-** Landless agricultural labourers have not been benefitted from income support schemes such as **PM Kisan**.

**8. Mental health-** Mental depression due to fear of **boycott due to societal pressures** is also a major reason for suicide in India.

### What are The Ramifications of Increasing Farmer's Suicide?

**1. Failure of 'Agriculture as an enterprise'-** Suicides of farmers lead to a **loss of productivity** in the agricultural sector, affecting overall food production. The increase in farmer's suicides reflects the **failure of our aim of doubling farmer's income** by 2022. These factors have led to failure of 'agriculture as an enterprise'.

**2. Negative Impact on Rural Economic growth-** Suicides of farmers trigger an **economic ripple effect** and leads to dampening of economic growth of rural businesses and communities.

**3. Social Consequences-** The suicide of a farmer often leaves the family in **emotional and financial distress**, with widows and children bearing the brunt of the aftermath.

**4. Mental Health challenges among the farmers-** The pervasive issue of farmer suicides **contributes to mental health challenges** in farming communities. Some farmers resort to substance abuse as a coping mechanism, exacerbating mental health challenges.

**5. Global Trade and Market Dynamics-** Changes in Indian agriculture, influenced by farmer suicides, **can have repercussions** on global commodity markets. It is also a blot on India's dream of becoming a \$5 tn dollar economy.

Read More- [What is Farmer's Distress Index?](#)

### What are The Government Initiatives to Reduce Farmer Suicides in India?

<b>Pradhan Mantri Fasal Bima Yojana (PMFBY)</b>	PMFBY is a crop insurance scheme aimed at <b>providing financial support to farmers</b> in the <b>event of crop failure</b> , helping to reduce the economic burden on them.
<b>Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)</b>	PM-KISAN is a <b>direct income support scheme</b> that provides financial assistance to eligible farmers in the form of direct bank transfers.
<b>Agricultural debt waiver and debt relief Scheme, 2008</b>	Agricultural Debt Waiver and Debt Relief Scheme in 2008 benefited over <b>36 million farmers</b> at a cost of <b>65000 crore rupees (US\$10 billion)</b> . This spending was aimed at the writing of part of loan principal as well as the interest owed by the farmers.
<b>Loan Waiver Schemes</b>	State governments have occasionally announced loan waiver schemes to alleviate the debt burden on farmers. These schemes aim to provide relief and prevent farmers from falling into a debt trap. <b>For ex- Rajasthan and Chhattisgarh loan waiver schemes.</b>
<b>National Mission for Sustainable Agriculture (NMSA)</b>	NMSA focuses on <b>promoting sustainable agricultural practices</b> , improving water-use efficiency, and supporting climate-resilient agriculture.

### What Should be The Way Forward?

**1. Financial Support and Debt Relief-** Explore sustainable and targeted debt relief mechanisms to alleviate the burden of high-interest loans. **For ex- Proper Implementation of crop insurance schemes.**

**2. Diversification of Agriculture-** Promotion of crop diversification to **reduce dependency on a few crops** (like cotton and sugarcane in arid regions) and enhance resilience to market fluctuations and environmental challenges.

**3. Market Reforms-** Implement market reforms to ensure fair prices for agricultural produce and reduce the influence of middlemen. **For ex- Strengthen and expand online trading platforms like e-NAM.**

**4. Mental Health Support-** Address the mental health stigma in rural areas and establish mental health support systems for farmers. **For ex- Counselling services and awareness programs.**

**5. Research and Innovation-** Invest in agricultural research and innovation to develop new technologies, resilient crop varieties, and sustainable farming practices. **For ex- Development of drought resistant GM crops.**

Read More- [The Hindu](#)

UPSC Syllabus- GS 3- Indian Agriculture Challenges

## Sixth Schedule- Advantages and Issues- Explained Pointwise

**Sixth Schedule of the constitution** is again in news, after the reconstitution of high-powered committee to examine Ladakh's demand for inclusion in the Sixth Schedule. Representatives of Ladakh like **MP Jamyang Tsering Namgyal** and eminent persons like **Magsaysay Award Winner Sonam Wangchuk**, have raised the demand repeatedly since the constitutional changes in the erstwhile state of Jammu and Kashmir in 2019.



**Sixth Schedule** of the constitution is again in news, after the reconstitution of high-powered committee to examine Ladakh's demand for inclusion in the Sixth Schedule.

### Sixth Schedule

- » **Constitutional Provisions- Art 244** of the constitution provides for the sixth schedule of the constitution which is applicable to specific areas of **Assam, Meghalaya, Tripura and Mizoram**
- » **Purpose-** It provides for the formation of autonomous administrative divisions called **Autonomous District Councils (ADCs)** that have some legislative, judicial and administrative autonomy within a state.
- » The acts of Parliament or the state legislature do not apply to autonomous districts and autonomous regions, or apply with specified modifications and exceptions

### Advantages

- » **Democratic Devolution of Powers-** Sixth Schedule has helped in democratic devolution of powers through the creation of **Autonomous District Councils**, which have some legislative, judicial and administrative autonomy within a state.
- » **Preservation of Cultural Practices and Customs-** Tribal language, customs and practices are protected. For ex- **Bodo language of Bodoland were protected.**
- » **Protection of tribal Land rights-** Autonomous councils the powers to legislate on matters like **land, forests, and fisheries.**
- » **Grant-in Funds-** **Finance commission** recommends Grant-in aids for sixth scheduled areas
- » **Sustainable Socio-Economic Development-** Ensures socio-economic development of a region in consonance with the cardinal virtue of sustainability.

### Issues

- » **Limited Geographical Coverage-** Only limited to certain tribal pockets of **Assam, Meghalaya, Tripura and Mizoram**
- » **Lack of Effective decentralisation-** Several districts have only one autonomous council. For ex- **Only one District council for entire Bodo Territorial Area districts**
- » **Legislative power of state over autonomous councils-** The laws made by the councils require the assent of governor. In case of conflict, the **governor's assent prevails.**
- » **Financial dependency-** Dependent on state govts for funds in addition to the occasional special package from the Centre. **Lack of timely constitution of State Finance Commission (SFC)**
- » **Corruption, Financial Mismanagement and Lack of skilled professionals**

### Way Forward

- » **Increase geographical coverage-** Constitutional amendment to expand coverage of 6th scheduled areas in other tribal dominated regions which need protection. For ex- **Ladakh inclusion in 6th schedule.**
- » **Ensuring regular Elections-** The state governments must ensure regular, free and fair elections to these autonomous councils. For Ex- **Reduce the dominance of Tribal Elites.**
- » **Transparency-** Transparency in **funds, functionaries and functioning** of the autonomous district councils must be enhanced for effective socio-economic development.

**What is the Sixth Schedule of Indian Constitution?**

Specifications	Details
<b>Constitutional Provision</b>	<b>Art 244</b> of the constitution provides for the sixth schedule of the constitution.
<b>Applies to</b>	Assam, Meghalaya, Tripura and Mizoram
<b>Purpose</b>	It provides for the formation of autonomous administrative divisions called <b>Autonomous District Councils (ADCs)</b> that have some legislative, judicial and administrative autonomy within a state.
<b>Composition of ADCs</b>	1) ADCs have <b>up to 30 members</b> with a term of five years. Of these, four are nominated by the governor and the remaining 26 are elected on the basis of adult franchise. 2) The Bodoland Territorial Council in Assam is an exception, with more than 40 members. 3) Each autonomous region also has a separate regional council.
<b>Powers of ADCs</b>	<b>1) Civil and judicial powers:</b> They can constitute village courts within their jurisdiction to hear trials of cases involving the tribes. Governors specify the jurisdiction of high courts for each of these cases. <b>2) Legislative powers:</b> The councils are empowered to make legislative laws on matters like land, forests, fisheries, social security, entertainment, public health, etc. with due approval from the governor. <b>3) The acts of Parliament or the state legislature do not apply to</b> autonomous districts and autonomous regions, or apply with specified modifications and exceptions.

**Why is Ladakh Demanding Inclusion in The VI Schedule of The Constitution?**

- 1. Political Representation and autonomy-** The **Jammu and Kashmir Reorganisation Act 2019**, created two separate **UTs of J&K (with legislature)** and **Ladakh (without legislature)**. While there had been four MLAs from the Ladakh region in the erstwhile J&K Assembly, now the administration of Ladakh is **completely in the hands of bureaucrats**. Thus, sixth schedule status is being demanded to ensure political representation and autonomy.
- 2. Lack of Local Employment opportunities-** The administration of UT of Ladakh has failed to create local employment opportunities for youth of Ladakh. **For Ex- Absence of a public service commission and lack of comprehensive job policy** even after 4 years of creation of UT of Ladakh.
- 3. Preservation of Cultural Identity-** Sixth schedule status is also being demanded to protect Ladakh's unique cultural heritage and traditional customs. **For ex- Tribals like Gujjars, Bakarwals, Bots, Changpas, Baltis and Purigpas** have distinct cultures which can better be preserved under sixth schedule of the constitution.
- 4. Preservation of Ladakh's Fragile ecosystem-** Climate activists have raised flagged **serious concerns regarding mining and industrialisation** in the fragile glacial ecological system of Ladakh. Sixth schedule status is being demanded **to protect the high-altitude deserts, glaciers and alpine meadows** which are a crucial habitat for rare and endangered species.
- 5. Change in domicile policy of Jammu and Kashmir-** The change of domicile policy in UT of J&K has amplified demands for sixth schedule for Ladakh to ensure domicile for Ladakh population.
- 6. Strengthening of democratic institutions-** The establishment of autonomous councils under the Sixth Schedule would also strengthen democratic institutions at the grassroots level. **For ex- More powers and autonomy to Ladakh Autonomous Hill Development Councils (LAHDC).**



Read More- [What is the Sixth Schedule, and can Ladakh be included under it](#)

### What are The Advantages of Being Included in The VI Schedule of The Constitution?

- 1. Democratic Devolution of Powers-** Sixth Schedule has helped in democratic devolution of powers through the **creation of Autonomous District Councils** which have some legislative, judicial and administrative autonomy within a state.
- 2. Preservation of Cultural Practices and Customs-** The inclusion of a region in the sixth schedule ensures protection of local language, cultural practices and customs. **For ex- Bodo language of Bodoland were protected.**
- 3. Protection of tribal Land rights-** Sixth schedule has also helped in protection of agrarian and land rights by granting the autonomous councils the powers to **legislate on matters like land, forests, and fisheries.**
- 4. Grant-in Funds-** Sixth schedule areas are provided with enhanced quantum of Grant-in Funds for rapid development and transformation. **For ex- Finance commission recommendations for Grant-in aids for sixth scheduled areas**
- 5. Sustainable Socio-Economic Development-** The inclusion of a region in the sixth schedule ensures **socio-economic development of a region** in consonance with the **cardinal virtue of sustainability.**

### What are The Issues with The VI Schedule of the Constitution?

- 1. Limited Geographical Coverage-** The sixth schedule areas are limited in their geographical coverage and exclude numerous tribal communities, leading to unequal treatment and exclusion. **For ex- Only limited to certain tribal pockets of Assam, Meghalaya, Tripura and Mizoram.**
- 2. Lack of Effective decentralisation-** The sixth schedule areas often lack effective and real decentralisation of powers and administration. **For ex- Only one District council for entire Bodo Territorial Area districts.**
- 3. Legislative power of state over autonomous councils-** The laws made by the councils **require the assent of governor.** Also, in case of conflict of interest between the District Councils and the state legislature, the latter would prevail.
- 4. Financial dependency-** Autonomous councils are **dependent on their respective state governments for funds** in addition to the occasional special package from the Centre. **For ex-** Lack of timely constitution of State Finance Commission for recommending devolution of funds to District Councils and Regional Councils.
- 5. Corruption and Financial Mismanagement-** The functioning of different councils in the sixth schedule areas has been marred by **corruption and financial mismanagement.**
- 6. Lack of skilled professionals-** The autonomous councils lack skilled planning professionals, which **results in ill-conceived development projects** without proper technical and financial consideration.
- 7. Lack of Codification of customary Laws-** The councils have failed in codifying customary laws of the local tribal population.

### Read More UPSC Topics-

- [Farmer's Suicides In India UPSC- Explained Pointwise](#)
- [New Guidelines for Coaching Centres UPSC- Explained Pointwise](#)

### What Should be The Way Forward?

- 1. Creation of elected Village Councils-** Village councils must be created with their accountability to the local Gram Sabhas.
- 2. Ensuring regular Elections-** The state governments must ensure **regular, free and fair elections** to these autonomous councils. **For Ex- Reduce the dominance of Tribal Elites.**
- 3. Representation of Women and other Ethnic Minorities-** Women and other ethnic minorities must be provided adequate representation in these autonomous councils.
- 4. Increase geographical coverage-** Constitutional amendment must be brought to expand coverage of 6th scheduled areas in other tribal dominated regions which need protection. **For ex- Ladakh inclusion in 6th schedule.**
- 5. Transparency-** Transparency in funds, functionaries and functioning of the autonomous district councils must be enhanced for effective socio-economic development.

**Read More-** [The Indian Express](#)

**UPSC Syllabus-** GS-2 Issues related to Federal Structure

### **MSP Guarantee Law and Farmer's Protest- Pros and Cons- Explained Pointwise**

**MSP guarantee Law** to provide a legal guarantee for MSP for all crops is the **headline demand** out of the 12-point demands of the recent farmers' protest. The farmer's cite inaction of the Central Govt on MSP guarantee law, which was negotiated by the Govt during the farmer's protest of 2020-21, as one of the prime reasons for their recent protests. The farmers have also been demanding the **determination of MSP** in accordance with the **Dr M S Swaminathan Commission's report**.



## MSP Guarantee Law

**MSP guarantee Law** to provide a legal guarantee for MSP for all crops is the **headline demand** out of the 12-point demands of the recent farmers' protest. The farmers have also been demanding the **determination of MSP** in accordance with the **Dr M S Swaminathan Commission's report**.



### Minimum Support Price

- » **MSP**- The Minimum Support Price (MSP) for a commodity refers to the price at which the government is **obligated to purchase the produce from farmers** in the event that the market price falls below this threshold.
- » **MSP for Different Crops**- Government fixes MSP for 22 mandated agricultural crops and Fair and Remunerative Price (FRP) for sugarcane. **CACP reckons only to A2+FL cost for return**. Currently, the MSP is fixed at 50% over the A2+FL cost.
- » **Swaminathan Commission Recommendation**- National Commission on Farmers 2004 popularly known as the **Swaminathan Commission**, recommended a minimum MSP of 50% over the C2 cost.



### Arguments Against Law

- » **Huge Fiscal burden on Govt exchequer**- According to an estimate, **Rs. 5 trillion would be required** for implementation of MSP guarantee Law
- » **Risk of undervaluation of crops with low yields**- Farmers growing Cotton (Kharif crop) instead of millets in the drought prone region of Marathawada
- » **Increase in Food Inflation**- Would eventually affect the lower middle class and the poor.
- » **Market Distortionary and economically unsustainable practice**- Push away private traders. For ex- **Failure of Maharashtra MSP guarantee Law**
- » **Violation of WTO subsidies principle**- India would face opposition in the WTO dispute settlement bodies



### Arguments for Law

- » **Financial security**- Financially securing them against the **vagaries of price instability** in the market.
- » **Risk Cover**- Security to farmers from the risk of crop failure due to **climate change** and **pests attacks**
- » **Promotion of crop diversification**- Farmers incentivised to grow less water-intensive crops like **pulses** and **millets** rather than water guzzling crops like **rice, wheat** and **sugarcane**.
- » **Baseline or benchmark price**- MSP sends a **price-signal** to private players in the market
- » **Solution to rural economic Distress**- Solving the problem of rural economic distress, which has been exacerbated due to **demonetisation** and **COVID-19**.



### Way Forward

- » **Price Deficiency Payment Schemes**- Price deficiency payment schemes of **Madhya Pradesh (Bhavantar Bhugtan Yojana)**, **Haryana (Bhavantar Bharapai Yojana)** can be launched as Central Sector Scheme.
- » **Creation of Agriculture infrastructure**- To enable farmer participation in the market by creating modern world-class agriculture infrastructure like Cold Storage facilities.
- » **Support to the Farmer's Producers Organisations (FPOs)**- Aim to replicating the **success of AMUL** in agriculture **through FPOs**.

### What is MSP? What are the Different Methods of Calculation?

**MSP**- The Minimum Support Price (MSP) for a commodity refers to the **price at which the government is obligated to purchase the produce from farmers** in the event that the market price falls below this threshold.

#### Process of awarding MSP-

- a. MSP is based on the recommendations of the **Commission for Agricultural Costs and Prices (CACP)**. The CACP submits its recommendations to the government in the form of **Price Policy Reports** every year. It considers various factors such as cost of production, demand and supply, market price trends, inter-crop price parity.
- b. The **Cabinet Committee on Economic Affairs (CCEA)** chaired by the Prime Minister of India takes the **final decision (approve)** on the level of MSPs, after considering the Price Policy Report, views of the state governments and overall demand-supply situation in the country.

c. **Food Corporation of India (FCI)** is the **nodal agency for procurement**, along with State agencies, at the beginning of the sowing season.

**MSP for Different Crops-** Government fixes MSP for 22 mandated agricultural crops and Fair and Remunerative Price (FRP) for sugarcane.

<b>CROPS COVERED UNDER MSP</b>		
<b>KHARIF CROPS (14)</b>	<b>RABI CROPS (7)</b>	<b>CALENDAR YEAR CROPS (4)</b>
1. Paddy	1. Wheat	1. Copra
2. Jawar	2. Barley	2. De-husked Coconut
3. Bajara	3. Gram	3. Jute
4. Ragi	4. Masur	4. Sugar Cane (FRP)
5. Maize	5. Rapeseed& Mustard	
6. Arhar	6. Safflower	
7. Moong	7. Torai	
8. Urad		
9. Cotton		
10. Ground Nuts		
11. Sunflower		
12. Soyabean		
13. Sesamum		
14. Nigarseed		

- **CACP recommends MSP for 22 crops before the sowing period each year**
- **MSP derived for Toria based on MSP for Rapeseeds and Mustard and for De-husked Coconut on the Basis of MSP of Copra.**
- **Fair and Remunerative prices for Sugar is also declared**

Created By Forum IAS

### Different Production Costs Considered While Fixing MSP Regime

<b>A2</b>	All paid-out costs directly incurred by the farmer, either in cash and kind, on seeds, fertilisers, pesticides, hired labour, leased-in land, fuel, irrigation.
<b>A2+FL</b>	Imputed value of unpaid family labour is added to the A2 cost to derive A2+FL.
<b>C2</b>	Estimated land rent and the cost of interest on the money taken for farming is added to A2+FL to get the C2 production cost. It is a more comprehensive production cost.

CACP reckons only to **A2+FL cost for return**. Currently, the MSP is fixed at 50% over the A2+FL cost.

#### NOTE-

1. C2 costs are used by CACP primarily as **benchmark reference costs (opportunity costs)** to see if the MSPs recommended by them at least cover these costs in some of the major producing States.
2. National Commission on Farmers 2004 popularly known as the **Swaminathan Commission**, recommended a minimum MSP of **50% over the C2 cost**.

Read More- [Minimum Support Price \(MSP\)](#)

**What is the argument in favour of MSP Guarantee Law?**

- 1. Financial security-** Legally guaranteed MSP would ensure farmers fixed remunerations to the farmers by financially securing them **against the vagaries of price instability** in the market.
- 2. Risk Cover-** Legal guarantee to MSP would provide security to farmers from the risk of crop failure due to **climate change, pests attacks and crop diseases**.
- 3. Promotion of crop diversification-** MSP law would promote crop diversification as farmers would be incentivised to grow less water-intensive crops like **pulses and millets** rather than water guzzling crops like **rice, wheat and sugarcane**.
- 4. Baseline or benchmark price-** MSP sends a **price-signal to the market** that if merchants don't offer higher than MSP prices, the farmer may not sell them his produce. Thus, it ensures that the market prices will not be drastically lower than MSP.
- 5. Solution to rural economic Distress-** Minimum Support Price (MSP) can help in injecting financial resources into the rural sector. This will help in solving the problem of rural economic distress, which has been exacerbated due to **demonetisation and COVID-19**. **For ex-** Increase in MSP would **increase the disposable income of farmers and agricultural labourers** which in turn would boost the economy.
- 6. Right to Farmers-** According to **Shanta Kumar Report**, only **6% of the farm households** are able to sell wheat and rice to the government at the MSP rates. MSP Law would give legal rights to farmers to sell their produce to Govt agencies like FCI at MSP, in case they fail to get commensurate prices from the market.

#### **What are the arguments MSP Guarantee Law?**

- 1. Huge Fiscal burden on Govt exchequer-** Legal guarantee to MSP would put huge fiscal burden on the Govt exchequer. This would increase the fiscal deficit of the Government and will have deleterious effects on the economy. **For ex- According to an estimate, Rs. 5 trillion would be required for implementation of MSP Law.**
- 2. Risk of undervaluation of crops with low yields-** It would change the production pattern of crops in the country as farmers would try to grow crops with higher yields even if they are not suitable to their region. **For ex- Farmers growing Cotton (Kharif crop) instead of millets in the drought prone region of Marathawada.**
- 3. Increase in Food Inflation-** Higher procurement cost due to MSP will result in increased prices of foodgrains, which would eventually affect the lower middle class and the poor.
- 4. Market Distortionary and economically unsustainable practice-** Legal guarantee to MSP will **push away private traders** whenever production is more than demand. This, in turn, will lead to government becoming the de-facto primary buyer of most MSP- farm produce, which will be economically unsustainable. **For ex- Withdrawal of the Maharashtra government 2018 order, which made it illegal for a private trader to purchase any agricultural produce below the government-fixed MSP.**
- 5. Adverse Impact on India's farm exports-** **If the MSP is higher than the prevailing rates in the international market**, it will adversely affect India's farm exports, which has seen remarkable growth in recent years.
- 6. Violation of WTO subsidies principle-** MSP law would lead to violation of the WTO subsidies principles and India would face opposition in the WTO dispute settlement bodies by the developed nations. **For ex- US win against China at WTO in 2019 in case related to China's MSP support to its agricultural sector.**
- 7. Induce MSP demands from other agri-allied sectors-** Farmers engaged in agri-allied sectors like **dairy, horticulture, pisciculture** will **start demanding MSP**, if the Centre makes a law to guarantee 100% MSP procurement for the crops.

**8. Storage and disposal Problems-** MSP guarantee will create storage and disposal problems for crops such as **Niger seed, Sesamum** or **safflower** which will have few takers through PDS system.

### What has been the government of India's approach to ensure support to farmers?

The government has taken the 'income support' approach (like Centre's **PM-Kisan Samman Nidhi** or the **Telangana government's Rythu Bandhu**) approach instead of the 'price support' approach (in the form of legal guarantee to MSP).

Government has also been providing support to farmers through other schemes which are not violative of the WTO principles.

- a. Supplementary income transfers under **PM-KISAN**
- b. Crop insurance under **Pradhan Mantri Fasal Bima Yojna (PMFBY)**
- c. Better access to irrigation under **Pradhan Mantri Krishi Sinchai Yojana (PMKSY)**
- d. Creation of agriculture infrastructure through **Agri Infrastructure Fund (AIF)** with a size of Rs. 100,000 crore
- e. Production loan to dairy & fishery farmers besides agricultural crops through **Kisan Credit Cards (KCC)**.

### What should be the way forward?

**1. Price Deficiency Payment Schemes-** Both **NITI Aayog** and **Economic Survey** have recommended Price Deficiency Payment schemes, in which the government pays the farmers the difference between modal rate (the average prices in major mandis) and the MSPs. For ex- Price deficiency payment schemes of **Madhya Pradesh (Bhavantar Bhugtan Yojana)**, **Haryana (Bhavantar Bharapai Yojana)** can be launched as Central Sector Scheme.

**2. Market Intervention Scheme-** Market Intervention Schemes can be launched, under which the state government procures **perishable commodities like vegetable items** to ensure minimum assured price to the farmers.

**3. Creation of Agriculture infrastructure-** Instead of bypassing the market by using MSPs, the government should make efforts to **enable farmer participation in the market** by creating modern world-class agriculture infrastructure like **Cold Storage facilities**.

**4. Support to the Farmer's Producers Organisations (FPOs)-** Adequate financial support to FPOs, would result in better price realisation for farmers. **For ex- Aim to replicating the success of AMUL in agriculture through FPOs.**

**5. Gradual expansion of crops under MSP-** The government can gradually expand the list of crops eligible for MSP support, to **encourage crop diversification** and **reduce the dominance of rice and wheat**. This will provide farmers with more choices and promote the cultivation of crops in line with market demand.

**Read More-** [The Indian Express](#)

**UPSC Syllabus- GS-3** Issues related to MSP

## Polygamy In India- Explained Pointwise

The recently passed **Uttarakhand Uniform Civil Code (UCC)** has **banned the practice of polygamy** in the State. The **Assam government** has also **made a move to ban the practice of polygamy** through 'legislative action', and has constituted an 'expert committee' to examine the issue. Polygamy has become a recurring topic in the ongoing discussions about the Uniform Civil Code (UCC) in India.



### Polygamy and its status

- » **Polygamy-** Marriage in which a spouse of either sex may have more than one mate at the same time.
- » **Types of Polygamy**
  - a. **Polygyny-** Where a man is allowed to have multiple wives simultaneously.
  - b. **Polyandry-** Where a woman can have multiple husbands simultaneously
- » **Status of Polygamy In India**
  - a. **Highest amongst the Christians-** Christians (2.1%), Muslims (1.9% ), Hindus (1.3%).
  - b. **Decrease in polygamous marriages-** Decrease from **1.9% in 2005-06 to 1.4% in 2019-21**, among the whole population.
  - c. **Highest incidence among the Scheduled Tribes-** Rate of polygamy was 2.4 among STs, 1.5 among SCs, 1.3 among OBCs and 1.2 among others.

### Legal Status of Polygamy

- » **Hindus, Buddhists, Jains and Sikhs-** **Hindu Marriage Act 1955** has abolished and criminalized polygamy in these religious denominations.
- » **Parsis-** The **Parsi Marriage and Divorce Act, 1936** has outlawed bigamy in Parsis.
- » **Muslims-** Polygamy is not prohibited under the **Muslim Personal Law Application Act (Shariat) of 1937**. Polygamy is recognised as a religious practice.
- » **Special Marriage Act,1954-** It is a religion neutral law governing marriages in India. It also bans the practice of polygamy.
- » **Sarla Mudgal and Lilly Thomas Case-** SC in these cases has held that **conversion to Muslim religion solely for the purpose of a second marriage** is invalid.

### Arguments Against

- » **Gender Inequality and Discrimination-** Women face **domestic violence, deprivation of inheritance or maintenance rights**
- » **Legal complexities-** Pose legal challenges related to **inheritance, custody, and property rights**
- » **Exacerbation of socio-economic disparities-** **Strain on financial resources of the family**, and neglect of education and healthcare of children and spouses
- » **Toll on the Emotional and Mental Well-being-** Feelings of **neglect, jealousy and competition** amongst wives
- » **Contributes to Social Evils-** Polygamy often contributes to social evils like **bride trafficking, child marriages**
- » **Lesser acceptance across the Globe-** Globally, **less than 3% of countries legally permit** polygamous marriages.

### Way Forward

- » **Educating about the ills of Polygamy-** The tribal and Muslim communities must be made aware about the ills of Polygamy like the **socio-economic deprivation**.
- » **Special legislation-** Curb the menace of polygamy by special legislation, like the **legislation to ban triple talaq**.
- » **Address the rights of Children in Polygamous marriages-** **Law commission report of 1961 and 2009** has recommended to address the rights of children born from polygamous union
- » **Enactment of Uniform Civil Code-** To bring **uniformity in marriage, divorce and inheritance rights** among major religious communities

### What is Polygamy? What are the Different types of Polygamy?

**Polygamy-** Polygamy comes from two words- “poly” which means “many” and “gamos” which means “marriage”. Polygamy is marriage in which a spouse of either sex may have more than one mate at the same time.

**Types of Polygamy-** The practice of Polygamy can take various forms which are explained below:

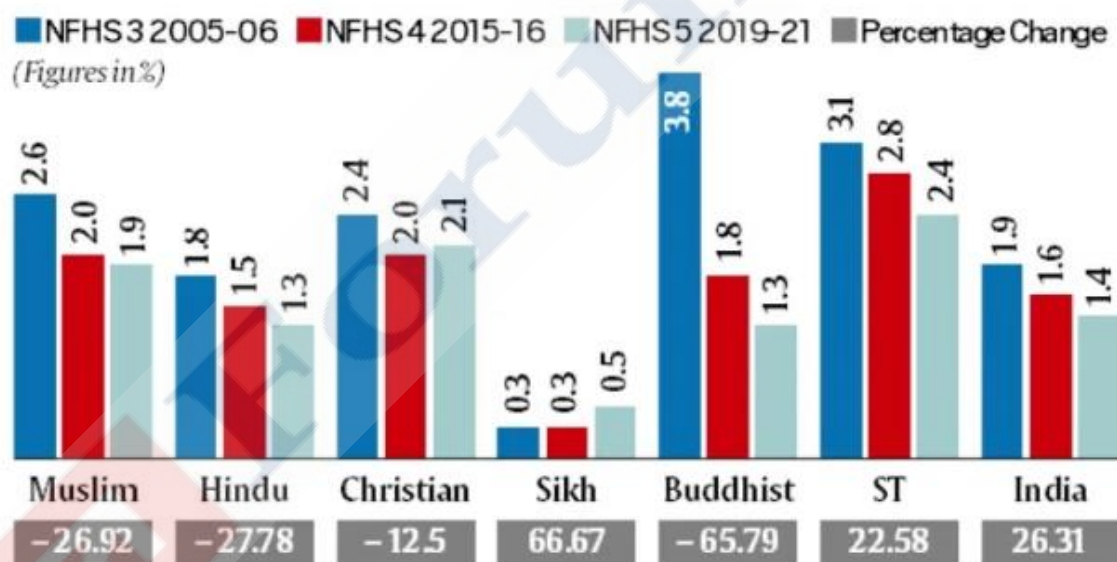
<b>Polygyny</b>	This is a polygamous marriage, <b>where a man is allowed to have multiple wives simultaneously</b> . This is the most common form of polygamy and is the recurring issue of debate in India.
<b>Polyandry</b>	This is polygamous marriage, <b>where a woman can have multiple husbands simultaneously</b> . This is a less common form in India.
<b>Group Marriage</b>	This form involves multiple men and multiple women entering into a marriage arrangement together.

The prevalence of polygamy varies across different cultures and societies, and it often carries significant social and cultural implications.

### What is the status of Polygamy in India?

**1. Religion wise percentage of Polygamy** – According to the **National Family Health Survey-5 (2019-20)**, the prevalence of polygamy was **2.1% among Christians, 1.9% among Muslims, 1.3% among Hindus, and 1.6% among other religious groups**.

**2. Decrease in polygamous marriages-** A study by the International Institute of Population Sciences (IIPS) titled '**Polygyny in India: Levels and Differentials**' has analysed data from the NFHS-3 (2005-06), NFHS-4 (2015-16) and NFHS-5 (2019-21). It showed that **polygynous marriages** (one man married to more than one woman at a time) have **decreased from 1.9% in 2005-06 to 1.4% in 2019-21**, among the whole population.



Based on a recent study, change in the number of polygynous marriages in India over time.

Source- Indian Express

**3. Highest incidence among the Scheduled Tribes-** Compared to the national average of 1.4 per cent (NFHS-5), the rate of polygamy was **2.4 among STs, 1.5 among SCs, 1.3 among OBCs and 1.2 among others**.

**4. High prevalence in North Eastern states District-** East Jaintia Hills (20%), Kra Daadi (16.4%), West Jaintia Hills (14.5%), and West Khasi Hills (10.9%) have particularly high rates of polygynous marriages.





**What are the reasons for the practice of polygamy in India?**

- 1. Cultural and Religious Practice-** Polygamy is considered a traditional or religious practice, in certain communities. **For ex- Polygamy is recognised as a religious practice under the Shariat Law.**
- 2. Infertility or Health Issues-** Polygamy is also practised when a spouse is unable to bear children due to infertility or health issues.
- 3. Widow Remarriage and Social Security-** In certain communities, Polygamy is practised to provide social security to young widows in the family. **For ex- Practised in certain tribal communities**
- 4. Exercise of Personal Choice and Freedom-** Polygamy is used to assert the right to choose one's marital arrangement with the consent of all parties involved.

**What are the arguments against the practice of Polygamy in India?**

- 1. Gender Inequality and Discrimination-** Polygamy leads to unequal power dynamics within the family and leads to discrimination and emotional distress of the wives. **For ex- Women face domestic violence, deprivation of inheritance or maintenance rights.** Also, the right to polygamy is often exploited by the males in the family, which highlights the deeply entrenched patriarchy in Indian society.
- 2. Legal complexities-** Polygamous marriages pose **legal challenges related to inheritance, custody, and property rights**, which increase legal disputes in the family and increase the burden on already over-burdened judiciary.
- 3. Exacerbation of socio-economic disparities-** The financial burden of supporting multiple wives and children leads to a **strain on financial resources of the family**, which affects the socio-economic well-being of the family members. **For ex- Neglect of education and healthcare of children and spouses.**
- 4. Toll on the Emotional and Mental Well-being-** Polygamous marriages lead to emotional distress for women as they often face mental health issues due to feelings of **neglect, jealousy and competition.**
- 5. Contributes to Social Evils-** Polygamy often contributes to social evils like **bride trafficking, child marriages.**
- 6. Criminalization versus personal law rights-** Predominance of Muslim personal law over general law like IPC, has often stirred furious debates in the country.
- 7. Lesser acceptance across the Globe-** Globally, **less than 3% of countries legally permit polygamous marriages.** India is one of the few countries outside of Africa and the Middle East where polygamy is legally sanctioned for certain communities.

**What are the judicial observations regarding polygamy?**

- 1. Parayankandiyal v. K. Devi & Others (1996)-** The Supreme Court (SC) concluded that **monogamous relationships are the standard and ideology of Hindu society.**
- 2. Javed & Others v. State of Haryana & Others (2003)-** The SC held that Article 25 which guarantees religious freedom is subject to social harmony, dignity, and wellness. It is **not compulsory for a Muslim to indulge in polygamy.**
- 3. Sarla Mudgal Case (1994)-** SC held that conversion to Muslim religion solely for the purpose of a second marriage is invalid.
- 4. Lilly Thomas Bigamy Case (2000)-** SC ruled that a **marriage would be considered void if a man entered into a second marriage without first divorcing** his first wife, who is still alive.

### What should be the Way Forward?

- 1. Educating about the ills of Polygamy-** The tribal and Muslim communities must be made aware about the ills of Polygamy like the **socio-economic deprivation**.
- 2. Special legislation- Special legislation need to be brought** to curb the menace of polygamy, like **the legislation to ban triple talaq**.
- 3. Address the rights of Children in Polygamous marriages-** **Law commission report** of 1961 and 2009 has recommended to address the rights of children born from polygamous union.
- 4. Enactment of Uniform Civil Code-** Uniform civil code needs to be enacted at the earliest to bring **uniformity in marriage, divorce and inheritance rights** among major religious communities, **in consonance with constitutional values**.

**Read More-** [The Indian Express](#)

**UPSC Syllabus-** GS 2- Issues related to Fundamental rights and constitution

### Electoral Bonds Scheme Verdict- Explained Pointwise

The **electoral Bonds scheme** was held as “**unconstitutional**” in a **unanimous judgment** by the five-judge bench of Supreme Court (SC) headed by the CJI, which was examining the legality of the electoral bonds scheme. SC held that anonymous electoral bonds are **violative of right to information** and **Article 19(1)(a)**. The Bench has **directed the issuing bank (SBI) to stop the issue of electoral bonds**. SBI also needs to submit the details of the electoral bonds purchase to the Election Commission of India (ECI).



## SC Verdict on Electoral Bonds Scheme

The electoral Bonds scheme was held as "unconstitutional" in a unanimous judgment by the five-judge bench headed by the CJI, which was examining the legality of the electoral bonds scheme.



## SC Verdict Explained in Detail

**Issue 1: Does the electoral bond scheme violate the Right to Information under Art 19(1)(a)?**

**SC Verdict-** The electoral bonds scheme violates the right to information under Article 19(1)(a), which guarantees the freedom of speech and expression.

**SC Rationale-** There is deep association between money and politics. Money enhances access to legislators and raises the legitimate possibility of quid pro quo or mutually beneficial arrangements such as favourable policy changes. **Economic inequality contributes to political inequality.** Hence, Information on the funding of political parties is essential for voting.

**Issue 2: Is curbing circulation of black money in electoral financing a legitimate reason to restrict the right to information (RTI)?**

**SC Verdict-** RTI can only be restricted based on Article 19(2), which mentions the reasonable restrictions to freedom of speech and expression. The reasonable restrictions do not include curbing black money as a restriction under Art 19 (2)

**SC Rationale-** The restrictions on the right to information in the electoral Bonds scheme fails the court's proportionality test, laid down in the **KS Puttaswamy case verdict** over the right to privacy. An infringement of the right to information is not proportionally justified to curb black money in electoral financing.

**Issue 3: Whether the right to privacy of donor is a valid ground for the infringement of RTI**

**SC Verdict-** The court held that the right to privacy of political affiliation does not extend to those corporate contributions, which may be made to influence policies. It only extends to contributions made as a genuine form of political support.

**SC Rationale-** Huge contributions made by corporations should not be allowed to conceal the reason for financial contributions made by other sections of the population.

**Issue 4: Whether unlimited political contributions by companies are unconstitutional**

**SC Verdict-** The court held that the amended **section 182 (3) of the companies act 2013 as unconstitutional, as it is violative of Art 14.** This amended section permitted unlimited political contributions by companies.

**SC Rationale-** Contributions made by companies are purely business transactions made with the intent of securing benefits in return. The ability of companies to influence the political process through contributions is much higher compared to individuals.

### What are Electoral Bonds?

<b>Definition</b>	Electoral bonds are <b>interest-free “bearer instruments”</b> . (Bearer Instruments are similar to promissory notes. These are payable to the bearer on demand)
<b>Introduction</b>	Electoral Bonds were introduced with the <b>Finance Bill 2017</b> . The scheme was notified on January 29, 2018.
<b>Eligibility of Donors</b>	(1) Any citizen of India or entities <b>incorporated or established in India</b> can purchase these Bonds. (2) Citizens can buy electoral bonds either singly or jointly with other individuals.
<b>Eligibility of Political Parties</b>	Only political parties registered under <b>Section 29A of the Representation of the People Act, 1951</b> and which <b>secured not less than 1% of votes polled</b> in the last general election to the House of the People or the Legislative Assembly of the State, are eligible to receive electoral bonds.
<b>Functioning of the Electoral Bond Scheme</b>	(1) The <b>State Bank of India (SBI)</b> issues electoral bonds in the months of <b>January, April, July and October</b> . (2) The electoral bonds are available in denominations from Rs <b>1,000 to Rs 1 crore</b> . (3) The donors can buy electoral bonds and transfer them into the accounts of the political parties as a donation. The <b>name of the donor</b> is kept <b>confidential</b> . (4) Political parties create a <b>specific account</b> . This account is <b>verified by the ECI</b> . The political parties encash the electoral bonds only in this verified account. (5) The bonds remain <b>valid for 15 days</b> . Within that time, the political parties have to encash the electoral bond in the designated accounts.

### What was Govt's rationale behind the introduction of Electoral Bonds Scheme in 2018?

- 1. Transparency in political funding-** Electoral bonds would provide a transparent route for parties to collect funds, as electoral bonds are allowed to be **sold only through SBI** and to **KYC validated individuals only**.
- 2. Reduced chances of misuse of bonds-** A limited window for the sale of these bonds and a **very short maturity period** (life of bonds is only 15 days), would make the misuse of these bonds difficult.
- 3. Protection of anonymity-** The bearer bonds would provide anonymity to donors which prevent their **post-poll intimidation or harassment** by political opponents.
- 4. Political accountability-** The political parties are required to submit the details about contributions received through electoral bonds **to the Election Commission** which would ensure their accountability.
- 5. Reduction of use of black money for Political Funding-** Under the Electoral bond scheme, the amount of money that a party can accept in cash from anonymous sources has **reduced from Rs 20,000 to Rs 2,000**. This would reduce the use of black money in the elections.

### What were the arguments against Electoral Bonds?

- 1. Against the 'Right to Know'**- Electoral bonds donations to political parties hide the identity of the donors and recipients. Before the introduction of electoral bonds, political parties had to disclose details of all its donors, who have donated more than Rs. 20,000. Hence, electoral bonds compromise the citizen's 'Right to Know', which is **part of the right to information under Article 19 (1) of the Constitution**.

**2. Information asymmetry-** Principle of anonymity does not apply to the government of the day, which can always access the donor details by demanding the **data from the State Bank of India (SBI)**. The bonds provide a ruling party with a chance to threaten the donors of the opposition party.

**3. Loopholes in transparency of donation limits from corporate entities-** The electoral Bond scheme removed the clause of the Companies Act 2013. As per the previous clause of the Companies Act 2013, a company could make a political contribution only if its net average profit of three preceding financial years was 7.5%. The removal of this clause has **raised concerns of black money in political funding through shell companies**.

**4. Compromised the rights of shareholders of company-** The electoral bonds scheme **allows companies to “funnel money” to political parties without any oversight from shareholders**. This denies the shareholders who are also the owners of the company, the ability to decide how their company should act in the political sphere.

**5. Flaws in the argument of donor anonymity-** For decades, corporations have made donations to Indian political parties, and often, the same donors have funded rival parties. There haven't been instances of any ruling party targeting a donor who contributed to its political opponents.

**6. Leading to Crony-Capitalism-** Electoral bonds may become a convenient channel for businesses to **round-trip their cash parked in tax havens** to political parties for a favour through shell companies.

**7. Rise in large donations from corporates-** One of the main arguments for introduction of electoral bonds was to allow common people to easily fund political parties of their choice, but more than **90% of the bonds have been of the highest denomination (Rs. 1 crore)**.

**8. Passage of electoral Bonds Scheme as Money Bill-** The passage of Electoral Bonds scheme as money bill **by-passed the scrutiny of Rajya Sabha**.

**9. Issue of Foreign funds-** Representation of the People Act, 1951, prohibits political parties from accepting contributions from foreign sources, and Section 3 of the 2010 Foreign Contributions (Regulation) Act restricts foreign contributions to candidates, legislative members, political parties and party office holders. However, the government passed a retroactive amendment which effectively **shields any foreign financing of Indian elections** from scrutiny.

**10. Undermines the basic structure-** **Free and fair elections** and the **integrity of our electoral process** have been repeatedly declared by the Supreme court as a part of the basic structure of the constitution. Free and fair elections are impossible without transparency in political funding.

**Read More- [Issues in Electoral Funding in India – Explained, pointwise](#)**

**What should be the Way Forward?**

**1. State funding of Elections-** The **Indrajit Gupta Committee on State Funding of Elections** has supported partial state funding of recognised political parties. State funding has proved its effectiveness in a number of countries like Germany, Japan, Canada, Sweden etc.

**2. Explore setting up of National Electoral Fund-** An alternative to electoral bonds is a National Electoral Fund to which all donors can contribute. The funds can be **allocated to political parties in proportion to the votes** they get. This will protect the identity of donors. Apart from that, it would also weed out black money from political funding.

**3. Capping of anonymous donations to political parties-** **The Law Commission of India in its 255th Report** has recommended to cap the entire donation received through anonymous sources at Rs. 20 crores or 20% of the total funding of a political party.

**4. A complete ban on cash donations-** One of the transparency measures for political funding is to put a **complete ban on cash donations** by individuals or companies to political parties. At present, political parties can receive cash donation below Rs.2000.

**5. Audit of accounts of political parties-** **Venkatachaliah Committee Report (2002)** has recommended strict regulatory frameworks for auditing and disclosure of party income and expenditure.

**6. Learning and implementing global best practices-**

a. **The Publicity Act (USA), Elections and Referendums Act 2000 (UK)** and the **EU regulations** have all set restrictions on the donations that a political party can accept and mandates the disclosure of source of the donations.

b. **France** banned all forms of corporate funding in 1995 and capped individual donations at 6,000 Euros.

c. **Brazil and Chile** have also banned corporate donations after a series of corruption scandals emerged related to corporate funding.

### **Law Commission's Recommendations on Electoral Finance (255th Report)**

- Extend regulation of election expenses from date of nomination to **date of notification**.
- Authorization of political funding by a corporate should be done at the Annual General Meeting (AGM) and not Board of Director (BoD) meeting.
- Extension of norms of disclosures by candidates about their election expenses including funding received from non-Government corporate or a person and from the parent political party.
- **Public disclosure of electoral expenses documents** submitted by the candidates.
- Submission of **audited annual reports** by Political Parties detailing all the funds received and the expenditure incurred which shall be **disclosed publicly** by the ECI.
- **Disclose contributions** less than INR 20,000 if such contributions exceed INR 20 crore or 20% of the party's total contributions, whichever is less.
- Failure to disclose expenses results in disqualification for 3 years. This should be **extended to 5 years** to render the candidate ineligible for next election.
- **Penalty of 5 times the contribution received**, if such contribution is received from an ineligible donor under Companies Act and RoPA.
- **State funding of elections not feasible.** In-kind subsidies should be provided.

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Source- Forum IAS

### **Conclusion**

A **clean & transparent electoral funding** process is vital to ensure a fair electoral democracy. Most developed countries in the West have robust mechanisms to ensure transparency in their political systems. As India aspires to emulate the West by setting the ambition of achieving developed country status by 2047, it must aspire for similar standards of transparency in the political sphere. **Cleaning up electoral finance** can be the first step in this regard.

**Read More-** [Indian Express](#)

**Syllabus- GS-2** -Salient Features of the Representation of People's Act.





**2. Unfair competition in the agricultural market due to GM crops-** The GM crops have induced unfair competition in the agricultural markets, which have adversely impacted the farmers. **For ex- Brazilian Farmer's Protest against GM crops.**

**3. Higher Production costs and low-cost imports-** The production costs of agriculture has shot up globally. **For ex- Venezuelan Farmer's Protests demanding subsidised diesel in agriculture.**

**4. Vagaries of Climate Change-** Climate Change has interfered with the global rainfall patterns and has led to droughts and blizzards, which has impacted agricultural productivity and production. **For ex- Demands of Farmers in Argentina demanding compensation for the devastating drought.**

### European Nations Protest

**1. Low cost agricultural Imports from Ukraine –** The European countries have allowed low cost agricultural imports from Ukraine, which has led to depressed agricultural prices for the domestic farmers in the European countries. **For ex- Farmer's protests in France to limit agricultural imports from Ukraine.**

**2. Against European Govt policies making agriculture sector easy target for climate goals-** The agriculturalists in developed countries have been protesting against their government's making the farmers and the farming sector 'easy targets' to enforce emissions cut for meeting national climate goals. **For ex- Protest of Ireland farmer's against government's decision to cull some 200,000 cows over the course of three years for meeting the country's climate emission goals.**

**3. Tough environmental standards of EU-** The tougher environmental standards for agricultural products in EU countries, has hampered the export potential of European farmers.

### African Nations Protests

**1. Oppressive and unfair Government Policies-** The protests in African countries have been mainly centred around the oppressive government policies. **For ex- Cocoa Farmer's protests in Benin,** against the sale of the cocoa plantations to foreign companies. **Protest of Farmer's in Cameroon** against the government ban on cocoa exports to Nigeria. **Protest of Coffee farmers in Kenya** against delicensing of most private millers in the county.

**2. Concerns of African women farmers-** As there has been increasing feminisation of agriculture in the African countries, **women farmers have taken to the streets** for the fulfilment of their demands. **For ex- The women farmers protest in Nigeria** on the challenges they continue to face across the country in the course of farming.

### What are the demands for which farmers are protesting in India?

**1. Guaranteed MSP-** Farm union leaders want a **MSP Guarantee law** to ensure assured state support in the form of minimum purchase price for crops. Presently, **MSP based purchases benefit just around 7% of farmers.** (Shanta Kumar Committee Report).

**2. Implementation of the Swaminathan Committee MSP Formula-** The farmers have also been **demanding the determination of MSP in accordance** with the **Dr M S Swaminathan Commission's report.**

**3. Withdrawal from WTO-** Farmer's in India are **protesting against the WTO's cap on agricultural subsidies.** Farmers are demanding India's withdrawal from the World Trade Organization (WTO) and freeze on all free trade agreements.

**4. Enhanced Compensation during farm land acquisition-** The farmers are seeking **four times compensation** and **written consent from farmers** before the land acquisition.

**5. Increase in MGNREGA wages-** Indian Farmers are demanding the **linkage of MGNREGA with farming**. They are also demanding to **increase in number of guaranteed work days** to 200 from 100, and daily wages to Rs 700.

**6. Assured Pensions-** The farmer's in India have also been demanding assured pensions to farmers, to provide safety income-net during the old age.

**7. Withdrawal of cases lodged during the Farmer's Protest of 2020-21-** Farmers have also cited the reason of non-withdrawal of cases registered during the last farmer's agitation in 2020-21.

### **What should be the way forward to handle the issue of Farmer's Protest in India?**

**1. Implementation of a national Price Deficiency Payment Scheme-** Both NITI Aayog and Economic Survey have recommended Price Deficiency Payment schemes, in which the government pays the farmers the difference between modal rate (the average prices in major mandis) and the MSPs. **For ex-** Price deficiency payment schemes of **Madhya Pradesh (Bhavantar Bhugtan Yojana)**, **Haryana (Bhavantar Bharapai Yojana)** can be launched as Central Sector Scheme.

**2. Interest free loans to small and Medium Farmers-** Interest-free lending to small and medium farmers will help them in **countering the rising cost of production** and will make the **agriculture sector more remunerative**.

**3. Promotion of Co-operative Farming-** Governments must provide all possible assistance for cooperative farming and cooperative-owned agro-processing industrial units. **For ex- Success of 68,000 landless women's cooperatives operating in Kerala** whose net economic profit is five times more than other agricultural organisations.

**4. Gradual expansion of crops under MSP-** The government must gradually expand the list of crops eligible for MSP support, to **encourage crop diversification** and **reduce the dominance of rice and wheat**. This will provide farmers with more choices and promote the cultivation of crops in line with market demand.

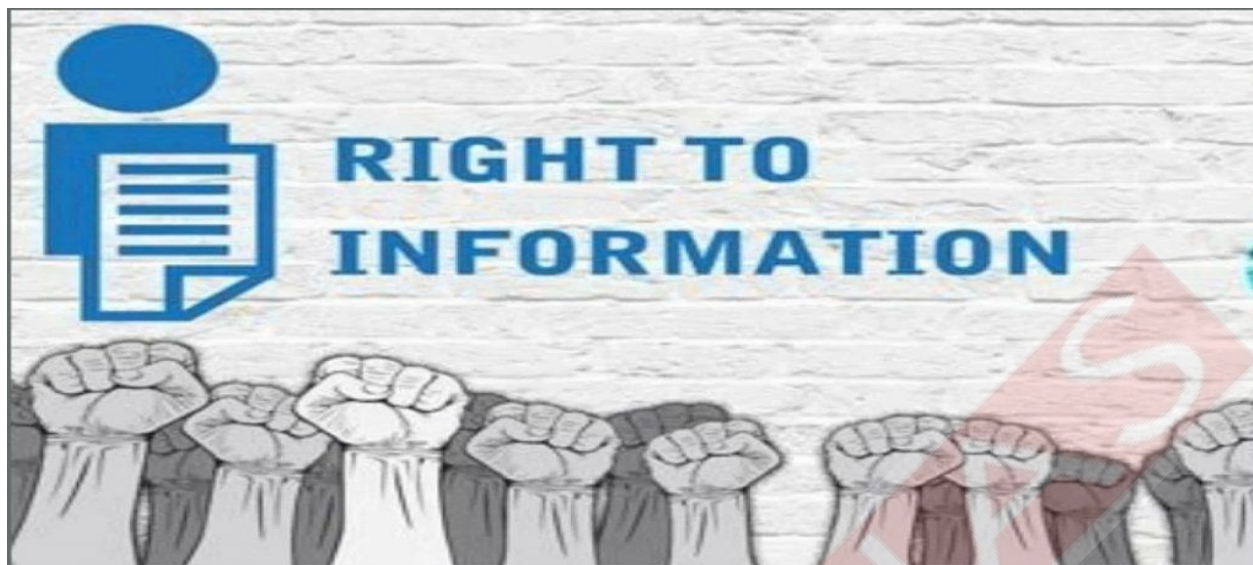
**5. Support to the Farmer's Producers Organisations (FPOs)-** Adequate financial support to FPOs, would result in better price realisation for farmers. **For ex- Aim to replicating the success of AMUL in agriculture through FPOs.**

**Read More-** [Down to Earth](#)

**UPSC Syllabus- GS 3-** Issues related to Indian agriculture

### **Right to Information- Explained Pointwise**

**Right to information** is in news after the Supreme Court (SC), **stuck down the Electoral Bonds Scheme**, citing the **violation of Right to information under Article 19(1)(a)** of the constitution. SC, through its recent judgement on the Electoral Bonds Scheme, has **reaffirmed the importance** of the principle of **Right to Information Act in India** in **ensuring robust functioning of the Indian democracy**.



Source- The Daily Guardian

### What is Right to Information? What is the Philosophical basis of the Right to Information?

**Right to Information-** The right to information is the right which ensures that the **public become 'citizens' rather than becoming 'subjects'** in a democratic state, by having unhindered access to the flow of information regarding the functioning of the different arms of the government- legislature, executive and judiciary.

**Philosophical Basis of Right to Information-** The **philosophical basis** of Right to Information can be found in the **thoughts of Aristotle**. According to Aristotle, **Liberty and equality**, which are the foundational values of Democracy, **can be attained only by the citizen's unhindered right to attain information about the functioning of the government**. The information available to each person and society at large shapes individual personality, political and social identity, and economic capability.

#### Recognition in International Law-

**a. Recognised as Foundational Principle of UN-** The United Nations (UN) recognised this right from the start, in 1946. The General Assembly resolved that **Freedom of Information is a fundamental human right** and the **touchstone for all freedoms** to which the United Nations is consecrated.

**b. Recognition in the International Covenant on Civil and Political Rights-** The right to Information was made a legally binding obligation after its affirmation in Article 19 of the International Covenant on Civil and Political Rights.

As a result, the right to access information has been **firmly enshrined in international human rights law**.

### What is the history of the constitutional recognition of Right to Information in India?

The Right to information **has not been mentioned explicitly** as a fundamental right in the constitution. SC has held **Right to Information (RTI) to be a derivative of Article 19 (1) (a) which grants the freedom of speech and expression**. RTI is also linked to the Indian constitution's Right to Life and Personal Liberty (Article 21).

<b>State of U.P. v Raj Narain (1975)</b>	SC held that the right is <b>implicit in the right to freedom of speech and expression</b> , explicitly guaranteed in Article 19 of the Indian Constitution.
<b>S.P. Gupta v. President of India (1982)</b>	SC asserted the <b>right of the people</b> to know about <b>every public act</b> and the details of <b>every public transaction</b> undertaken by public functionaries.

<b>People's Union for Civil Liberties v. Union of India case</b>	SC elevated the <b>status of right to information</b> to a human right and <b>linked it to right to life enshrined in Article 21</b> of the Constitution.
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**Legislative Recognition-** The RTI movement by **Mazdoor Kisan Shakti Sangathan (MKSS)**, and judicial emphasis on RTI, compelled the Parliament to enact the **Right to Information Act in 2005**.

RTI Act 2005 aims to provide a practical regime for citizens to obtain information from public authorities, as well as to promote transparency and accountability in the work of all public authorities.

Read More- [RTI Act: Benefits and Concerns – Explained, pointwise](#)

### What is the significance of the Right to information?

**1. Exposing corruption-** RTI has been used as a weapon to expose the issues of corruption, nepotism and favouritism in India. **For ex- CWG scam, coal allocation scams were exposed** through the use of this **right exercised under the RTI Act, 2005**.

**2. Ensuring transparency in functioning of the executive-** This right has been used to enhance the transparency in the functioning of different government departments. **For ex- Public Distribution System transparency in UP**.

**3. Strengthening of Democracy-** This right has provided the citizens the **right to ask questions** and **the right to get answers from the public authorities**. This has strengthened democracy in India through active participation of the public.

**4. Change in Govt work culture from secrecy to openness-** The use of the right to information has mandated officials in every office to change their attitude and duty from **one of secrecy** to **one of sharing and openness**. **For ex- Maintenance of public records**.

**5. Teeth to judiciary to invalidate laws encroaching fundamental rights-** This right has given more teeth to judiciary to invalidate laws which promote veil of secrecy and encroach fundamental rights. **For ex- Recent invalidation of the Electoral Bonds scheme which promoted anonymity in political funding**, on the grounds of violation of the right to information.

### What are the challenges to the right?

**1. Misuse of the right-** Sometimes the different types of information sought has no public interest and has been used to misuse the law and harass the public authorities. **For ex- Attainment of publicity by filing RTI** and a **vindictive tool** to harass or pressurize the public authority.

**2. RTI vs Official Secrets-** There are certain Govt functions which demand a veil of secrecy for protection of national interest and maintenance of public order. **For ex- Demand of Right to information about Rafael Aircraft procurement**, which could have led to the public availability of information about its specifications. This could be utilised by hostile neighbours to counter the advantages.

**3. RTI vs Right to Privacy-** RTI and the right to privacy conflicting to each other in certain cases. This conflict has been used to draft certain contentious legislations and schemes. **For ex- Govt defence of the denial of information in the electoral bonds scheme on the grounds of protection of donor's privacy**.

**4. Low awareness level-** Awareness level about this right is low, especially among the **disadvantaged communities** such as **women rural population, OBC/SC/ST population**.

**5. Executive's apathy-** The right has been subjected to executive's apathy in recent times. **For ex- The RTI Amendment Act 2019, which downgraded the powers and position of the CICs and ICs**.

**6. Non- application on Political Parties-** The right cannot be exercised to seek information from the political parties. Political parties are the pillars of Indian democracy. **The non- application of the RTI on political parties pose a grave threat to Indian democratic setup.**

**What should be the way forward?**

**1. Re-affirmation of the right to information as a cardinal virtue of democracy-** The SC through its verdicts, **like in the case of electoral bonds**, must re-affirm the right of information as a cardinal virtue of democracy.

**2. Making the information available in local languages-** The information associated with the RTI Act and its functioning **must be made available in the local language**, considering the diverse nature of our country.

**3. Education about the right-** Education about the right to know **should be made mandatory at the school level in our new education policy** to develop a sense of responsibility and vigilant citizenship in the forthcoming generation.

**4. Making RTI applicable on Political parties-** The parliament **must bring the Political parties under the ambit of RTI** to ensure proper functioning of the Great Indian democracy.

Read More- [India Today](#)

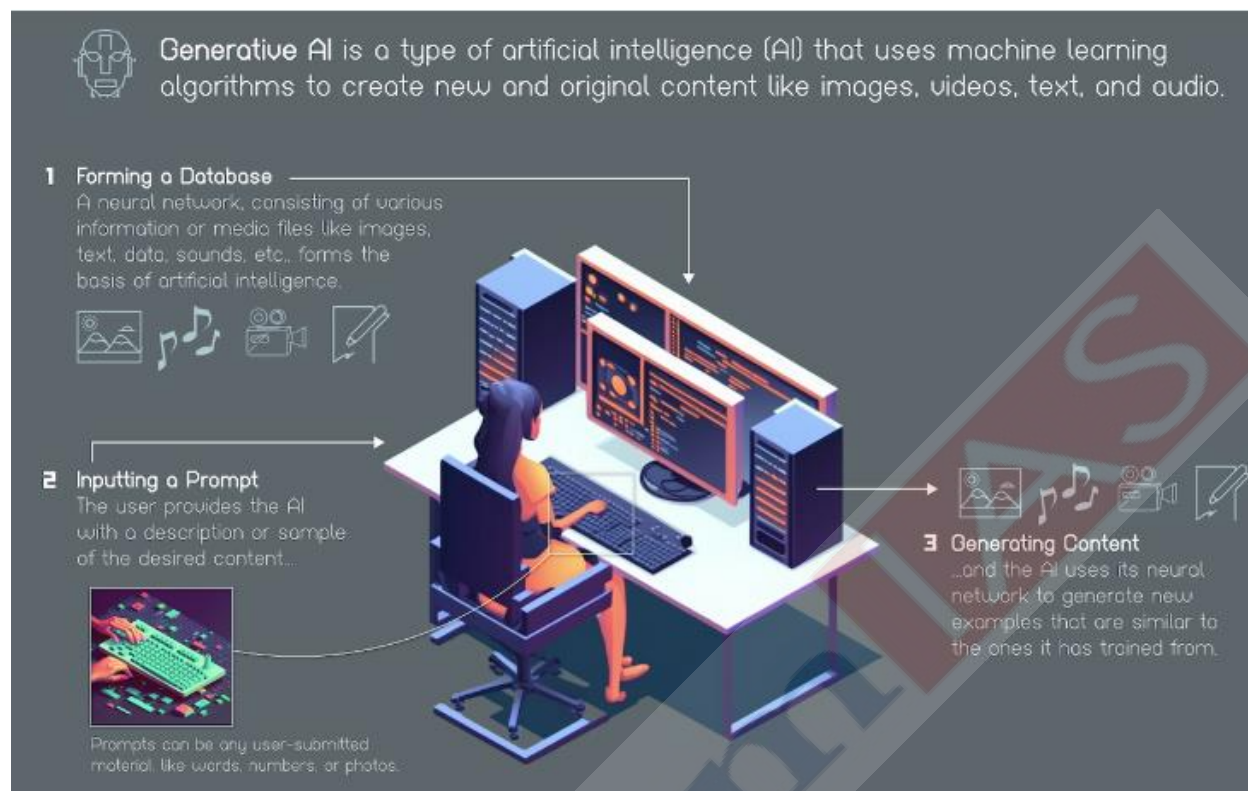
UPSC Syllabus- GS 2- Governance- Issues related to transparency and accountability

### [Yojana Feb 2024 Summary] Generative AI (Artificial Intelligence)- Explained Pointwise

After the introduction of ChatGPT, the **focus of numerous governments, corporations, and businesses** has shifted towards Artificial Intelligence, particularly in the **realm of generative AI**. The mainstream recognition of generative AI technology began to gain traction in November 2022 with the launch of ChatGPT by OpenAI. As per various reports, the market for generative AI is likely to **double every two years** in the coming decade.

**What is Generative AI? Where does Generative AI fit in the AI discipline?**

**Generative AI-** Generative AI is a **type of artificial intelligence technology** that can produce various types of content, including text, imagery and audio. The **term 'Generative'** refers to the **ability of the models to create new data** based on certain input parameters. **For ex-** A generative model is used to generate facial images by providing a set of parameters such as the eyes, hair, or skin colour etc.



Source- WEF

### Relation between AI, Machine Learning, Deep Learning & Generative AI

<b>Artificial Intelligence (AI)</b>	AI is a discipline which focuses on <b>formulating theories</b> and <b>methodologies for constructing machines</b> that emulate human thought processes and behaviours.
<b>Machine Learning (ML)</b>	<b>Machine learning is a subfield of Artificial Intelligence.</b> ML involves the development of programs that <b>train models using accessible data</b> from sources such as webpages, articles, books, etc. These trained models are then used to make <b>useful predictions for new and never-seen before data</b> . The most common ML method to train the models is the <b>supervised learning method</b> .
<b>Deep Learning</b>	<b>Deep learning is a subset of Machine Learning.</b> Deep learning is a type of machine learning that uses <b>artificial neural networks</b> . These multilayered and interconnected neurons (inspired by the human brain), are used to <b>process complex data</b> and make predictions.
<b>Generative AI</b>	<b>Generative AI is a subset of deep learning.</b> It uses <b>artificial neural networks to process data using supervised learning methods</b> . This large-scale supervised learning technology is termed the <b>Large Language Model (LLM)</b> .

### What are the advantages of Generative AI?

- 1. Writing and advertising-** Generative AI is being used as a **brainstorming companion** by the writers. **For ex- Drafting press releases, language translation, creating new advertisements** based on existing ones.
- 2. Reading-** Apart from writing, this technology is used as a reading tool. **For ex- Auto Reading customer mails and segregating them based on complaints.**
- 3. Chatting-** Generative AI is also used for many special-purpose chatbot tasks. **For ex- Government chatbots** to help citizens get access to the right information on various schemes and policies.

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**4. Security Services-** This AI technology can create front-on photos from photos taken at different angles and vice versa. This can be used in **face identification systems** to secure the **airports, international border check-points** etc.

**5. Enhanced capability of Search Engine Services-** Generative Artificial Intelligence has the capability to take search engine services to the next level. **For ex- Text to Image translation** to provide search results.

**6. Improving Healthcare System-** This technology has the potential to revolutionise the healthcare sector by improving the accuracy of diagnosis. **For ex- Conversion of X-ray or any CT scan images to real images** can improve the accuracy of diagnosis.

### What are the Challenges with the Technology?

**1. Increased Biases-** Generative Artificial Intelligence systems can perpetuate and amplify existing biases. These systems can generate biased outputs like offensive language, demeaning imagery, and prejudicial content, if they are trained on biased, non-inclusive data. **For ex- US rights group observation** about an AI-based generative imagery programme showing **images of only white men for the prompt 'CEO'**.

**2. Threat of Job Losses-** There are fears of job losses as this technology can prove to be more cost-efficient and productive to firms as compared to human capital. **For ex- Customer service jobs are under threat from the AI chatboxes (Zomato's Zia).**

**3. Use for Malicious Purposes-** Generative AI systems can be used to create content for malicious purposes, such as **deepfakes**, disinformation, and propaganda. Nefarious actors may use AI-generated media to manipulate people and influence public opinion, like **use for Post Truth Doctrine.**

**4. Concern over Data Privacy-** There are emerging concerns in regard to data privacy in using generative AI technology. **For ex- Use of AI in healthcare involves collecting private information about individuals**, which raises concerns about data privacy.

**5. Issues Related to Copyright and plagiarised contents-** Generative AI technology has been associated with copyright violations and production of plagiarised content. **For ex- Getty Images has sued Stable Diffusion (Generative AI Company), accusing them of copyright violations.**

**6. Limitations in Creativity-** Generative AI systems lack creativity, originality and human ingenuity as **they use past data as a template** for future work.

**7. Environmental Concerns-** AI systems require a lot of computing power, which have grave implications for the environment. **For ex- According to analysts, training a transformer model just once with 213 million parameters can emit carbon emissions equivalent to 125 flights between New York and Beijing.**

### What should be the way Forward?

**1. De-biasing while training the AI-** We must ensure fairness of the information which is being fed into the system, to ensure that AI **doesn't perpetuate** or amplify social biases, like **gender** and **racial biases**.

**2. Transparency of information-** Users should have transparent information about the limitation and risks of AI.

**3. Privacy protection-** The user data and confidentiality must be protected to ensure user privacy. **For ex- Strict implementation of data protection laws.**

**4. Ethical use of AI-** We must ensure that AI is used only for beneficial purposes. The push must be made towards **universal adoption of the Bletchley Declaration** by all the countries.

AI has the potential to give society intelligent guidance on how to approach some of the biggest problems, like climate change and pandemics. In the coming times, AI will contribute to longer, healthier, and more fulfilling lives worldwide if used responsibly.

Read More- [The Indian Express](#)

UPSC SYLLABUS- GS 3- Development in the field of IT

## Standing Committee Report on Fintech Sector in India- Explained Pointwise

Recently, the report of Parliamentary Standing Committee on Communications and Information Technology, has **raised certain concerns over the Fintech Sector in India**. The committee has raised concerns about the dominance of fintech apps owned by foreign entities in the Indian ecosystem. It has also **recommended** the **promotion of fintech apps owned by local players**.



- » The recent report of Parliamentary Standing Committee on Communications and Information Technology, has raised certain concerns over the Fintech Sector in India



### Status

- » **Dominance of foreign entities** owned fintech companies, apps and platforms
- » Walmart-backed PhonePe (**46.91%**) and Google backed Google Pay (**36.39%**), dominate the Indian fintech sector
- » **Low adoption of Indian fintech apps** with the NPCI's BHIM UPI's share being **0.22%**.
- » **Fraud to Sales Ratio** has remained around **0.0015%** over the last five years



### Concerns

- » **Use of Fintech apps for Money Laundering-** Instances of fintech platforms being used for illegal activities, like the **Abu Dhabi-based Pyppl app** involved in money laundering.
- » **Regulatory Challenges-** The dominance of foreign apps makes it challenging for regulatory bodies like RBI and NPCI
- » **Market Imbalance-** UPI commands a high-volume share (**73.5%**) in digital payments but a low value share (**6.67%**)



### Recommendations

- » **Implementation and strict enforcement of NPCI's 30% transaction volume cap** for Fintechs
- » **Strengthened regulations** that encompass both local and foreign fintech applications
- » **Multifold penetration of the Digital Payment Market** to achieve overall market equilibrium
- » **Maintain the low fraud to sales ratio** to sustain consumer trust in digital transactions



## What is the summary of the Parliamentary Standing Committee Report on Fintech Sector in India?

### Major observations of the report

- 1. Dominance of foreign entities owned fintech companies, apps and platforms-** Walmart-backed PhonePe and Google backed Google Pay, dominate the Indian fintech sector. PhonePe commands 46.91% of the market share in volume terms, while Google Pay commands 36.39% of the market share in volume terms.
- 2. Low adoption of Indian fintech apps-** Indian fintech apps are not preferred by the customers for payments. NPCI's BHIM UPI's market share in terms of volume stands at a mere 0.22%.
- 3. Use of Fintech apps for Money Laundering-** Scammers have been using these financial companies to dupe people and launder illegitimate money. For ex- Abu Dhabi-based app called Pyppl, operated by the Chinese investment scammers was used for money laundering in India.
- 4. Fraud to Sales Ratio-** Fraud to Sales ratio represents the total number of fraudulent transactions in comparison to the total number of transactions in a financial year. This ratio has remained around 0.0015%, despite the increase in volume of transactions over the past five years.
- 5. Feasibility of Regulatory Bodies to control local apps over foreign apps-** The committee has also pointed to the feasibility of regulatory bodies such as RBI and NPCI to control local apps as compared with foreign apps. Foreign apps operate in multiple jurisdictions, which makes their regulation challenging.

### Major Recommendations of the Report

- 1. 30% volume cap on transactions-** The total number of transactions initiated by any third-party app (like PhonePe and Amazon Pay) individually, should not exceed 30% of the overall transactions made using the interfaces cumulatively over three preceding months. This recommendation is in line with the NPCI's guideline issued earlier.
- 2. Effective regulation of Digital Payment apps-** The committee has recommended effective regulation of Digital payment apps due to the rise of digital platforms to make payments in India.
- 3. Multifold penetration of the Digital Payment Market-** The committee has recommended that existing and new players (banks and non-banks) must scale-up their consumer outreach for the growth of UPI payments through their platforms. This will help us to achieve overall market equilibrium.

### What is Fintech? What is the Status of Fintech Sector in India?

**Fintech-** The term "FinTech" is a contraction of the words "Finance" and "Technology". It refers to businesses that use technology to enhance or automate financial services and processes.

### Different Types of Fintechs in India, classified according to their functions

<b>Payment Fintechs</b>	These offer digital payment solutions, such as mobile wallets, online payment gateways, and peer-to-peer (P2P) payments. Ex-Phonepe
<b>Lending Fintechs</b>	These offer digital lending solutions, such as personal loans, business loans, and credit cards. Ex-Lending Kart
<b>Insurance Fintechs</b>	These offer digital insurance solutions, such as health insurance, life insurance, and car insurance. Ex-Policy bazaar
<b>Investment Fintechs</b>	These offer digital investment solutions, such as stock trading, mutual funds, and cryptocurrency trading. Ex-Zerodha

### Status of Fintechs in India

- 1. World's 3rd largest FinTech ecosystem-** India is the 3rd largest FinTech ecosystem. **17 Indian Fintech companies** have gained '**Unicorn Status**' as on Dec 2021.
- 2. Highest Fintech Adoption rate-** India's **Fintech adoption rate of 87% is highest in the world**. The world's average Fintech adoption rate is around 64%.
- 3. Growth of Unified Payments Interface (UPI)-** Total UPI transactions **crossed 100 billion mark in 2023** and **commanded a share of 73.5% share of the total digital payments** in terms of volume in FY 2022-23.
- 4. Government's initiatives propelling the Fintech Growth-** The Indian Govt initiatives such as the **JAM trinity, India Stack**, Open Network for Digital Commerce (**ONDC**), Unified Payments Interface (**UPI**), and Central Bank Digital Currency (**CBDC**), have the growth of Fintechs in India.

#### What are the benefits of the Fintech Sector?

- 1. Promotion of Financial Inclusion-** Innovation driven by Fintech has widened citizen's access to financial services. **For ex- Use of UPI has improved the financial inclusion of small vendors in India.**
- 2. Improved Credit availability-** Lending Fintechs have improved credit availability options for the financially marginalised sections in India. **For ex- Fintechs providing hassle-free loan options to the MSMEs.**
- 3. Improved Customer Experience-** Fintechs have improved the customer service experience in financial sector by employing leveraging big data, machine learning tools. **For ex- Ease of investment in share markets by investment fintechs like Zerodha.**
- 4. Increased FDI inflows and employment opportunities-** The growth of Fintech sector in India has attracted **huge FDI inflows in India**, with 17 fintech companies crossing the valuation of \$1 bn mark. These fintech startups have enhanced formal sector employment opportunities in the Country.
- 5. Social Change and Justice-** Fintech startups have been used as a tool to bring social change and justice. **For ex- Crowdfunding apps like Keto have helped in raising funds for various social causes like health care treatment of poors.**

#### What are the Challenges with the Fintech Sector In India?

- 1. Increase in Cyber-Attacks on Fintech-** The Fintech startups are vulnerable to cyber-attacks and hacking. According to the CERT-In data, a **total of 13.91 lakh cases of cyber-attacks were reported in India.**
- 2. Data Privacy Issues-** Fintechs face the challenge of maintaining data privacy to prevent the misuse of personal information and financial data. Fintech startups **have not fully complied with the provisions of Digital Data Protection Act.**
- 3. Money Laundering-** There have been reports of Fintechs indulging in Money Laundering activities. **For ex- Abu Dhabi-based payments app called Pyppl, operated by the Chinese investment scamsters was used for money laundering in India.**
- 4. Indulgence in Unethical Financial practices-** The fintech sector in India has been found to be indulged in unethical financial practices like **Illegal Digital Lending, mis-selling of financial products, opaque lending practices, brutal collection methods** and **customer harassment.**
- 5. Infrastructural Issues-** The sector is marred by infrastructural inadequacies like **slow internet connectivity in rural areas.**

**6. Lack of Comprehensive regulatory guideline-** Due to the **diverse and dynamic nature** of FinTech Sector, the formulation of a comprehensive regulatory guideline for its regulation and development, has become a major challenge. **For ex- Lack of comprehensive regulatory guidelines for cryptocurrencies based fintechs.**

Read More- [Stocktaking on the fintech revolution](#)

#### What are the government steps for regulation of Fintech In India?

<b>PSS Act 2007 (Payment and Settlement Systems Act)</b>	It <b>forbids the establishment and operation</b> of any 'payment system' in India <b>without the prior approval of the RBI.</b>
<b>Peer-to-Peer Lending Platform Directions 2017</b>	It <b>defines the lender exposure rules and borrowing restrictions</b> regarding the activities of P2P lending platforms in India.
<b>NPCI Regulations on UPI Payments</b>	NPCI acts as a Quasi regulatory for UPI and Rupay. According to this framework, <b>banks must create money transfer services</b> using UPI platforms.
<b>RBI Regulatory Sandbox Framework 2019</b>	It <b>allows FinTech companies to test their products and services</b> in a controlled environment. This helps in fostering innovation while maintaining regulatory oversight.
<b>RBI Guidelines on Digital Lending 2022</b>	It aims to <b>bring unregulated digital lending players within the RBI's ambit</b> and create a comprehensive framework to protect consumers' data.

#### What Should be the way Forward?

- 1. Comprehensive legal framework for Fintech Regulation-** RBI must adopt a comprehensive approach to Fintech regulation. **Fragmented and reactionary approach** to regulation **stifles development of fintech sector.**
- 2. Strengthening of Cybersecurity Infrastructure-** Fintech companies must **collaborate with local law enforcement agencies** to address cyber threats specific to the region. Also, **reporting mechanisms for cybercrimes** must be established to encourage users to report any suspicious activities.
- 3. Addressing the Infrastructural issue of slow internet connectivity-** Fintech companies should **enable offline access to financial services** so that users can perform essential transactions with limited or no internet connectivity.
- 4. Compliance Program for Fintechs-** Fintechs should develop a compliance program to ensure their regular compliance with all applicable laws and regulations like the **Personal Data Protection Act.** This will help them avert any crisis in the future like the **PayTM crisis.**
- 5. Increase in customer awareness-** Customer awareness and digital literacy must be increased to help the customers in **making informed choices.**

Read More- [The Hindu](#)

UPSC Syllabus- GS 3- Indian Economy

## SC Interim Order on Forest (Conservation) Amendment Act 2023- Explained Pointwise

Supreme Court (SC), in its **interim Order** on the PIL challenging the constitutionality of the Forest (Conservation) Amendment Act 2023, has asked the States and Union Territories (UT) to ensure compliance with the 'definition of Forest' as laid down in the **TN Godavarman Thirumalpad v. Union of India judgement 1996**.

**Rule 16** of the **Forest (Conservation) Amendment Rules, 2023**, mandates the states and UTs to prepare records on forest land, within a year from its notification. **Till the time the records are not prepared**, SC has directed the States and UTs to ensure compliance with the 'definition of Forest' as enunciated in the Godavaram Judgement.

**Note-** According to the **1996 Godavarman Judgement**- "forest" would include-

(i) any land recorded as "forest" in government records;

and

(ii) any land that satisfied the dictionary definition of forest.

(Oxford Dictionary defines forest as "a large area covered with trees and undergrowth")



## SC Interim Order on Forest (Conservation) Amendment Act 2023

- » Supreme Court (SC), in its **interim Order** on the PIL challenging the constitutionality of the Forest (Conservation) Amendment Act 2023, has **asked the States and Union Territories (UT) to ensure compliance with the 'definition of Forest'** as laid down in the **TN Godavarman Thirumalpad v. Union of India judgement 1996**.



## SC Interim Order Explained in Detail

- » **Petitioner's Contention-1- Rule 16 of the Forest (Conservation) Rules, 2023**, require the preparation of records on forest land by the states and UTs. This **process of preparation of records is still underway**. The petitioners raised the **apprehension about lands- which are 'forests' as per the Godavarman judgement**- getting diverted for non-forest use in the meantime

**SC Order-**

(1) **Till the time the records on forest land is not prepared, the States and UTs must ensure compliance with the 'definition of Forest' as enunciated in the Godavaram Judgement.**

(2) Centre has to **submit to a comprehensive record of land registered as 'forest' by expert committees constituted by states and UTs as per the guidelines laid by the TN Godavarman judgement**. The record has to be submitted within a period of two weeks.

(3) The **Expert Committees which have been constituted as per Rule 16 of the 2023 Rules** shall duly bear in mind, the work carried out by the previous expert committees, formed as per the Godavarman judgement. They have the liberty to expand the ambit of forest lands which are worthy of protection.

- » **Petitioners Contention-2-** The petitioners had highlighted apprehensions about the misuse of **Section 5 of the Forest (Conservation) Amendment Act, 2023**. This section **exempts the Zoos and safaris**, from the definition of 'forests'.

**SC Order-** Any proposal for the establishment of zoo/safaris **shall not be finally approved without the permission of the SC.**

**What are the Petitioner's contention and the SC interim order?**

**Petitioner's Contention-1-** Rule 16 of the Forest (Conservation) Rules, 2023, require the preparation of records on forest land by the states and UTs. This process of preparation of records is still underway. The petitioners raised the apprehension about lands- which are 'forests' as per the Godavarman judgement- getting diverted for non-forest use in the meantime.

#### SC Order-

(1) Till the time the records on forest land is not prepared, the States and UTs must ensure compliance with the 'definition of Forest' as enunciated in the Godavaram Judgement.

(2) Centre has to submit to a comprehensive record of land registered as 'forest' by expert committees constituted by states and UTs as per the guidelines laid by the TN Godavarman judgement. The record has to be submitted within a period of two weeks.

**Note-** T.N. Godavarman Thirumulpad judgement brought in the concept of 'deemed forests,' or tracts. These tracts were not officially classified as such in government or revenue records. States were asked to constitute expert committees to identify such 'deemed forests.'

(3) The Expert Committees which have been constituted as per Rule 16 of the 2023 Rules shall duly bear in mind, the work carried out by the previous expert committees, formed as per the Godavarman judgement. They have the liberty to expand the ambit of forest lands which are worthy of protection.

**Petitioners Contention-2-** The petitioners had highlighted apprehensions about Section 5 of the Forest (Conservation) Amendment Act, 2023. This section exempts the Zoos and safaris referred to in the Wild Life (Protection) Act, 1972, from the definition of 'forests'.

**SC Order-** Any proposal for the establishment of zoo/safaris shall not be finally approved without the permission of the SC.

Read More- [States/UTs must adhere to the forest definition from the Godavarman judgment-SC](#)

#### What is the Forest (Conservation) Amendment Act 2023?

The Forest (Conservation) Amendment Act, 2023, amended the Forest (Conservation) Act, 1980. Its objective is to promote sustainable development while conserving India's forests and biodiversity.

**Land under the purview of the Act-** The Act provides two types of land that will be under the purview of the Act-

- (i) land notified as a forest under the Indian Forest Act, 1927 or under any other law,
- (ii) land not covered in the first category but notified as a forest on or after October 25, 1980 in a government record.

**Exempted categories of Forest land-** Certain types of forest land are exempted from the provisions of the Act, such as:

- (i) Forest land along a rail line or a public road maintained by the government providing access to a habitation, or to a rail, and roadside amenities up to a maximum size of 0.10 hectare.
- (ii) Forest land situated within 100 km from international borders, Line of Control, or Line of Actual Control, for construction of a strategic linear project of national importance and concerning national security
- (iii) Forest land, up to 10 hectares, for constructing security-related infrastructure.
- (iv) Forest land proposed to be used for constructing defence related projects, camps for paramilitary forces, or public utility projects up to five hectares in a left-wing extremism affected area.

**Permitted activities in forest land-** The Amendment Act adds more activities to the list of permitted activities in forest land, such as:

- (i) zoos and safaris under the Wild Life (Protection) Act, 1972
- (ii) ecotourism facilities,
- (iii) silvicultural operations and
- (iv) any other purpose specified by the central government.

**Power to issue directions-** The amendment added that the central government may issue directions for the implementation of the Act to any authority/organization under or recognised by the centre, state, or union territory

Read More- [Amendment Act 2023- Provisions](#)

### What was the Govt's rationale for the Introduction of Forest (Conservation) Amendment Act 2023?

**1. Clarity in Interpretation of Forest Land-** With the SC judgement in **Godavarman case**, ambiguities arose in the applicability of FCA to lands that looked like forests, private forest lands, and plantations. The amendment makes the FCA applicable **only to notified forests and lands that were identified as 'forest' in government records.**

**2. Fastening of Approval Process-** The Forest Conservation Act, 1980 required **consent from numerous authorities at the state and national levels** before engaging in any non-forest activity in an area designated as 'forest.' This approval process was very **difficult and challenging.**

**3. Creation of additional carbon sink-** There were concerns about the applicability of Forest Conservation Act 1980, on private plantations, after the expanded definition of forest in the **Godavarman Case**. This was **impeding afforestation and tree plantation efforts outside official forest areas**, and was an obstacle in the creation of additional carbon sinks.

**4. Development of Security Infrastructure-** The amendment will expedite the development of essential security infrastructure, **particularly along international border areas** like the Line of Actual Control (LAC) and Line of Control (LoC), as well as in **notified Left-Wing Extremism regions.**

**5. Promotion of Agroforestry-** The Amendment encourages private forests and agroforestry projects because these **would not be considered forests under the FCA 1980.**

**6. Better forest management-** The **inclusion of additional activities** in the forest land, such as **creation of infrastructure for frontline forest staff**, will facilitate a swift response to natural hazards in forested areas.

### What are the Concerns with the Forest Conservation Amendment Act 2023?

**1. Exclusion of Forest areas from the purview of the original Act-** **Section 1A** inserted by the 2023 amendment has **narrowed the expansive definition of 'forest'** given in the **Godavarman judgement**. This amended FCA is only applicable to notified forest land and the land classified as forest as part of Govt record. The Joint Parliamentary Committee (JPC) and the critics have pointed to the **potential exclusion of 28% of India's forests** that lie outside Recorded Forest Areas from the purview of the amended FC Act.

**2. Exclusion of fragile ecosystems which require protection-** The Amended Act excludes some of India's most delicate ecosystems, by exempting the requirement for forest clearances for security-related infrastructure within 100 km of international borders. These include globally recognized biodiversity hotspots such as the **forests of northeastern India and high-altitude Himalayan forests and meadows.**

**3. Concerns about the exemptions granted in Forest Areas-** The additional exemptions in the Amended FCA like **construction of Zoo safaris** and **eco-tourism facilities**, raise concerns about potential exploitation of forest resources without adequate environmental scrutiny.

**4. Concerns regarding Centralization of Power-** The Amended Act has raised serious concerns regarding the enhanced powers of the Central Govt in diversion of forest land for strategic purposes. **States like Nagaland and Sikkim have expressed serious worries** over the potential impact on their territories.

**5. Disenfranchisement of local Forest Dwellers-** The Amended Act has excluded certain forest areas and **simplified the diversion process of forests for non-forestry use**. This might lead to the disenfranchisement of **local forest dwellers**, who were **provided consultation rights** in case of any forest land diversion by the **Forest Rights Act,2006**.

#### What Should be the Way Forward?

**1. Earliest completion of ground surveys by the expert committee-** The **expert committee constituted under Rule 16 of the Act** must ensure to complete its report of recording the forest areas at the earliest.

**2. Balance development and conservation-** We must try to maintain a balance between development projects and forest conservation. **Environment & social cost of Project should be in line with forest conservation**.

**3. Respecting the rights of Indigenous and forest community rights-** The **consent of local forest dwellers must be sought** in case of diversion of forest land for non-forest purpose.

**4. Specified Definition of Forest-** A specified definition of forest must be made **on the lines of Kyoto protocol definition of forests**, which is currently being used for ISFR report.

Read More- [The Hindu](#), [The Indian Express](#)

UPSC Syllabus- GS 3- Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment

### India-Greece Relations- Explained Pointwise

India-Greece Relations is in news, with the **recent visit of Greek PM Kyriakos Mitsotakis to India**. This is the first visit by a Greek prime Minister to India since 2008.

In August 2023, **after the conclusion of BRICS Johannesburg Summit**, PM Narendra Modi visited Greece, which was any Indian PM's first visit to the country since Indira Gandhi last visited the country in September 1983. **During the visit of the Indian PM, India and Greece elevated their cooperation to strategic partnership**.

#### Outcomes of the Recent Visit of Greek PM

1. India-Greece **aim to double their bilateral trade** to nearly **\$4 bn by 2030**. The bilateral trade between the two nations stood at \$1.9 bn in 2022-23.
2. Identification of **pharmaceuticals, ports, chemicals, shipping, food, communications** and **defence** as key sectors to help double their bilateral trade.
3. **Establishment of a joint working group** on defence, maritime security, counterterrorism and cybersecurity **to bolster the defence collaboration**.



# India-Greece Relations

India-Greece Relation is in news, with the **recent visit of Greek PM Kyriakos Mitsotakis** to India. This is the first visit by a Greek prime Minister to India since 2008.



## India-Greece Relations

### Historical Phase

1. **Alexander's campaign** started India-Greece Interaction.
2. 2nd century BCE marked a new era of **Indo-Greek cultural exchange** with cultural exchanges in the fields of art, sculpture and architecture.
3. **Bamiyan Buddha, Gandhara school and Greco-Buddhist art** are some prominent examples.

### Modern Phase

1. India-Greece established diplomatic relations in **1950**
2. Elevation of relations to **strategic partnership** in **2023**



## Areas of Cooperation

### Political Cooperation

- a. Regular Exchanges between Heads of State
- b. Greece support to **India's inclusion in multilateral Fora like MTCR**
- c. **participation** of Greece in **India led ISA**

### Economic cooperation

- a. Increasing Indian investments in Greece with **GMR bid** to develop **Heraklion airport at Crete Island**.
- b. Consistently increasing bilateral trade. The current bilateral trade stands at **\$1.9 bn in 2022-23**.
- c. Regular interactions between Indian and Greek entrepreneurs at the **Thessaloniki International Fair**.

### Defence and security Cooperation

- a. MoU on defence cooperation in **1998** after India's nuclear test
- b. Defence exercise collaboration like '**Blue Flag**', **INIOCHOS-23**

### Cultural Cooperation

- Participation in Greek dance and Musical Festivals



## Significance

- » **Geo-strategic**- Greece is **India's Gateway to Europe**, Important to counter the rising Chinese Influence in the Mediterranean.
- » **Geo-political**- Cooperation on issues such as **counter-terrorism**, India's bid for **UNSC permanent membership** and **rule based order in seas**.
- » **Economic**- Development of **Indian Shipping Industry**, boost to **India's defence exports** and support of **EU-India Bilateral Trade and Investment Agreement**



## Challenges

- » **Global Geopolitical volatility**- Recent escalations of tensions in **Red Sea** disrupts the trade route between India and Greece.
- » **Triad of Turkey, Azerbaijan, and Pakistan in Mediterranean** region challenges the deepening of India-Greece Relations.
- » **Low bilateral trade and investment** challenges the deepening of India-Greece economic relations



## Way Forward

- » **Early finalization of Mobility and Migration Partnership Agreement (MMPA)** will facilitate **skilled migration** between the two countries
- » **Extensive Military Cooperation memoranda** will lay the basis for **joint exercises, technology** and **intelligence sharing**
- » **Robust Connectivity** by establishment of **more direct flights** between the two countries

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### What is the history of India-Greece diplomatic relations?

India and Greece have a long history of cultural and political interactions that dates back to ancient times. There has been gradual evolution in relations from the ancient to the present times.

<p><b>Historical Phase</b></p>	<ol style="list-style-type: none"> <li>1. India-Greece ancient interactions, started with <b>Alexander's campaign</b> in the 4th century BCE.</li> <li>2. <b>Edicts of Ashoka</b> mention the diplomatic, trade and cultural relations between Seleucus I and Chandragupta Maurya.</li> <li>3. 2nd century BCE marked a <b>new era of Indo-Greek cultural exchange</b> with the establishment of rule of Greek rulers Demetrius I and Menander I in the northwestern India.</li> </ol>
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	4. Indo-Greek Period witnessed <b>cultural exchanges</b> in the <b>fields of art, sculpture and architecture</b> . Bamiyan Buddha, Gandhara school and Greco-Buddhist art are examples of ancient cultural exchanges between India and Greece.
<b>Modern Phase</b>	1. India and Greece <b>established diplomatic relations</b> in <b>May 1950</b> . India opened its resident Embassy in Athens in March 1978. 2. India and Greece <b>elevated their cooperation</b> to <b>strategic partnership in 2023</b> .

### What is the significance of India-Greece relation?

Greece holds a lot of significance for India. Hence, there has been a constant push to deepen the relationship between India and Greece.

### Geostrategic Significance

- 1. Gateway to Europe-** Greece with its **Piraeus port** in the **Aegean Sea**, offers **locational advantage** to become a key Player in the **recently launched IMEC corridor** and serve as India's gateway to Europe
- 2. Countering Chinese Influence in the Mediterranean-** India's growing connections with Greece serve as a countermeasure against China's expanding influence in the Mediterranean region.
- 3. Countering trilateral alliance of Azerbaijan, Pakistan and Turkey in the Mediterranean-** India's deepened relationship with Greece and Armenia will help in the formation of a new trilateral alliance to **counter** the threats posed by the increasing dominance of the **trilateral alliance of Azerbaijan, Pakistan and Turkey**.
- 4. Interconnected Regional Stability-** The security of the East Mediterranean and the Indian Ocean regions are interlinked, emphasizing the importance of the Greece-India partnership in global stability.

### Geopolitical Significance

- 1. Anti-Terrorism Stand-** Greece has stood firmly with India on the **issue of Kashmir** and **Pakistan-sponsored terrorism**.
- 2. Common vision on International Political Issues-** India and Greece share common approach on many initiatives, including **UN reforms** and the **Cyprus issue**.
- 3. Shared vision of Rule based order in the seas-** Both India and Greece, share the same vision of a **free, open and rules-based** Mediterranean Sea and Indo-Pacific, in accordance with the provisions of the UNCLOS.

### Geo-Economic Significance

- 1. Development of Indian Shipping Industry-** According to the International Trade Administration, Greece shipowners **own roughly one-fifth of the world's shipping fleet**. India's partnership with Greece in the shipping domain, will help **India in modernizing its shipping industry** and will create investment opportunities for Indian firms in Greek Ports.
- 2. Support for Economic Cooperation with EU-** Greece's support of **EU-India Bilateral Trade and Investment Agreement**, will help India in furthering its economic cooperation with EU.
- 3. Boost to India's Defence exports-** With Greece's plans of **upgrading its military arsenal by investing €10 billion** in the procurement of sophisticated aircraft and armaments, has created an opportunity for India to emerge as a major defence supplier.

### What is the present area of Cooperation between India and Greece?

#### Political Cooperation

**1. Regular Exchanges between Heads of State-** India and Greece have maintained cordial diplomatic ties by regular diplomatic engagements. Recent visits of premier of both the countries within the span of a year.

**2. Support to India's inclusion in multilateral Fora-** Greece has supported India's bid for inclusion in the NSG in 2008 and for inclusion in the MTCR, Wassenaar arrangements and Australia Group in 2016.

**3. Participation in India led ISA-** Greece has **ratified** the **Framework Agreement** on the **International Solar Alliance** (ISA).

### Economic Cooperation

**1. Increasing Indian investments in Greece-** Indian investments have increase in Greece's program of privatization of public assets. **For ex- GMR Group** has tendered a bid for upgradation and management of **Heraklion airport** at **Crete Island**.

**2. Increasing Bilateral Trade between India and Greece-** The bilateral trade between the two nations has been increasing consistently, with the bilateral trade standing at \$1.9 bn in 2022-23.

**a. Main items of export from Greece to India** are cotton, scrap (mostly aluminium, ferrous, copper and lead), marble and granite and calcium carbonate.

**b. Main items of exports from India to Greece** comprise petroleum products (jet fuel), automobile components and automobiles (cars and SUVs), flat rolled steel items etc.

**3. Regular interactions between Indian and Greek entrepreneurs-** Indian entrepreneurs, assisted by ITPO and Ministry of MSME, regularly participate in the **Thessaloniki International Fair** held every year in northern Greece.

### Defence and security Cooperation

**1. MoU on Defence Cooperation-** India and Greece have signed MoU on defence cooperation in 1998, after India's nuclear weapon test.

**2. Defence exercise collaboration-** Indian and Hellenic Air Forces (Greece Airforce) participated in the '**Blue Flag**' exercise held in Israel in 2021. Indian Air Force has also participated in the **multinational air exercise INIOCHOS-23** hosted by the Hellenic Air Force with four Su-30 MKI and two C-17 aircraft.

### Cultural Cooperation

**1. Participation in Greek dance and Musical Festivals-** Cultural groups sponsored by **ICCR** regularly **participate in Greek dance** and **music festivals**. ICCR also offers one scholarship every year to the Greek students to study in India.

**2. Promotion of Indian Culture in Greece-** Several organizations like **Indo-Hellenic Society for Culture and Development (ELINEPA)**, **Shantom Indian Dance Center**, **Art of Living Hellas**, **Brahma Kumari Center**, are active in propagation and promotion of Indian culture in Greece.

Read More- [Factors responsible for strengthened relationship between Greece and India](#)

### What are the Challenges in India-Greece Relations?

**1. Global Geopolitical volatility-** The deepening of India-Greece relations is challenged by the recent global geopolitical volatilities. **For ex- Recent escalations of tensions in Red Sea**, which disrupts the trade route between India and Greece.

**2. Triad of Turkey, Azerbaijan, and Pakistan in Mediterranean region-** India's growing ties with Greece face the challenge of triad of Turkey, Azerbaijan, and Pakistan, who have been **working to extend** their **geopolitical influence** in **the Mediterranean, Middle-east and Central Asian region**.

**3. Low bilateral trade and investment-** The low bilateral trade and investment between India and Greece challenges the deepening of India-Greece economic relations.

#### **What should be the way forward for India-Greece Relations?**

India-Greece geostrategic and geopolitical relation must be taken forward in the following way, so that India becomes a **major pole of the emerging new international order** uniting **three major seas** (**Mediterranean Sea, Red Sea and Gulf**) and **three continents** (**Europe, Asia and Africa**).

**1. Mobility and Migration Partnership Agreement (MMPA)-** Early finalization of **Mobility and Migration Partnership Agreement** (MMPA) will facilitate skilled migration, between the two countries.

**2. Extensive Military Cooperation memoranda-** Extensive military cooperation memoranda will lay the basis for **joint exercises, technology and intelligence sharing**.

**3. Robust Connectivity-** The connectivity between India and Greece must be enhanced by the **establishment of more direct flights** between the two countries.

**4. Educational exchange programmes and Academic collaborations-** The university student exchange programmes, cultural exchanges and scholarships must be increased for **increasing the P-P connect** between the two countries.

**Read More-** [Livemint](#)

**UPSC Syllabus- GS 2-** India's Bilateral Relations- International Relations

### **Regional Benches of Supreme Court- Benefits and Challenges- Explained Pointwise**

The **debate over the establishment of regional benches of Supreme Court** has been reignited once again. The **Parliamentary Standing Committee** on Personnel, Public Grievances, Law and Justice apprised the Lok Sabha, that the **Law Ministry has accepted its recommendation to establish regional benches of the Supreme Court** across India.

However, the standing committee report also pointed out that the **Supreme Court** has been **"consistently" rejecting the idea** of establishment of regional benches. The matter of regional benches is sub judice with the SC.



# Regional Benches of Supreme Court

- » Parliamentary Standing Committee apprised the Lok Sabha, that the Law Ministry has accepted its recommendation to establish regional benches of the Supreme Court across India. However, the SC of India has consistently opposed the idea of regional benches.

## ↓ Basis of Regional Benches

- » **Constitutional Provision**- The recommendations regarding establishment of regional benches find their root in **Article 130** of the Constitution of India
- » **Recommendations of 18th Law Commission**- It suggested that a Constitutional Bench be set up at Delhi and four Cassation Benches be set up in the **Delhi, Chennai/Hyderabad, Kolkata and Mumbai**.



## ↑ Benefits

- » **Fulfilment of Constitutional Mandate of Article 39A**- To secure equitable access to justice for all
- » **Reduction of Judicial Pendency**- More than **80,000 cases** are pending adjudication.
- » **Enhanced Focus on Constitutional matters**- SC judges at the Principal court will get **adequate time to pronounce impactful judgments**
- » **Democratisation of the SC Bar**- Will secure greater opportunities for lawyers belonging to different geographical regions. For ex- **Division of the jurisdiction of the Tis Hazari Court** into three different district courts of **Saket, Rohini, and Karkardooma**, has increased opportunities for young judges.

## ? Reasons Behind Demand

- » **Geographical Bias in cases filed before the SC**- The majority of cases are from **High Courts close to Delhi**.
- » **Geographical barrier hindering citizen judicial activism**
- » **Disproportionate impact on Lawyer's careers** who cannot relocate to Delhi
- » **Legal Marginalization of the Underprivileged**
- » **Expensive Affair**- Travelling to New Delhi or engaging in expensive Supreme Court counsel is costly
- » **International examples**- **France, US** have separated the court of appeal and courts of cassation



## Objections

- » **Dilution of sacrosanct nature of the Supreme Court**
- » **Issue of Territorial jurisdiction and divergent views of Justice**
- » **Increase in frivolous litigations**
- » **Huge infrastructural Cost**



## Way Forward

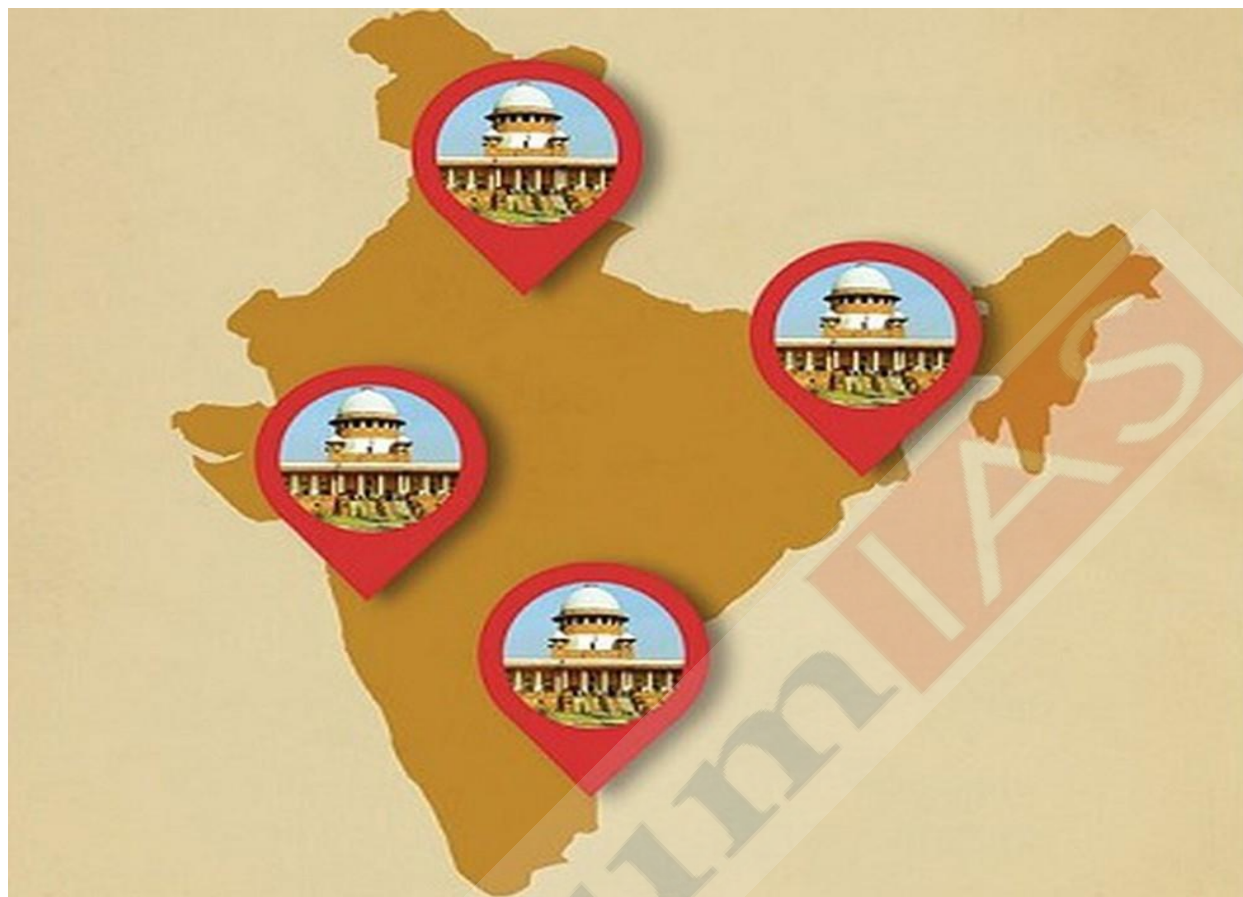
- » **Mechanism for Virtual Hearing in SC**
- » **Mechanism for Filing SLPs**- Admit only **certified SLPs from HC**
- » **Improving the efficiency of the existing courts**
- » **Mechanism for Scrutiny of cases**- **Transfer petitions, arbitral appeals** must be transferred to the HCs



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### What is the Constitutional Provision for the establishment of regional benches?

**Constitutional Provision**- The recommendations regarding establishment of regional benches find their root in **Article 130** of the Constitution of India. **Article 130** provides that the **Supreme Court shall sit in Delhi or in such other place or places** as the **Chief Justice of India may, with the approval of the President**, from time to time, appoint.



Source- Governance Now

**Recommendations of the Law Commission-** The **Eighteenth Law Commission** in its 229th Report suggested that a **Constitutional Bench** be set up at **Delhi** and **four Cassation Benches** be set up in the **Delhi** (Northern region), **Chennai/Hyderabad** (Southern region), **Kolkata** (the Eastern region) and **Mumbai** (Western Region). The cassation bench deals with all appellate work arising out of the orders/judgments of the High Courts of the particular region.

**Note- Court of Cassation-** Many countries around the world have instituted Courts of Cassation that decide cases involving non-Constitutional disputes and appeals from the lower level of courts. These are courts of last resort that have the power to reverse decisions of lower courts. (Cassation: annulment, cancellation, reversal).

**Recommendations of Standing Committees of Parliament-** Standing Committees of Parliament in **2004**, **2005**, and **2006**, also **recommended** the establishment of regional benches.

#### **What are the reasons behind the demand for Regional Benches of Supreme Court?**

- 1. Geographical Bias in cases filed before the SC-** There exists a geographical bias in cases filed before the SC, as **the majority of** cases before the Supreme Court **are from High Courts close to Delhi**.
- 2. Geographical barrier hindering citizen judicial activism-** Citizen judicial activism has increased in recent years, with more citizens approaching the SC with PILs against the arbitrary or unjust actions of the state. However, the seat of SC only at Delhi, **has created geographical barriers for many citizens to directly approach the Supreme court**.

**3. Disproportionate impact on Lawyer's careers-** The location of Supreme Court at Delhi has disproportionately impacted the legal careers of lawyers **who cannot afford to relocate to Delhi**.

**4. Legal Marginalization of the Underprivileged-** The location of SC makes it difficult for extensively underprivileged people living in the remotest areas of the country, as **travelling to New Delhi** or **engaging expensive Supreme Court counsel** to pursue a case is beyond the means of most litigants.

**5. International examples-** **France, US** have **separated the court of appeal** and **courts of cassation**, which has reduced the burden on their top-most judiciary.

### **What will be the advantages of these regional benches of Supreme Court?**

**1. Fulfilment of Constitutional Mandate of Article 39A-** Article 39A of the constitution provides for **the state to secure equitable access to justice for all**. The regional benches will help in ensuring that justice reaches the doorsteps of citizens.

**2. Reduction of Judicial Pendency-** **More than 80,000 cases** are currently pending adjudication in the **overburdened Supreme Court**. The establishment of regional benches will increase the number of judges as well as lawyers in the SC and will boost the rate of case disposal.

**3. Enhanced Focus on Constitutional matters-** The **principal bench in Delhi can exclusively focus on constitutional matters**, while the regional benches can discharge appellate functions. The SC judges at the Principal court **will get adequate time to properly scrutinise and pronounce impactful judgments** in constitutional matters.

**4. Democratisation of the SC Bar-** The setting up of regional benches of SC, would lead to democratisation of the SC Bar by securing greater opportunities for lawyers belonging to different geographical regions. **For ex-Division of the jurisdiction of the Tis Hazari Court** into three different district courts of **Saket, Rohini, and Karkardooma**, has **increased opportunities for young judges**.

### **What are the arguments against the idea of Regional benches?**

**1. Dilution of sacrosanct nature of the Supreme Court-** Critics argue that the idea of setting up regional benches will lead to Balkanization of the Supreme Court and **lessen the binding force of the decisions** of the Supreme Court.

**2. Issue of Territorial jurisdiction and divergent views of Justice-** The regional benches can create conflict by **interfering in the territorial jurisdiction of the HCs**. Also, there are challenges of **emergence of divergent views** which may adversely affect our justice system.

**3. Increase in litigations-** There are concerns regarding the increase in litigation due to **frivolous petitions** being filed with easier access to justice.

**4. Huge infrastructural Cost-** The establishment of regional benches of SC entails huge infrastructural cost in terms of **Money** and **Human resources**.

### **What should be the way forward?**

Since the matter of regional benches is sub-judice, in the meantime we can adopt the following measures to enhance citizen's accessibility to Justice from the SC.

**1. Mechanism for Virtual Hearing in SC-** Virtual hearings by can well be an alternative to regional benches. A mechanism for virtual hearing in the SC can be put in place, where **preliminary and admission hearings** are conducted virtually, while the **final hearings are conducted physically**.

**2. Mechanism for Filing SLPs-** Special Leave Petitions (SLPs) constitute over 90% of the Supreme Court's case docket. A mechanism should be put in place where the Supreme Court would admit only those SLPs, which have been certified by the concerned High Courts.

**3. Improving the efficiency of the existing courts-** The judicial vacancies, Judicial infrastructure and Judicial Processes must be streamlined, would reduce the problem of Judicial pendency. For ex- [All-India Judicial Service](#) to boost the quality of judicial appointments.

**4. Mechanism for Scrutiny of cases-** The SC must also put in place a mechanism for scrutinising the types of petitions that are permitted to be admitted in the top court. Transfer petitions, arbitral appeals must be transferred to the respective HCs.

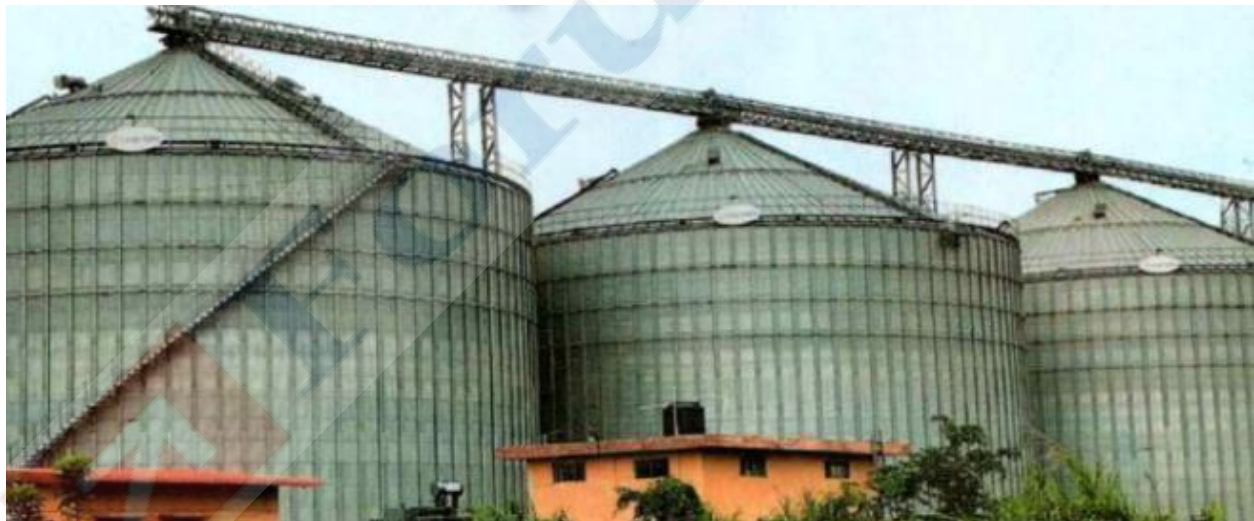
**5. Retain the exclusive jurisdictional powers with the Principal SC-** The principal bench of SC at Delhi must retain its original jurisdiction under Article 131, its advisory jurisdiction under Article 143, and its writ jurisdiction under Article 32 of the Constitution, even if the regional branches are established.

Read More- [The Hindu](#)

UPSC Syllabus- GS 2- Issues related to Judiciary

### [Kurukshetra Feb 2024 Summary] Food Storage Infrastructure- Explained Pointwise

A resilient food storage infrastructure holds the key to agri-food systems sustainability in India. It will ensure food and nutrition security for our future generations, and also help us achieve our socio-economic, and environmental development goals.



Source- Yojana

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[What is Food Storage Infrastructure Systems?](#)  
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[What are the Govt Initiatives for Food Infrastructure in India?](#)  
[What are the Challenges in the Food Storage Infrastructure?](#)  
[What should be the way forward?](#)

### What is Food Storage Infrastructure Systems?

**Storage Infrastructure-** Storage infrastructure plays a critical link in the whole system of food grains procurement to its distribution for consumption.

### Types of Storage Infrastructure in India

<b>Traditional Storage Structures</b>	<b>Storage</b>	<b>Kanaja, Kothi, Sanduka, earthen pots, Gummi and Kacheri</b> are different types of traditional storage infrastructure in India. <b>60-70% of grains</b> are stored on the farm in these traditional structures.
<b>Modern structures</b>	<b>storage</b>	<b>Warehouses and farm silos</b> are the modern storage structures used in India. These are scientific in nature, especially constructed for the protection of quantity and quality of stored products.

### What is the importance of Food Storage Infrastructure System?

- Avoiding the Post Harvest Losses-** As per **NABARD study**, there are large post harvest losses in the agricultural and allied sectors (**Cereals~4-6%**, **Pulses~6%**, **Fruits~6-15%**). The use of scientific food storage methods can reduce the post harvest losses to as **low as 1%-2%**.
- Food Security for the large Indian Population-** India's population is projected to **grow to 1.64 billion by 2047**. Strengthened storage infrastructure will help to meet the food demand of the population and **creation of sustainable food system**.
- Preventing Collapse of Food Supply System-** Resilient food storage system will help in preventing a collapse of the food system in the advent of **natural calamities (flood, droughts)** and outbreak of pandemics like **COVID-19**.
- Economic Support to farmers-** The storage infrastructure provides economic support to farmers by ensuring better prices for their produce by **reducing the need for distress sales**.
- Employment generation-** The construction and operation of these storage facilities help in generating **local rural employment**, thereby boosting rural economies.

### What are the Govt Initiatives?

<b>Integrated Cold Chain and Value Addition Infrastructure scheme</b>	The cold storage capacity of <b>8.38 lakh MT</b> has been created under this scheme.
<b>National policy on Handling, Storage and Transportation of Food Grains (2000)</b>	This policy promoted the participation of the <b>private sector in building warehouses</b> and storage infrastructures.
<b>Food Corporation of India (FCI) schemes</b>	FCI schemes like <b>private Entrepreneurs Guarantee (PEG) Scheme, Hiring of godown through Private Warehousing Scheme (PWS)</b> have helped in the creation of <b>1923 warehouses (Owned/Hired)</b> with a capacity of <b>371.93 LMT</b> for storage of Central Pool food grains.
<a href="#">World's Largest Grain Storage Plan in Cooperative Sector</a>	The plan entails <b>creation of various agri infrastructure</b> at the Primary Agricultural Credit Societies ( <b>PACS</b> ) level, like <b>setting</b>



	up decentralised godowns, custom hiring centres, processing units, Fair Price Shops etc. through convergence of various existing schemes of the Government of India (GoI) under different Ministries.
<b>Primary Agricultural Credit Societies (PACS)</b>	PACS has a huge member base of more than 13 crore farmers. NABARD is extending financial support to PACS to create agriculture infrastructure.
<b>Tax Benefits</b>	The Income Tax Act, 1961 allows for a <b>deduction of up to 150%</b> on expenditures incurred <b>towards setting up cold storage</b> . The setting up of cold storage is also exempt from service tax and excise duty.

### What are the Challenges in developing Storage Infrastructure?

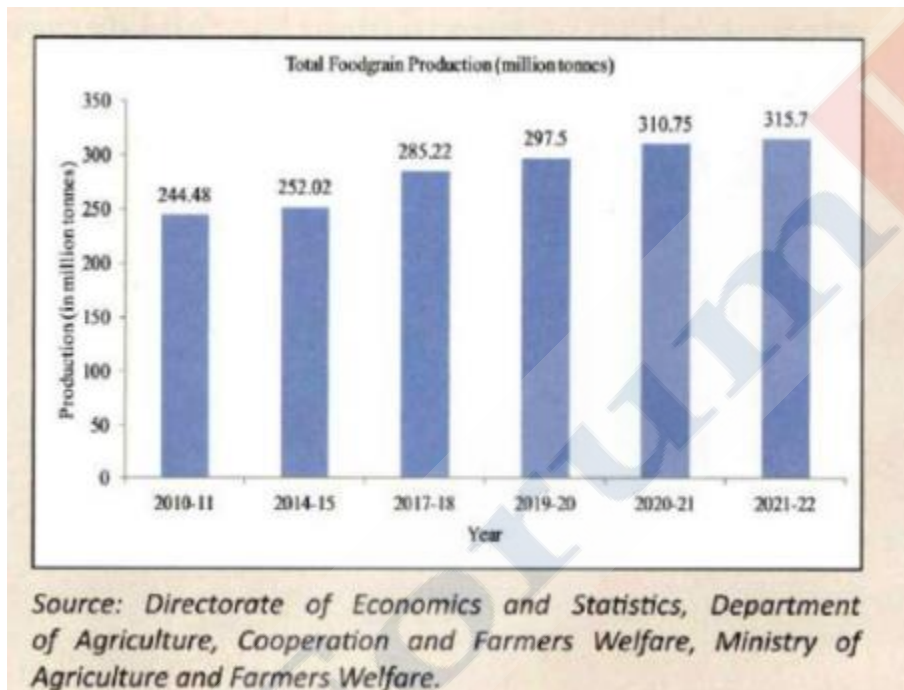


Figure 1. source- Yojana

#### 1. Shortage of Storage Infrastructure-

There is shortage of **storage infrastructure in India** to the tune of **166 MMT**. (The total food grain production in India is about 311 MMT and total Storage Capacity in India is only 145 MMT).

#### 2. Prominence of traditional storage infrastructure-

**60-70% of grains are stored on the farm in traditional storage infrastructure**. However, this Indigenous storage structures are not suitable for storing grains for very long periods.

#### 3. Inefficiency of PACS

**and agricultural cooperatives-** The Primary Agricultural Credit Societies and the agricultural cooperatives **suffer from inefficient capacity in executing storage infrastructure** works. **For ex-** Only about 63,000 out of 1 lakh PACS are currently operational in India.

**4. Low Private and Govt investment-** Despite the focus of government on creation of modern storage infrastructure, the **low CAPEX in the annual budget** and less private investment has dampened the pace of development of storage infrastructure.

**5. Low Skill Levels-** The Indian youth lack the necessary skills to operate and manage these advanced storage facilities.

### What should be the way forward?

**1. Promotion of decentralised local storage systems-** The promotion of **decentralised local storage system** will reduce the wastage of food grains, strengthen food security and prevent distress sales by farmers.

**2. Increasing investment in the post-harvest infrastructure-** Efforts must be made to increase investment in **modernisation of warehousing**, logistics, cold chain, food processing, and integrated value chain development

**3. Modernization of the existing storage to include horticultural crops-** The existing warehousing infrastructure must be modernised to **include perishable commodities** like fruits, vegetables, milk, meat, fish, etc., which have high post harvest losses.

**4. Exploration of PPP and FPO route-** The PPP and FPO route must be explored to **create modern storage systems** in India.

**5. Training and Skill Development-** The youth must be made skilful by training them in creation and maintenance of modern storage systems in India.

Read More- [The Hindu Businessline](#)

UPSC Syllabus- GS 3- Indian Agriculture

### [Yojana Feb 2024 Summary] Cyber Security Challenges in the Era of AI- Explained Pointwise

As India embraces AI, unique cyber security challenges are emerging in the era of AI, like **sophisticated cyberattacks** and **automated malware development**. However, **integration of AI responsibly into cyber security solutions** can also be a game-changer, like **automation of cyber threat detection and response**. A rapidly growing digital economy like India requires a proactive approach to address these emerging cyber security threats due to the use of AI.



Source- Yojana

#### What are the Cybersecurity challenges in the era of AI?

In a study by Deloitte, '**Cybersecurity vulnerabilities/Challenges**' emerged at the top of the list of concerns about various types of AI risks associated with AI.

Cyber security challenges associated with AI-

<b>Creation of Malware</b>	AI tools can easily create new malware that contains new <b>zero-day vulnerabilities</b> or bypass detection.
<b>Phishing Attacks</b>	AI can be used to create <b>new, sophisticated</b> and <b>targeted</b> phishing attacks like <b>intrusions</b> or generation of new hacking tools.

<b>Deepfakes</b>	AI can be used to create Deepfakes that can be used to convince victims in <b>social engineering attacks</b> .
<b>Missed threats and False Positives</b>	Since the <b>AI often relies on incomplete and biased data sets</b> , it can create a <b>false sense of security</b> by creating <b>false positives</b> .

### What are the challenges to Cybersecurity in India due to AI?

- 1. Vulnerability of critical Infrastructure-** The vulnerability of India's critical infrastructure (**power grids, transportation systems, and communication networks**) to AI induced cyberattacks, can disrupt essential services and endanger public safety and national security. **For ex-** Cyberattack on **Kudankulam Nuclear Power Plant**.
- 2. Threat to robust Financial system-** Indian Financial system has **large cyber presence** today with the **increased use of digital payments** and online banking systems. However, AI powered malware attacks pose **threats** like **financial losses** and **identity theft** to the robustness of financial systems in India. **For ex-** **Malware attack on the City Union Bank's SWIFT system** in March 2020 leading to unauthorised transactions worth USD 2 million.
- 3. Data Breaches and privacy concerns-** Cyber attacks increase the risk of data breaches, where **hackers access** and **leak sensitive information**. These can have serious consequences for the **privacy** and **security of individuals** and **organisations**.
- 4. Cyber Espionage-** India can be a target for cyber espionage activities that aim to steal confidential information and gain a strategic edge. **For ex-** **Operation Side Copy**, a cyber espionage campaign targeted Indian military and diplomatic personnel with **malware** and **phishing emails**.

### What are the reasons behind AI becoming a threat to Cybersecurity of India?

- 1. Fragmented cybersecurity infrastructure-** In India, the responsibility for ensuring cybersecurity, is distributed across various government agencies and private entities. This leads to a lack of coordinated and comprehensive strategies. **For ex-** Multiple agencies for cybersecurity in India like **Indian Cyber Crime Coordination Centre (I4C)**, **Computer Emergency Response Team-India (CERT-In)** and **National Critical Information Infrastructure Protection Centre (NCIIPC)** which sometimes lead to fragmented responses.
- 2. Apathy towards Data privacy-** Despite the passage of **Digital Personal Data Protection Act 2023**, the private and government entities have not implemented the secured cyber systems to prevent the leak of personal data. **For ex-** **The recent ban on PayTM payments bank** highlights the data privacy concerns.
- 3. Large digital divide-** A significant portion of the population lacks access to digital literacy and awareness. This makes them **vulnerable** to **phishing attacks** and **online scams**.
- 4. Skill Shortage-** India faces a shortage of **qualified cybersecurity professionals**, which hinders effective threat detection and response capabilities.

### How Focus on AI integration can be a game changer for Cyber security in India?

Integrating AI responsibly into cybersecurity solutions can be a game-changer for India in the following ways-

- 1. Threat detection and response-** AI-powered systems can **analyse network traffic, user behaviour, and system logs** to identify anomalies and potential threats in real-time. This will enable **faster response** in times of cyberattacks and minimising damage.

**2. Vulnerability management-** AI can automate vulnerability scanning and patching. This will help in ensuring that systems are constantly updated and protected from known exploits.

**3. Financial Fraud prevention-** AI can analyse financial transactions and **identify suspicious patterns** to **prevent online fraud** and **financial theft**.

**4. Cybercrime investigation-** AI can assist in **analysing forensic data**, **identifying attackers**, and **predicting future attack patterns** to improve cybercrime investigations.

### **What Should be the Way forward to use AI to bolster cybersecurity in India?**

India needs to adopt a multipronged approach to use AI as a means to bolster cybersecurity in India. The following should be the way Forward-

**1. Building a robust cybersecurity ecosystem-** This must include **strengthening government agencies like CERT-IN**, **promoting public-private partnerships**, and **fostering collaboration among stakeholders**.

**2. Investing in AI-powered cybersecurity solutions-** While there are chances of misuse of AI, however, **AI also holds immense potential for proactive threat detection** and response. Scaling up the investment in research and development of secure AI solutions is crucial to bolster India's cybersecurity.

**3. Promotion of digital literacy and awareness-** Educating the public about **cyber hygiene**, **online scams**, and **data privacy practices** are essential to build a resilient digital society.

**4. Developing a strong legal framework-** India needs to enact **robust cybersecurity laws** and **regulations to deter cybercrimes**, protect critical infrastructure and ensure data privacy.

**5. Investing in cybersecurity training and skills development-** We must aim to address the skill shortage by providing **training programs** for long term cybersecurity preparedness.

The government, private sector, academia, and civil society must come together to build a **robust cybersecurity ecosystem**, **promote responsible AI development** and empower individuals to safely navigate the digital world.

**Read More-** [The Indian Express](#)

**UPSC Syllabus- GS 3- Emerging technologies- Artificial Intelligence**

## Primary Agricultural Credit Societies (PACS)- Explained Pointwise



The Government of India (GOI) has been placing its emphasis on the cooperative sector, particularly on the **Primary Agricultural Credit Societies (PACS)** for the rejuvenation of Indian Agricultural Sector. GOI, has crafted a central role for PACS, in the execution of the [world's largest grain storage infrastructure project of 700 lakh metric tons](#).

Govt has also started the process of **modernisation of PACS** by **allocating Rs 2,516 crore** for **digitization of 63,000 Primary Agricultural Credit Societies (PACS)** over the **next five years**. The formation of Ministry of Cooperation is indicative of the priority of government, on the cooperative sector in India.

### What are Primary Agricultural Credit Societies (PACS)?

**PACS-** PACS are the cooperative credit societies at the Village level. They are the last link, at the village level, in the rural cooperative banking structure in India.

### Structure of Cooperative Banking in India

Cooperative Banks in India			
Rural Cooperative Banks		Urban Cooperative Banks	
Short Term	Long Term	Schedule d	Non-Scheduled

<p><b>1. State Cooperative Banks</b> (StCBs)- <b>State level</b></p> <p><b>2. District Central Cooperative Banks</b> (DCCBs)- <b>District level</b></p> <p><b>3. Primary Agricultural Credit Societies</b> (PACS)- <b>Village level</b></p>	<p><b>1. State Cooperative and Rural Development Banks</b> (SCARDBs)- <b>State Level</b></p> <p><b>2. Primary cooperative agriculture and Rural Development Banks</b> (PCARDBs)- <b>District and Village Level</b></p>	<p><b>1.UCBs Operating in a single state- Registered under State Cooperative Societies Act</b></p> <p><b>2.Multistate UCBs operating in one or more states- Registered under Multi State Cooperative Societies Act, 2002.</b></p>
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**Functioning of PACS-** PACs provide **short-term**, and **medium-term agricultural loans** to the farmers. Credit from the **State Cooperative Banks** (StCBs) is **transferred** to the **District Central Cooperative Banks** (DCCBs). DCCBs provide credit extension to the farmers through PACS.

### What are the advantages of Primary Agricultural Credit Societies (PACS)?

**1. Extension of Credit to Agriculture-** PACS have the capacity to extend agricultural credit with minimal paperwork within a short time. **For ex-** The **Kisan Credit Card (KCC) scheme**, launched by the government to provide short term agricultural credit, is also facilitated through PACS.

**2. Solving Farmer's Problems through group/collective strength-** PACS play a colossal role during times of strife like **droughts, agricultural distress** for the small and marginal farmers, by extending them credit and group support.

**3. Grassroot presence facilitating Financial Inclusion-** As per **RBI report**, there are **1.02 lakh PACS** at the grassroot level (March 2021). PACS offer the last mile connectivity and promote financial inclusion. **For ex-Social security schemes** like **Atal Pension Yojna (APY)**, **Pradhanmantri Suraksha Bima Yojna (PMSBY)** are extended through PACS.

**4. Agricultural Marketing-** PACS also assist farmers in the marketing of their agricultural produce and provides support in finding better markets. Thus, these help in improving farmers' income and reducing dependency on middlemen. **For ex-** In Kerala, **PACS play an active role in marketing cash crops like rubber and spices.**

**5. Training and Capacity Building-** PACS also conduct the training programs on **modern agricultural practices** and **organic farming** for small and marginal farmers.

### What are the challenges?

**1. Inadequate geographical Coverage and representation-** PACS are **largely concentrated** in the **western parts of the country**. There are **numerous exclusions in the membership of PACS**. **For ex-** Lack of adequate women and marginalised community members.

**2. Inadequate Financial Resources-** Primary Agricultural Credit societies have **low deposit mobilization**, and they are **largely dependent** upon the **devolution from higher financing agencies** like District Central Cooperative Banks and State Cooperative Banks.

**3. High Losses due to overdues and NPAs-** **As per RBI report**, out of **~1 lakh PACS**, only **47,297 are in profit**. Large over-dues and NPAs have hit PACS profitability. According to the RBI report, PACS have NPAs of Rs 72,550 cr out of the total lending of Rs 1,43,044 cr.

**4. Politicisation of PACS-** PACS as a credit institution has been politicised with the **election of dominant local politicians as the chairperson** of PACS. There is a partisan basis of awarding loans.

**5. Governance Challenge-** PACS are **not under RBI control** and the provisions of Banking Regulation Act 1949 does not apply to them. Further, the small size and scattered nature of these cooperative societies, makes their governance and regulation, a challenge for the regulators.

**6. Infrastructural Challenges-** These cooperative societies face logistical challenges like **substandard softwares** and **substandard booking keeping systems**, which has made them susceptible to frauds.

#### What are the Govt schemes for PACS in India?

<b>Model Bye-laws for PACS</b>	Enable PACS to <b>diversify their business activities</b> by undertaking more than <b>25 business activities</b> like dairy, fishery, floriculture, setting up godowns, procurement of foodgrains, fertilizers, seeds etc.
<b>Computerisation of PACS</b>	This project entails bringing all the <b>functional PACS</b> onto an <b>ERP (Enterprise Resource Planning)</b> based common software, linking them with NABARD through State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs)
<b><u>World's largest grain storage plan</u></b>	To <b>address the shortage of agricultural storage infrastructure</b> in the country by creating infrastructure such as godowns, etc. at <b>selected 'viable' Primary Agricultural Credit Societies (PACS)</b> .
<b>Pradhan Mantri Jan Aushadhi Kendras through PACS</b>	<b>2,000 Primary Agricultural Credit Societies (PACS)</b> have been selected across the country to open Pradhan Mantri Jan Aushadhi Kendras

#### Read More UPSC Topics-

<ul style="list-style-type: none"> <li>• <a href="#">Regional Benches of Supreme Court- Benefits and Challenges- Explained Pointwise</a></li> </ul>
<ul style="list-style-type: none"> <li>• <a href="#">SC Interim Order on Forest (Conservation) Amendment Act 2023- Explained Pointwise</a></li> </ul>

#### What should be the way Forward?

**1. Bringing PACS under RBI-** Efforts must be made towards **extension of the provisions of Banking Regulations Act 1949** to PACS, for their effective regulation and decreasing their NPAs.

**2. Cooperative Federation for regular audits-** A cooperative federation must be formed to conduct **regular comprehensive audits** of these cooperative societies.

**3. Upgradation of infrastructure-** The provisions must be made for a **common, standardized software, standardized bookkeeping systems**. These must be linked to a central database for proper financial monitoring using artificial intelligence and pattern recognition.

**4. Removal of political influence-** There is a need to promote **democratization of PACS** elections by **reducing the influence of local politicians** and increasing the representation of women and marginalised groups as chairpersons.

<p>Read More- <a href="#">Indian Express</a> UPSC Syllabus- <b>GS 3- Indian Economy and Indian Agriculture</b></p>
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## All India Household Consumption Expenditure Survey 2022-23- Explained Pointwise

Ministry of Statistics and Program Implementation (MoSPI) has released the data of the **All India Household Consumption Expenditure Survey 2022-23**. This data is based on the results of the survey conducted between August 2022 and July 2023.

All India Household Consumption Expenditure Survey (HCES), is a **survey conducted by the NSSO every five years**, to ascertain the household spending habits. However, Govt had junked the last survey results of 2017-18, citing '**data quality issues**'. Post that, the survey methodology underwent a revision. Now, MoSPI has been working on **back-to-back surveys** for **2022-23** and **2023-24** to check the robustness of revised methodology and stability of results for consumption expenditure.



### 1. Increase in Average monthly per capita consumption expenditure (MPCE)

**Significance-** An increase in the per capita expenditure of households indicates **rising disposable incomes of households, narrowing inequality between rural and Urban areas, and declining poverty levels.**

- a. **Rural per capita consumption expenditure** has **increased more sharply** as compared to urban expenditure in the period from 2011-12 to 2022-23.
- b. **Rural per capita consumption expenditure** has increased by **164%**. It has increased to **Rs 3,773 in 2022-23** from **Rs 1,430 in 2011-12**.
- c. **Urban per capita consumption expenditure** has increased by **146%**. It has increased to **Rs 6,459 in 2022-23** from **Rs 2,630 in 2011-12**.

### 2. Decline in the Share of Expenditure on Food in both Rural and Urban Households

**Significance-** The decline in share of food expenditure indicates the **aspirational spending of households** in consumer durables, clothing and footwear, and entertainment.

- a. The share of expenditure on food has gradually **declined for both urban and rural households**.
- b. **In rural India**, the share of food in the average monthly per capita consumption expenditure (MPCE) has fallen to **46.38% in 2022-23** from **59.46% in 1999-2000**.
- c. **In urban India**, the share of food in the average monthly per capita consumption expenditure (MPCE) has fallen to **39.17% in 2022-23** from **48.06% in 1999-2000**.

### 3. Share of expenditure on different food items in the food expenditure

**Significance-** This data helps to ascertain the **amount of money spent for better nutrition** (eggs, fish, meat, fruits and vegetables), **beyond just cereals** (rice, wheat).

- a. The spending on high-value nutritional items (eggs, fish, meat, fruits and vegetables) has **increased more in rural households** as compared to urban households over the last two decades.

### 4. State wise Consumption Expenditures

**Significance-** This data compiles and compares the state wise consumption expenditures.

- a. **Sikkim** has the **highest MPCE** for both rural (Rs. 7,731) and urban households (Rs. 12,105).
- b. **Chhattisgarh** has the **lowest MPCE** for rural (Rs. 2,466) and urban households (Rs 4,483)

Created by Forum IAS



### What is the All India Household Consumption Survey?

**1. About the Survey-** The Household Consumption Expenditure Survey (HCES) is conducted to **gauge household spending habits**. It provides crucial insights into household consumption patterns, their living standards and overall well-being.

**2. Interval of the Survey-** It is a **quinquennial survey (recurring every five years)**. It is conducted by the National Sample Survey Office (NSSO), (which now comes under the **National Statistical Office** in the **MoSPI**).

**3. History of the Survey-** The survey has been conducted every five years, **since 1972-73**. The survey results were junked in 2017-18 due to 'data quality issues'. Now, new surveys are being conducted in 2022-23 and 2023-24, according to new methodology.

**4. New Methodology-** In the new methodology, several new features have been introduced-

a. **Segregation** of the consumption basket into three broad categories- **food items, consumables and services**, and **durable goods**.

b. **Inclusion of questions** seeking inputs on **free items** and **subsidies** under welfare schemes, such as foodgrains.

### What are the recent findings of the All India Household Consumption Survey?

#### 1. Increase in Average monthly per capita consumption expenditure (MPCE)

**Significance-** An increase in the per capita expenditure of households indicates **rising disposable incomes of households, narrowing inequality** between rural and Urban areas, and **declining poverty levels**.

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c. **In urban India**, the share of food in the average monthly per capita consumption expenditure (MPCE) has fallen to **39.17% in 2022-23** from **48.06% in 1999-2000**.

Year	Rural	Urban
	% share of food in MPCE	% share of food in MPCE
1999-2000	59.46	48.06
2004-05	53.11	40.51
2011-12	52.9	42.62
2022-23	46.38	39.17

Source- Indian Express

### 3. Share of expenditure on different food items in the food expenditure

**Significance-** This data helps to ascertain the **amount of money spent for better nutrition** (eggs, fish, meat, fruits and vegetables), **beyond just cereals** (rice, wheat).

- The spending on high-value nutritional items (eggs, fish, meat, fruits and vegetables) has **increased more in rural households** as **compared to urban households** over the last two decades.
- The **rural household expenditure** on **high-value nutritional items** has **increased to 14%** in 2022-23 from **11.21%** in 1999-2000. The **expenditure on cereals** has **decreased to 4.91%** in 2022-23 from **22%** in 1999-2000.
- The **urban household expenditure** on **high-value nutritional items** has **marginally increased to 11.7%** in 2022-23 from **10.68%** in 1999-2000. The **expenditure on cereals** has **decreased to 3.64%** in 2022-23 from **12%** in 1999-2000.

	Rural	
	1999-2000	2022-23
	% share of MPCE	% share of MPCE
Egg, fish, meat	3.32	4.91
Fruits	1.72	3.71
Vegetables	6.17	5.38
Total	11.21	14

Source- Indian Express

	Urban	
	1999-2000	2022-23
	% share of MPCE	% share of MPCE
Egg, fish, meat	3.13	3.57
Fruits	2.42	3.81
Vegetables	5.13	3.8
Total	10.68	11.18

Source- Indian Express

### 4. Imputed Average monthly per capita consumption expenditure (Imputed MPCE)

**Significance-** This data helps to ascertain the impact on expenditure by **adding the imputed value free items received by households** through various social welfare programmes. This data also helps to highlight the socio-economic disparities between different income groups.

- a. The **imputed MPCE** of both **rural and urban households is higher** as compared with the average MPCE which does not include the free items.
- b. The imputed MPCE of top 5% of rural population is 7.65 times more than its bottom 5%.
- c. The imputed MPCE of top 5% of urban population is 10 times more than its bottom 5%.

### 5. State wise Consumption Expenditures

**Significance-** This data compiles and compares the state wise consumption expenditures and presents a picture on the economic-well being of households in a particular state.

- a. **Sikkim** has the **highest MPCE** for both **rural** (Rs. 7,731) and **urban households** (Rs. 12,105).
- b. **Chhattisgarh** has the **lowest MPCE** for **rural** (Rs. 2,466) and **urban households** (Rs 4,483).

### 6. Decline in the real growth rate of Rural Spending

**Significance-** While the gap between rural and urban per capita consumption is reducing, however, in **real terms the rural per capita expenditure growth has registered a decline**. In both nominal and real terms, these growth rates are lower than in the period between the two earlier surveys.

Nominal average monthly per capita expenditure (MPCE) increase between 2011-12 and 2022-23	Real average monthly per capita expenditure (MPCE) increase between 2011-12 and 2022-23
Rural areas- 9.2% Urban areas- 8.5%	Rural areas- 3.1% Urban areas- 3.3%
Imputed Nominal MPCE growth when imputed with social welfare schemes (excluding education & health)	Imputed Real MPCE growth when imputed with social welfare schemes (excluding education & health)
Rural areas- 9.4% Urban areas- 8.6%	Rural areas- 2.7% Urban areas- 2.7%

### What is the significance of the Survey Data?

1. **Changing the weightage of components to accurately capture inflation-** The consumption expenditure survey serves as a benchmark for **assigning** and **changing the weightage** for different components of **Consumer Price Index** (CPI). **For ex-** Lowering the weightage for food in CPI in accordance with the survey data.
2. **Macro analysis of the economy-** The Household consumption expenditure survey data is used by the economists to analyse the structural shifts in the Indian economy and take further measures, like **rebasng the GDP** and **the poverty levels**.
3. **Assessment of economic growth trends and inequalities-** The Household consumption expenditure survey indicates a **narrowing gap in per capita** spending between rural and urban India. However, it also **highlights the wide income gaps** within households, with the top 5% of households spending significantly more than the bottom 5%.
4. **Fine-tuning tool for Policymakers-** The Imputed MPCE provides critical insights for policymakers to **fine-tune social schemes** by understanding evolving consumer's expenditure behaviour.
5. **Compass for the State governments-** State governments can use the survey to **reorient their budgetary strategies** to increase disposable incomes in the hands of people by learning from states like Tamil Nadu and Kerala.
6. **Fore-casting tool for the Industry-** The survey provides the industries an **insight into the changing consumer behaviour**, which helps them to refine their strategies and tap into emerging markets.

### What are the Challenges with the survey?

- 1. Robustness of the revised methodology-** The latest survey of 2022-23 has been done according to the revised methodology. Next set of Consumer expenditure survey for 2023-24 is necessary to **confirm the robustness of the revised methodology**.
- 2. Small Data Set-** The survey has covered 2.62 lakh households (1.55 lakh- Rural areas and 1.07 lakh- Urban areas). This is a small sample size for a **large and diverse country like India**.
- 3. Temporal and Regional Variations-** Incorporating accurate seasonal variations and regional disparities in household expenditure is another major challenge to obtain accurate survey results.
- 4. Risks of Pent-up Demands-** The survey has been conducted after two long years of COVID in 2020 and 2021. The year **2022** in which the survey was conducted has been **a year of pent-up demand**, as the last two COVID years had witnessed suppressed demands. Hence, the accuracy of the data can be confirmed by the succeeding surveys.

### What Should be the way forward?

- 1. Putting the data to fine-tune the social programs-** The All India consumption expenditure survey data must be used to fine tune various social security schemes like [PM Garib Kalyan Anna Yojana](#), being run by the Govt by measuring their impact.
- 2. Finalising the survey for 2023-24-** The survey results for 2023-24 must be finalised at the earliest to confirm the robustness of the methodology.
- 3. Regularisation of the survey-** The new survey methodology must be institutionalised at the earliest to **establish the usual quinquennial survey cycle** (recurring every five years).
- 4. Changes in the bases of Inflation Indices need to be awaited-** Since the survey was conducted in a year of Pent-up demand, any changes to the weights of different parameters in the inflation indices based on the survey results **will introduce significant bias**.

An accurate, transparent, and comprehensive consumption expenditure survey data will help in shaping a more inclusive and equitable society.

**Read More-** [The Hindu](#), [The Indian Express](#)

**UPSC Syllabus-** Indian Economy-GS 3

### Rare diseases in India- Explained Pointwise

Recently, the **tragic death of 19-year-old child actress Suhani Bhatnagar**, due to a **rare disease called dermatomyositis** which causes muscular inflammation, has put the spotlight on the severity of rare diseases. Despite, **rare diseases in India accounting for one-third of the global rare disease incidence**, there has been apathy of the government and society in general towards these diseases.



# Rare Diseases In India

Recently, the tragic death of 19-year-old child actress Suhani Bhatnagar, due to a rare disease called dermatomyositis which causes muscular inflammation, has put the spotlight on the severity of rare diseases

## Rare Diseases

- » **Rare Disease-** A rare disease is a health condition which has a **low prevalence** and affects a small number of people. However, there is no single, agreed-upon definition of Rare Disease. Different countries have different definitions of rare disease.
- » **WHO's Definition-** Rare diseases are the diseases which have a **prevalence of 1 or less** in every **1,000 people or less**.
- » **Rare Disease Definition in India-** India, like many other developing countries, currently has **no standard definition of rare diseases**.
- » **Rare Disease Burden in India-** India accounts for **one-third of the global rare disease** incidence. There are **over 450 identified rare diseases** in India. About **8-10 cr patients with 75% children**.

## Challenges with Policy Implementation

- » **Less number of diseases being treated under the Policy-** **Only 20 rare diseases** have been approved for treatment
- » **Less number of Centres of Excellence (CoEs)-** Uneven distribution, lack of coordination, late diagnosis.
- » **Lack of adequate budgetary support-** Reductions to the tune of **75% from Budget Estimate stage to the Revised Estimates** to 90% actual expenditure
- » **CoE's inability to utilise the budget provided-** More than **₹47 crore of the ₹71 crore** financial assistance allocated to the 11 CoEs **remain utilised**
- » **Inadequate financial assistance per person-** The **limit of Rs. 50 lakh per person** for treatment of chronic disease is **woefully inadequate**

## Rare Disease Challenge

- » **Unavailability of treatment-** **Less than 50%** of the **450-odd rare diseases** are treatable.
- » **Unaffordable Treatment Costs-** Requires **exorbitantly priced antidotes** and supportive medication
- » **Low Focus on R&D for drug development-** Rare diseases are treated as '**orphan diseases**' and the drugs are treated as '**orphan drugs**' by the pharma giants
- » **Late diagnosis-** Takes on an **average of seven years** for their diagnosis

## National Policy on Rare Diseases

- » **Centres of Excellence (CoEs) and Nidan Kendras-** Diagnosis, prevention and treatment of rare diseases
- » **Financial Support-** Support of up to **Rs. 50 lakhs** to the patients
- » **Categorization of Rare Diseases into 3 Groups**

## Way Forward

- » **Training of Health Professionals** to improve their diagnostic accuracy
- » **Pre-natal and post-natal screening** of Expectant mothers with a history of rare diseases in their family
- » **Improvement in the implementation of NPRD 2021** increase budgetary outlays, dedicate funding for drug development and therapy
- » **Social Assistance Programmes** through PPP partnership through CSR initiatives and funding partnerships

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## What are rare Diseases? What is the status of rare Diseases in India and the World?

**Rare Disease-** A rare disease is a health condition which has a low prevalence and affects a small number of people. It includes genetic diseases, rare cancers, infectious tropical diseases and degenerative diseases. Only, 5% of the over 7,000 known diseases worldwide are treatable.

However, there is **no single, agreed-upon definition of Rare Disease**. Different countries have different definitions of rare disease.

**WHO's Definition-** Rare diseases are the diseases which have a prevalence of 1 or less in every 1,000 people or less.

## Other Country's Criterion of Classifying Rare Diseases

**Table 1: Definitions of Rare Disease in different countries**

S No.	Country	Per 10,000 population
1	USA	6.4
2	Europe	5.0
3	Canada	5.0
3	Japan	4.0
4	South Korea	4.0
5	Australia	1.0
6	Taiwan	1.0

Source: *The I.C. Verma Sub-Committee Report 'Guidelines for Therapy and Management'*

Source- I.C.Verma Committee

**Rare Disease Definition in India-** India, like many other developing countries, currently has **no standard definition** of rare diseases.

**Rare Disease Burden in India-** India accounts for one-third of the global rare disease incidence.

**a.** According to the National Policy for Rare Diseases document, India has close to **50-100 million people** who are affected by rare diseases or disorders.

**b.** There are over **450 identified diseases in India**, ranging from widely known ones such as Spinal Muscular Atrophy and Gaucher's disease to lesser-known ones such as Mucopolysaccharidosis type 1 and Whipple's disease.

**c.** There are about **8 crore-10 crore Indians** suffering from rare diseases in India, with over **75% of them being children**. High morbidity and mortality rates of these life-threatening diseases are a leading cause for the majority of these children not reaching adulthood.

#### **What are the Challenges posed by Rare Diseases in India?**

**1. Unavailability of treatment-** **Less than 50%** of the **450-odd rare diseases** identified in India **are treatable**. Most patients typically receive only basic treatment that alleviates symptoms.

**2. Unaffordable Treatment Costs-** Some rare disease's treatment, **requires exorbitantly priced antidotes** and supportive medication, which poses the challenge of affordability.

**3. Low Focus on R&D for drug development-** The rare disease is not considered as a significant market by the drug manufacturers, as the number of persons suffering from individual rare diseases is small. Hence, these diseases are treated as '**orphan diseases**' and the drugs are treated as '**orphan drugs**' by the pharma giants.

**4. Late diagnosis-** Rare disease takes on an average of **seven years for their diagnosis** in India. Delay in diagnosis or a wrong diagnosis increases the suffering of the patients exponentially.

**5. Lack of trained healthcare professionals-** Lack of trained healthcare professionals to **interpret the signs and symptoms of rare diseases** in the initial stages, has compounded the challenge posed by rare diseases in India.

### What are the Government initiatives for rare diseases in India?

Government of India has come up with several initiatives for rare diseases in India.

**1. National Policy for Rare Diseases 2021-** It is an umbrella policy for treatment of rare diseases in India. Some of the major provisions and initiatives under the policy are mentioned below-

#### a. Categorization of Rare Diseases into 3 Groups

<b>Group-1</b>	Disorders amenable to one-time curative treatment.
<b>Group-2</b>	Diseases requiring long term/lifelong treatment having relatively lower cost of treatment
<b>Group-3</b>	Diseases for which definitive treatment is available, but very high cost and lifelong therapy

**b. Centres of Excellence (CoEs) and Nidan Kendras-** 12 Centres of Excellence (CoEs) have been opened for **diagnosis, prevention and treatment of rare diseases**, while **Nidan Kendras** have been set up for **genetic testing and counselling services**.

**c. Financial Support-** Provision for financial support of **up to Rs. 50 lakhs** to the patients suffering from any category of the Rare Diseases and for treatment in any of the Centre of Excellence (CoE) mentioned in NPRD-2021.

Read More- [National Policy for Rare Diseases 2021](#)

**2. PLI Scheme for Rare Drugs Manufacturing-** Department of Pharmaceuticals has been provides for financial incentives to manufacturers of Orphan drugs under the Production Linked Incentive Scheme.

**3. Tax waiver for Rare Disease Drug imported for Personal Use-** Department of revenue has provided **full waiver of Basic Customs Duty (BCD)** and **Integrated Goods and Services Tax (IGST)** to imported drugs for personal use to treat Spinal Muscular Atrophy (SMA).

### What are the problems in the implementation of policies used to treat Rare Diseases?

**1. Less number of diseases being treated under the Policy-** The treatment process of **only 20 rare diseases** have been approved by the Drugs Controller General of India. These treatments can be availed only from Centres of Excellence (CoEs).

**2. Less number of Centres of Excellence (CoEs)-** There are only 12 CoEs which are **unevenly distributed** considering the vast expanse of the country. Further, **lack of coordination, late diagnosis, inadequate therapies and lack of timely availability of medicines** at the CoEs, create further challenges.

**3. Lack of adequate budgetary support-** Although, the budgetary support for rare diseases has increased over the years, to about Rs. 93 crore for 2023-24. However, there have been reductions to the **tune of 75% from Budget Estimate stage to the Revised Estimates to 90% actual expenditure**.

**4. CoE's inability to utilise the budget provided-** **More than ₹47 crore of the ₹71 crore financial assistance allocated to the 11 CoEs** for the current year **remains unused**. CoEs are wary of beginning any treatment that they may need to suspend later, as they feel vulnerable to judicial action from patients and their kin.

**5. Inadequate financial assistance per person-** The **limit of Rs. 50 lakh per person** for treatment of chronic disease is **woefully inadequate**, as chronic rare diseases usually require lifelong management and therapy.

**What Should be the Way Forward?**

- 1. Training of Health Professionals-** The healthcare professionals must be trained to improve their **diagnostic accuracy**.
- 2. Pre-natal and post-natal screening of Expectant mothers-** Expectant mothers **with a history of rare diseases** in their family must undergo mandatory pre-natal screening and post-natal diagnosis and care.
- 3. Improvement in the implementation of NPRD 2021-** The government must frame a **standard definition of rare diseases, increase budgetary outlays, dedicate funding for drug development and therapy, and increase the number of CoEs**. These will improve the effectiveness of the National Policy of Rare Disease 2021.
- 4. Social Assistance Programmes through PPP partnership-** Public and private companies must be co-opted for funding the social assistance programmes for rare diseases, through **CSR initiatives and funding partnerships**.
- 5. Withdrawal of GST on life-saving drugs-** GST must be withdrawn from all life-saving drugs for rare diseases, which will make the drugs a bit affordable.

Read More- [The Hindu](#)

UPSC Syllabus- GS 2- Government Policies related to Health and Education