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DECEMBER - 2021

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1. INDIAN SOCIETY & POLITY

1. Over 6 lakh Indians renounced Citizenship

Why in News?

- More than six lakh Indians renounced citizenship in the past five years, the Ministry of Home Affairs (MHA) informed the Lok Sabha.

Citizenship in India:

- Citizenship is in the Union List under the Constitution and thus under the exclusive jurisdiction of Parliament.
- The Constitution does not define the term 'citizen' but gives, in Articles 5 to 11, details of various categories of persons who are entitled to citizenship.
- Unlike other provisions of the Constitution, which came into being on January 26, 1950, these articles were enforced on November 26, 1949 itself, when the Constitution was adopted.
- Various provisions for Indian Citizenship:

Article 5:

- It provided for citizenship on the commencement of the Constitution.
- All those domiciled and born in India were given citizenship.
- Even those who were domiciled but not born in India, but either of whose parents was born in India, were considered citizens.
- Anyone who had been an ordinary resident for more than five years, too, was entitled to apply for citizenship.

Article 6:

- Since Independence was preceded by Partition and migration, Article 6 laid down that anyone who migrated to India before July 19, 1949, would automatically become an Indian citizen if either of his parents or grandparents was born in India.
- But those who entered India after this date needed to register themselves.

Article 7:

- Even those who had migrated to Pakistan after March 1, 1947 but subsequently returned on resettlement permits were included within the citizenship net.
- The law was more sympathetic to those who migrated from Pakistan and called them refugees than to those who, in a state of confusion, were stranded in Pakistan or went there but decided to return soon.

Article 8:

- Any Person of Indian Origin residing outside India who, or either of whose parents or grandparents, was born in India could register himself or herself as an Indian citizen with Indian Diplomatic Mission.

Various Amendments for Citizenships:

- According to Article 11, Parliament can go against the citizenship provisions of the Constitution.
- The Citizenship Act, 1955 was passed and has been amended four times — in 1986, 2003, 2005, and 2015.
- The Act empowers the government to determine the citizenship of persons in whose case it is in doubt.
- However, over the decades, Parliament has narrowed down the wider and universal principles of citizenship based on the fact of birth.
- Moreover, the Foreigners Act places a heavy burden on the individual to prove that he is not a foreigner.

(1) 1986 Amendment:

- The constitutional provision and the original Citizenship Act gave citizenship on the Principle of jus soli to everyone born in India.
- However, the 1986 amendment to Section 3 was less inclusive as it added the condition that those who were born in India on or after January 26, 1950 but before July 1, 1987, shall be an Indian citizen.
- Those born after July 1, 1987 and before December 4, 2003, in addition to one's own birth in India, can get citizenship only if either of his parents was an Indian citizen at the time of birth.

(2) 2003 Amendment:

- The then Government made the above condition more stringent, keeping in view infiltration from Bangladesh.
- Now the law requires that for those born on or after December 4, 2004, in addition to the fact of their own birth, both parents should be Indian citizens or one parent must be Indian citizen and other should not be an illegal migrant.
- With these restrictive amendments, India has almost moved towards the narrow principle of jus sanguinis or blood Relationship.

- This lay down that an illegal migrant cannot claim citizenship by naturalization or registration even if he has been a resident of India for seven years.

(3) Citizenship (Amendment) Act, 2019:

- The amendment proposes to permit members of six communities — Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Pakistan, Bangladesh and Afghanistan — to continue to live in India if they entered India before December 14, 2014.
- It also Reduces the Requirement for Citizenship from 11 years out of the preceding 14 years, to just 6 years.
- Two notifications also exempted these migrants from the Passport Act and Foreigner Act.
- A large Number of organisations in Assam protested against this Bill as it may grant Citizenship to Bangladeshi Hindu illegal migrants.

Losing of Indian Citizenship:

- The Citizenship Act, 1955 also lays down the three modes by which an Indian citizen may lose his/her citizenship.
- It may happen in any of the three ways: Renunciation, Termination and Deprivation.

(1) Renunciation:

- An Indian Citizen of full age and capacity can renounce his Indian citizenship by making a declaration to that effect and having it registered.
- But if such a declaration is made during any war in which India is engaged, the registration shall be withheld until the Central Government otherwise directs.
- When a male person renounces his citizenship, every minor child of him ceases to be an Indian citizen. Such a child may, however, resume Indian citizenship if he makes a declaration to that effect within a year of his attaining full age, i.e. 18 years.

(2) Termination:

- If a citizen of India voluntarily acquires the citizenship of another country, he shall cease to be a citizen of India. During the war period, this provision does not apply to a citizen of India, who acquires the Citizenship of another country in which India may be engaged voluntarily.

(3) Deprivation:

- Deprivation is a compulsory termination of citizenship of India.
- A citizen of India by naturalization, registration, domicile and residence, may be deprived of his citizenship by an order of the Central Government if it is satisfied that the Citizen has:

- ✓ Obtained the citizenship by means of fraud, false representation or concealment of any material fact
- ✓ Shown disloyalty to the Constitution of India
- ✓ Unlawfully traded or communicated with the enemy during a war
- ✓ Within five years after registration or neutralization, been imprisoned in any country for Two Years.
- ✓ Ordinarily resident out of India for seven years continuously

2. SC pushes for National Judicial Infrastructure Corporation (NJIC)

Why in News?

- The Supreme Court orally said that courts cannot wait on the whims and fancies of the Government, but need a proper mechanism for funding the development of judicial Infrastructure.

National Judicial Infrastructure Corporation (NJIC):

- The idea for such NJIC was first proposed by CJI Ramana in March this year, even before he took office.
- It mooted the idea of an “umbrella national organization” that would take care of the need for Judicial Infrastructure.
- Such a corporation would bring the uniformity and standardization required to revolutionize judicial infrastructure, said CJI.
- Soon after he was sworn in, the CJI commenced work on the NJIC and a survey of 6,000 trial courts in various states was undertaken as part of this exercise.

CJI recommends the composition of NJIC:

- The CJI has said that the Judiciary is least interested in retaining control of the council.
- The composition can be of the Union Minister for Law and Justice, the Secretary, Finance, etc.
- The States can also be represented.
- The benefit of having a senior judge or Chief Justice on it would be that they are in the know of things.

Why need NJIC?

- **No Central Agency:** Presently, there is no agency to ensure use of funds allocated to Augment Judicial Infrastructure

- **Infrastructure Gap:** There is a substantial gap in infrastructure and availability of basic amenities in the Lower Judiciary.
- **Lack of Basic Amenities:** There is a lack of court halls, residential accommodation, and waiting room for litigants in trial courts, especially in smaller towns and rural areas.
- **Budgetary lapses:** Experience shows that budgetary allocation for state judiciary often lapses since there is no independent body to supervise and execute works.
- NJIC is expected to fill this vacuum and overcome problems related to infrastructure.

Significance of NJIC:

- The modernization of judicial infrastructure did not mean building more courts or filling up vacancies or ploughing through vacancies.
- An efficient “judicial infrastructure” means Providing equal and Free access to justice.
- This could be realized through a barrier-free and citizen-friendly Environment.

3. Law Commission of India

Why in News?

- The Government has informed the Supreme Court that the appointment of Chairperson and Members of the 22nd Law Commission of India is under consideration.
- The setting up of the 22nd Law Commission was constituted by the Government on February 21, 2020. However, no progress has been made in the appointments till date.
- The Government invoked the ‘doctrine of separation of power’, which says that one arm of Governance should not encroach into that of another.

Issues over Appointment:

- The last chairman of the law commission was retired Supreme Court judge, Justice B.S. Chauhan, who completed his tenure on 31 August 2018.
- Subsequently, the Commission has not been reconstituted.
- In February 2020, the Government of India announced its intention to reconstitute the Commission with no visible progress.

Law Commission:

- Law Commission of India is a currently-defunct executive body established by an order of the Government of India.
- The Commission’s function is to research and advise the GoI on legal reform, and is composed of legal experts, and headed by a retired judge.

- The commission is established for a fixed tenure and works as an advisory body to the Ministry of Law and Justice.
- The last chairman of the Commission retired in August 2018, and since then, it has not been reconstituted.

Colonial Background:

- The First Law Commission was established during colonial rule in India, by the East India Company under the Charter Act of 1833.
- It was then presided by Lord Macaulay.
- After that, three more Commissions were established in pre-independent India.
- Post-Independence functioning:
- The first Law Commission of independent India was established in 1955 for a three-year term.
- Since then, twenty-one more Commissions have been established.

Major Reforms Undertaken:

- The First Law Commission under Macaulay suggested various enactments to the British Government, most of which were passed and enacted and are still in force in India.
- These include the Indian Penal Code (first submitted in 1837 but enacted in 1860 and still in force), Criminal Procedure Code (enacted in 1898, repealed and succeeded by the Criminal Procedure Code of 1973), etc.
- Thereafter three more Law Commissions were established which made a number of other recommendations the Indian Evidence Act (1872) and Indian Contract Act (1872), etc. being some of the significant ones.

Role in Legal Reforms:

- The Law Commission has been a key to law reform in India.
- Its role has been both advisory and critical of the government's policies
- In a number of decisions, the Supreme Court has referred to the work done by the commission and followed its recommendations.
- The Commission seeks to simplify procedures to curb delays and improve standards of Justice.
- It also strives to promote an accountable and citizen-friendly government that is transparent and ensures the people's right to information.

4. Sedition Law: Section 124A of the IPC

Why in News?

- Law Minister has informed the Parliament that there is no proposal to scrap sedition from the IPC despite severe remarks by the Supreme Court about the chilling effect of the “colonial law” which suppresses the freedoms of ordinary people.

What does Section 124A of the IPC say?

- The section deals with the offence of sedition, a term that covers speech or writing, or any form of visible representation, which brings the government into hatred or contempt, or excites disaffection towards the government, or attempts to do so.
- It is punishable with three years in prison or a life term.
- “Disaffection”, it says, includes disloyalty and feelings of enmity.
- However, it also says expressing disapproval of government measures or actions, with a view to getting them changed by lawful means, without promoting hatred or disaffection or contempt towards the government will not come under this section.

What is its Origin?

- **Colonial Past:** Sedition was introduced in the penal code in 1870, a decade after the Indian Penal Code came into force. It was a colonial law directed against strong criticism of the British administration.
- Putting curb on Freedom fighters: Its most famous victims included Bal Gangadhar Tilak and Mahatma Gandhi. Gandhiji called it “the prince among the political sections of the IPC designed to suppress the liberty of the citizen”.

Is it Constitutionally Valid?

- **Violative of FRs:** Two high courts had found it unconstitutional after Independence, as it violated the freedom of speech and expression.
- **Reasonable restrictions:** The Constitution was amended to include ‘public order’ as one of the ‘reasonable restrictions’ on which free speech could be abridged by law.
- **Kedar Nath Case:** Thereafter, the Supreme Court, in Kedar Nath Singh v. State of Bihar (1962) upheld its validity.

Why the Controversy Now?

- **Frequent use:** In recent times, the resort to this section is seen as disturbingly frequent.
- **Curbing dissent:** Activists, cartoonists and intellectuals have been arrested under this section, drawing criticism from liberals that it is being used to suppress dissent and silence critics.

- Misuse for propaganda: Authorities and the police who invoke this section defend the measure as a necessary step to prevent public disorder and anti-national activities.
- Irrelevance: Many of them have also been detained under the National Security Act and UAPA.

What is being Debated about it?

- Liberals and rights activists have been demanding the scrapping of Section 124A.
- It is argued that the provision is “overbroad”, i.e., it defines the offence in wide terms threatening the liberty of citizens.
- The Law Commission has also called for a reconsideration of the section.
- It has pointed that Britain abolished it more than a decade ago and raised the question of whether a provision introduced by the British to put down the freedom struggle should continue to be law in India.
- Some argue that a presumption of constitutionality does not apply to pre-constitutional laws as those laws have been made by foreign legislature or bodies.

What has the Apex Court Observed?

- Justice D.Y. Chandrachud had flagged the indiscriminate use of the sedition law against people who aired their grievances about the government’s COVID management.
- People have been charged even for seeking help to gain medical access, equipment, drugs and oxygen cylinders, especially during the second wave of the pandemic.
- Justice U.U. Lalit, in his recent judgment, quashed a sedition case against a person for his alleged remarks about the PM and the Union Government.

Way Forward:

- The time is long past when the mere Criticism of Governments was sufficient to Constitute Sedition.
- The right to utter honest and reasonable Criticism is a source of strength to a Community rather than a weakness, the CJI has recorded.

5. J&K Delimitation Commission

Why in News?

- The J&K Delimitation Commission has proposed to increase six seats for the Jammu division and one for the Kashmir division evoking sharp reactions from the Regional Parties.

What is Delimitation and why is it Needed?

- Delimitation is the act of redrawing boundaries of an Assembly or Lok Sabha seat to represent changes in population over time.
- This exercise is carried out by a Delimitation Commission, whose orders have the force of law and cannot be questioned before any court.
- The objective is to redraw boundaries (based on the data of the last Census) in a way so that the population of all seats, as far as practicable, be the same throughout the State.
- Aside from changing the limits of a constituency, the process may result in a change in the number of seats in a state.

Delimitation in J&K:

- Assembly seats in J&K were delimited in 1963, 1973 and 1995.
- Prior to August 5, 2019, carving out of J&K's Assembly seats was carried out under the J&K Constitution and Jammu and Kashmir Representation of the People Act, 1957.
- Until then, the delimitation of Lok Sabha seats in J&K was governed by the Constitution of India.
- However, the delimitation of the state's Assembly was governed by the J&K Constitution and J&K Representation of the People Act, 1957.
- There was no census in the state in 1991 and hence no Delimitation Commission was set up by the state until 2001 census.

Why is it in the News Again?

- After the abrogation of J&K's special status in 2019, the delimitation of Lok Sabha and Assembly seats in the newly-created UT would be as per the provisions of the Indian Constitution.
- On March 6, 2020, the government set up the Delimitation Commission, headed by retired Supreme Court judge Ranjana Prakash Desai, which was tasked with winding up delimitation in J&K in a year.
- As per the J&K Reorganization Bill, the number of Assembly seats in J&K would increase from 107 to 114, which is expected to benefit the Jammu region.
- Factors considered during Delimitation
- The number of districts had increased from 12 to 20 and tehsils from 52 to 207 since the last delimitation.
- The population density ranged from 29 persons a square km in Kishtwar to 3,436 persons a square km in Srinagar.

- The remoteness of the place, inaccessibility etc are also considered during the exercise.

What's New?

- For the first time, in Jammu and Kashmir, nine seats are proposed to be allocated for Scheduled Tribes out of 90 seats on the basis of population.
- Seven seats are proposed for Scheduled Castes.

Concerns raised over Delimitation:

- Jammu vs. Kashmir: Concerns had been expressed over how the delimitation process may end up favoring the Jammu region over Kashmir in terms of the seats.
- Under-representation of Ladakh: Arguments have been made on how Ladakh has been underrepresented, with demands for statehood/sixth schedule.
- Non-proportionate reservations: It is argued that seats for STs should've been divided in both Jammu province & Kashmir province, as the ST population is almost equal.

6. Why the Aadhaar-voter ID link must be stopped

Why in News?

- The Election Laws (Amendment) Bill, 2021 which facilitates amendment to the Representation of People's Act, is a step toward implementing online-based remote e-voting for which the use of Aadhaar will be the primary identity.

Objectives of Linking:

- The linking of Aadhaar with one's voter ID was primarily to build a biometric dependent voting system from the very beginning.
- The change could help fight fraud and duplicates in the electoral rolls.

Pilot Programmes on Linking the Voter Id:

- In 2014, the Election Commission of India (ECI) conducted two pilot programmes on linking the voter id with Aadhaar in the districts of Nizamabad and Hyderabad.
- Based on the effectiveness, the ECI called for a National Consultation on Aadhaar and voter id linking.
- The ECI launched the National Electoral Roll Purification and Authentication Programme (NERPAP) on April 1, 2015, which had to be completed by August 31, 2015.
- After a Supreme Court of India order on August 11, 2015, it was announced that this NERPAP would be shut down.
- But as Telangana and Andhra Pradesh were early adopters of this programme since 2014, both States have nearly completed linking Aadhaar and voter id for all residents.

- **Methodology is Unknown:** The methodology followed by the ECI to find duplicate voters using Aadhaar is unknown to the general public.
- **SRDH data used:** In a letter from the CEO Andhra Pradesh (then for Telangana and Andhra Pradesh) to the ECI, it is clear that the State Resident Data Hub (SRDH) application of the Government of Telangana and Andhra Pradesh was used to curate Electoral Rolls.
- The SRDH has data on residents of the State which is supplied by the Unique Identification Authority of India (UIDAI) or collected further by the State governments.
- While the UIDAI was constrained not to collect data on caste, religion and other sensitive information data for Aadhaar, it recommended to the States to collect this information, if required, as part of Aadhaar data collection; it termed the process as Know Your Resident (KYR) and Know Your Resident Plus (KYR+).
- It is these SRDH applications that the ECI used to curate electoral rolls which resulted in the deletion of a sizeable number of voters from the list in Telangana in 2018.

Concerns:

- **Disenfranchisement:** The role of the ECI to verify voters using door-to-door verification (in 2015) has been subsumed; a software algorithm commissioned by the Government for purposes unknown to the public and maintained by a private IT company is in control now.
- Subjecting key electoral rolls to surveillance software damages the concept of universal adult Suffrage. What the experience in Telangana and Andhra Pradesh highlights is voter suppression and Disenfranchisement.
- **Issue of ensuring electoral integrity:** In a situation where the role of money makes a mockery of the democratic process, linking Aadhaar will be futile.
- **Electronic Voting Machines (EVMs),** if foolproof, put an end to the days of booth capturing prevalent in the days of paper ballots. E-voting can also be gamed using malware to change the outcome of an election.
- While the Bill does not look into large-scale e-voting, there is an issue of ensuring electoral Integrity.
- **Voter Profiling:** An Aadhaar-voter ID linkage will also help political parties create voter profiles and influence the voting process.
- Online trends on the day of voting and micro-targeting voters using their data will make it easier for political parties in power to use data for elections.

2. GOVERNANCE

1. What is Dual Command System of Policing?

Why in News?

- The Dual Command System of Policing is being implemented in Bhopal and Indore.

What is the 'Dual Command' System?

- Under the dual command system, the District Magistrate and the Superintendent of Police (SP) share powers and responsibilities in a district.
- Under this structure, the DM is entrusted with issuing arrest warrants, licenses while the SP has powers and responsibilities to investigate crime and make arrests.
- The system is designed to ensure a lower concentration of power and making the police more accountable to the DM at the district level.

How does the Commissionerate System Empower the Police?

- Under the police commissionerate system, the powers of both policing and magistracy are concentrated with the commissioner, who is directly accountable to the state government and the state police chief.
- The Commissioner of police under the commissionerate system exercises the powers and duties of a District Magistrate. These powers are also available to any officer under the commissioner who is not below the rank of an Assistant Commissioner of Police.
- The police are also empowered to conduct externment proceedings and issue written orders to remove a person from their jurisdiction of the commissionerate for a maximum of two years.

Need for such System:

- Various committees constituted to suggest police reforms have recommended implementation of a police commissioner system.
- **Rapidly Urbanized Cities:** This is for cities which have witnessed rapid urbanization and have a population of more than 10 lakhs.
- **Better Accountability:** In the 6th report of the National Police Commission, it noted that as compared to police in districts, police in commissionerate in small areas had a better account of Themselves.
- **Complex Security Threats:** It further pointed out that in urban areas, the changing Dynamism and Growing complexities of security threats required a swift and prompt response.

- Quick responsiveness: Usually in large urban areas, law and order situations develop rapidly, requiring a speed and effective operational response from the police.
- Avoiding delayed action: In districts where the SPs and DMs do not have an understanding, orders to swiftly act are rarely issued in time which aggravates the situation.

Issues with the System:

- Power-sharing: There needs to be some clarity on what powers will be taken away from the revenue officers, collectors, SDMs and how it will impact the society before implementing it.

2. Repealing AFSPA will strengthen Constitution

Why in News?

- The killing of 14 civilians in Nagaland in a security operation has sparked debate over the Armed Forces Special Powers Act (AFSPA).

Case for repeal of AFSPA:

- The repeal of AFSPA is necessary not just for restoring constitutional sanity, but also as a way of acknowledging dark history of our conduct in Nagaland.
- If the moral case for repealing AFSPA is strong, the political case points in the same direction as well.
- **Need for Ensuring Individual Dignity:** The political incorporation of Nagaland (and all other areas where this law applies) will be set back if the guarantees of individual dignity of the Indian Constitution are not extended.
- **Not state of Exception:** We often describe AFSPA in terms of a “state of exception”.
- But this theoretical term is misleading. How can a law that has been in virtually continuous existence since 1958 be described as an “exception”.

Why AFSPA is counterproductive to Army:

- Distortion of Choice: First, giving wide immunity to the forces can distort the choice of strategy in counter insurgency operations.
- **Reduce Professionalism:** Second, wider immunity can often reduce rather than increase the professionalism of the forces.
- **Against Federalism:** Third, we are constantly in the vicious circle that leads to central dominance in a way that undermines both Indian federalism and operational efficiency.

Powers and limits under AFSPA:

- The Act grants extraordinarily sweeping powers to the armed forces of search, seizure, arrest, the right to shoot to kill.
- No blanket immunity: It is true that AFSPA does not grant blanket immunity.
- The SC guidelines: The Supreme Court laid down guidelines for the use of AFSPA in 1997; and in principle, unprofessional conduct, crimes and atrocities can still be prosecuted.
- But this will run into two difficulties.
- Lack of accountability mechanism: As the Jeevan Reddy Committee that advocated the repeal of AFSPA pointed out, the accountability mechanisms internal to AFSPA have not worked.
- In 2017, the Supreme Court ordered a probe into 1,528 extra-judicial killings in Manipur.
- At the least, this order seemed to suggest the problems with AFSPA were systemic.
- But there have apparently been no hearings in this case for three years.
- Lack of human empathy: At the heart of AFSPA is a profound mutilation of human Empathy.
- Our discourse is a rather abstract one, balancing concepts of human rights and national Security.

3. Issues with Health Surveys in India

Why in News?

- This article discusses the feasibility of conducting a single comprehensive survey for collecting health-related data in India.

Context:

- In a country perennially thirsty for reliable health data, the National Family Health Survey (NFHS) is like an oasis.
- It has a large volume of data that is openly accessible.
- The report of the fifth round of the NFHS was recently released. Since then, we had Many Articles covering different aspects (malnutrition, fertility, and domestic violence to name a few).

What is NFHS?

- The NFHS is a large-scale, multi-round survey conducted in a representative sample of households throughout India.

- Three rounds of the survey have been conducted since the first survey in 1992-93.
- Currently, the survey provides district-level information on fertility, child mortality, contraceptive practices, reproductive and child health (RCH), nutrition, and utilization and quality of selected health services.
- The Ministry of Health has designated the International Institute for Population Sciences (IIPS) Mumbai, as the nodal agency, responsible for providing coordination and technical guidance for the survey.

Issues with Health Surveys in India

- Multiple surveys: The NFHS is not the only survey. In the last five years, there has been the National NCD Monitoring Survey (NNMS), the National Mental Health Survey (NMHS) etc.
- Huge cost: Each survey funding for different rounds of NFHS costs upto ₹250 crore.
- Huge chunk of data: The size of the survey has obvious implications for data quality.
- Different estimates: Multiple surveys also raise the problem of differing estimates, as is likely, due to sampling differences in the surveys.
- Limited respondents: The respondents are largely women in the reproductive age group (15-49 years) with husbands included.
- Global obligations: Some of these surveys are done to meet the global commitments on targets (NCDs, tobacco, etc.).
- Undefined purpose The health surveys have confusing research with programme monitoring and surveillance needs. Ex. Questions on domestic violence in NFHS.

Need of the Hour:

- Alignment of purpose: There have been previous attempts to align these surveys but they have failed as different advocates have different “demands” and push for inclusion of their set of questions.
- Regularity of surveys: NFHS is the only major survey that India has a record of doing regularly. One does not know if and when the other surveys will be repeated.

One-stop Solution:

- National health data architecture: With diverse aspects of health, there is a need to plan the public health data infrastructure for the country.
- Budgetary outlay: We also need to ensure that these data are collected in an orderly and regular manner with appropriate Budgetary Allocation.

- Purpose definition: This requires clarity of purpose and a hard-nosed approach to the issue that randomized activities.
- National-level indicators: We have to identify a set of national-level indicators and surveys that will be done using national government funds at regular intervals.

How should Surveys be done?

- There should be three national surveys done every three to five years in a staggered manner:
- ✓ NFHS focuses on Reproductive and Child Health (RCH) issues
- ✓ Behavioral Surveillance Survey (focusing on HIV, NCD, water sanitation and hygiene (WASH)-related and other behaviors) and
- ✓ Nutrition-Biological Survey (entails collection of data on blood pressure, anthropometry, blood sugar, serology, etc.)
- ✓ We need to look at alternate models and choose what suits us best.

Way Forward:

- Important public health questions can be answered by specific studies conducted by academic institutions on a research mode based on availability of funding.
- States have to become active partners including providing financial contributions to these surveys.
- It is also very important to ensure that the data arising from these surveys are in the Public Domain.

4. Centre declares Soya Meal as an Essential Commodity

Why in News?

- In a bid to cool down the domestic prices of Soya Meal, Government has notified order under the Essential Commodities Act to declare 'Soya Meal' as Essential Commodities under the Essential Commodities Act, 1955.

Essential Commodities Act:

- The ECA, 1955 was established to ensure the delivery of certain commodities or products, the supply of which, if obstructed due to hoarding or black marketing, would affect the Normal Life of the people.
- The list of items under the Act includes drugs, fertilizers, pulses, and edible oils, as well as petroleum and Petroleum Products.

- The Centre can include new commodities as and when the need arises, and takes them off the list once the situation improves.
- Additionally, the government can also fix the maximum retail price (MRP) of any packaged product that it declares an “essential commodity”.

How ECA works?

- **Centre notifying stock limit holding:**
 - ✓ If the Centre finds that a certain commodity is in short supply and its price is spiking, it can notify stock-holding limits on it for a specified period.
 - ✓ The States act on this notification to specify limits and take steps to ensure that these are adhered to.
 - ✓ Anybody trading or dealing in the commodity, be it wholesalers, retailers or even importers are prevented from stockpiling it beyond a certain quantity.
- **States can opt-out:**
 - ✓ A State can, however, choose not to impose any restrictions.
 - ✓ But once it does, traders have to immediately sell into the market any stocks held beyond the Mandated Quantity.
- **What Happens for Non-Compliance?**
 - ✓ As not all shopkeepers and traders comply, State agencies conduct raids to get everyone to toe the line and the errant are punished.
 - ✓ The excess stocks are auctioned or sold through fair price shops.
 - ✓ This improves supplies and brings down prices.

What about Food Items?

(1) Items covered:

- ✓ Rice, wheat, atta, gram dal, arhar dal, moong dal, urad dal, masoor, dal, tea, sugar, salt, Vanaspati, groundnut oil, mustard oil, milk, soya oil, palm oil, sunflower oil, gur, potato, onion and tomato.

(2) Price Stabilization Fund (psf):

- ✓ The government utilizes the buffer of agri-horticultural commodities like pulses, onion, etc. built under Price Stabilization Fund (PSF) to help moderate the volatility in prices.

Recent amendments to the ECA:

- ✓ In 2020, the EC Act was amended for the stock limit to be imposed only under exceptional circumstances such as famine or other calamities.

- ✓ **Exceptional Circumstances:** It allowed the centre to delist certain commodities as essential, allowing the government to regulate their supply and prices only in cases of War, Famine, extraordinary price rises, or natural calamities.
- ✓ **Commodities de-regulated:** The commodities that have been deregulated are food items, including cereals, pulses, potatoes, onion, edible oilseeds, and oils.

Exceptions Provided:

- The Government Regulation of stocks will be based on rising prices, and can only be imposed if there is
- A 100% Increase in retail price in the case of horticultural produce and
- A 50% increase in retail price in the case of non-perishable agricultural food items
- These restrictions will not apply to stocks of food held for public distribution in India.



3. SCIENCE & TECHNOLOGY

1. A launch window for India as a space start-up hub

Why in News?

- After the launch of Sputnik in 1957, space race is on again, but this time, private players are on the power field. This has huge implications for original equipment manufacturers (OEMs) in the space sector in India and is a promising venture for global investors.

Insignificant share of India in Space Economy:

- 2% India's share: The space economy is a \$440 billion global sector, with India having less than 2% share in the sector.
- While total early-stage investments in space technologies in FY21 were \$68 billion, India was on the fourth place with investments in about 110 firms, totalling not more than \$2 billion.

Reasons for India's Insignificant Private Participation:

- **Absence of a framework:** The reason for the lack of independent private participation in space includes the absence of a framework to provide transparency and clarity in laws.
- **Brain drain:** Another aspect to throw light on is the extensive brain drain in India, which has increased by 85% since 2005.
- **Policy bottlenecks:** Brain drain can be linked to the bottlenecks in policies which create hindrances for private space ventures and founders to attract investors, making it virtually non-feasible to operate in India.

Suggestions:

- The laws need to be broken down into multiple sections, each to address specific parts of the value chain and in accordance with the Outer Space Treaty.
- **Dividing into upstream and downstream:** Dividing activities further into upstream and downstream space blocks will allow legislators to provide a solid foundation to products/services developed by the non-governmental and private sectors within the value chain.
- **Timeline on licensing:** With the technicalities involved in the space business, timelines on licensing, issuance of authorisation and continuous supervision mechanism need to be defined into phases.
- **Insurance and indemnification clarity:** Another crucial aspect of space law is insurance and indemnification clarity, particularly about who or which entity undertakes the liability in case of a mishap.

- In several western countries with an evolved private space industry, there is a cap on liability and the financial damages that need to be paid.
- Need to generate own IP: Currently, many of the private entities are involved in equipment and frame manufacturing, with either outsourced specifications or leased licences.
- However, to create value, Indian space private companies need to generate their intellectual property for an independent product or service with ISRO neither being their sole or largest customer nor providing them IP and ensuring buy-backs.

Possibilities for India and the Government's Effort:

- India currently stands on the cusp of building a space ecosystem and with ISRO being the Guiding body, India can now evolve as a space start-up hub for the world.
- Already 350 plus start-ups such as AgniKul Cosmos, Skyroot Technologies, Dhruva Space and Pixxel have established firm grounds for home-grown technologies with a practical unit of economics.
- Last year the Government of India created a new organisation known as IN-SPACe (Indian National Space Promotion and Authorisation Centre) which is a “single window nodal agency” established to boost the commercialisation of Indian space activities.
- A supplement to the Indian Space Research Organisation (ISRO), the agency promotes the entry of the Non-Government Private Entities (NGPEs) in the Indian space sector.



4. ECONOMY

1. The brush with crypto offers some lessons for regulation

Why in News?

- The fact that crypto exchanges successfully managed to signal legitimacy for their services and offer these tokens to a mostly-uninformed public for over a year provides lessons on how the government and sectoral regulators may need to act before the game gets out of hand.

Regulating the Technology Innovation:

- Technology innovation typically remains a step ahead of regulatory frameworks, which are designed with current practices in mind.
- Problems occur when these innovations push the envelope beyond accepted codes of social and Ethical Behaviour.
- Digital lending apps: The joint parliamentary committee (JPC) on a proposed data privacy law that recently released its controversial report has pointed to dubious “digital” lending Apps proliferating on the Android platform.
- Blockchain technology, of which cryptos are a part, is an innovation that can facilitate transactions across assorted functions.

Issues with Unregulated Crypto Currencies in India

- Some estimates show that over 15 million Indians have invested in cryptos, many of whom live in Tier-II or Tier-III towns.
- But crypto exchanges in India have pushed the boundaries of this invention.
- Important disclaimer not communicated properly: They have been advertising aggressively across media platforms often announcing important disclaimers at warp speed.
- These provisos were supposed to communicate that cryptos are neither currencies nor strictly “assets”, and that these trading platforms are not truly “exchanges”, that crypto values are not determined by the usual dynamics governing other income-yielding assets, and that investing in cryptos was an exceedingly risky proposition.
- In the meantime, with advertising overload stimulating viewer interest, many scam crypto issuers and exchanges have sprung up in attempts to separate the gullible from their savings.

Regulation challenges and how government is tackling it:

- The Government has now stepped in, seized with the political perils of speculative Investments turning sour.
- Unfortunately, sectoral regulators, such as the Reserve Bank of India (RBI) and Securities Exchange Board of India (Sebi), were unable to step in and act earlier because they are Governed by specific Acts which do not mention cryptos as a category that needs Regulation.
- Need for enabling clauses: This episode provides a valuable lesson on how these Acts should perhaps include some enabling clauses that allow financial sector regulators to intervene whenever any intermediary tries to sell a financial service or any new innovative Financial service poses the risk of disrupting financial stability.
- Two important documents have recently been released which discuss entry norms into Formal banking, both further strengthening RBI's hands.
- Think-tank Niti Aayog's paper on licensing digital banks recommends an evolutionary path for digital banks that's RBI-regulated at all stages: first a restricted licence, then a regulatory sandbox offering some relaxations, and finally a "full-stack" digital banking licence.
- Simultaneously, RBI has accepted some of the suggestions of its internal working group and modified a few to make entry norms stricter, but has maintained silence on the entry of Private Sector corporate houses into banking.
- The JPC's concerns over unregulated digital lending have also focused attention on an RBI-appointed committee's report on digital lending, given that multiple fintech-based online lenders have mushroomed during the pandemic.

Conclusion:

- This highlights the need for principle-based regulations, rather than rule-based regulations, to allow for flexibility and adaptability in a fast-changing technology Environment.

2. Fertilizer Subsidy to cost 62% more on input costs

Why in News?

- An unprecedented spike in natural gas prices and other raw materials is set to inflate the fertilizer subsidy bill by a whopping 62% or ₹50,000 crores to ₹1,30,000 crore this fiscal.

Fertilizer Subsidy in India:

- Fertilizer subsidy is purchasing by the farmer at a price below MRP (Maximum Retail Price), that is, below the usual demand-and-supply-rate, or regular production and import cost.
- Subsidy as a concept originated during the Green Revolution of the 1970s-80s.

How does it work?

- Fertilizer subsidy ultimately goes to the fertilizer company, even though it is the farmer that benefits.
- Before 2018, companies were reimbursed after the material was dispatched and received by the district railhead or designated godown.
- 2018 saw the beginning of DBT (Direct Benefit Transfer), which would transfer money directly to the retailer's account.
- However, the companies will be paid only after the actual sale to the farmer.
- With the DBT system, each retailer — there is over 2.3 lakh of them across India — now has a point-of-sale (PoS) machine linked to the Department of Fertilizers' e-Urvarak DBT portal.

What about non-urea Fertilizers?

- Decontrolled system: The non-urea fertilizer is decontrolled or fixed by the companies.
- The non- urea fertilizers are further divided into two parts, DAP (Diammonium Phosphate) and MOP (Muriate of Phosphate).

Issues with such Subsidies:

- Flawed subsidy policy: This is harmful not just to the farmer, but to the environment as well.
- No permanent remedy: Indian soil has low Nitrogen use efficiency, which is the main constituent of Urea.
- Excessive use: Consequently, excess usage contaminates groundwater.
- Emission: The bulk of urea applied to the soil is lost as NH_3 (Ammonia) and Nitrogen Oxides causing emissions.
- Health hazards: For human beings, “blue baby syndrome” is a common side ailment caused by Nitrate contaminated water.

3. Ken-Betwa Interlinking Project

Why in News?

- The Union Cabinet has approved the funding and implementation of the Ken-Betwa river interlinking project at the 2020-21 price level.

Ken-Betwa Interlinking Project:

- The Ken-Betwa Link Project is the first project under the National Perspective Plan for the interlinking of rivers.
- Under this project, water from the Ken River will be transferred to the Betwa River. Both these rivers are tributaries of the river Yamuna.
- The project is being managed by India's National Water Development Agency (NWDA), under the Ministry of Jal Shakti.

Implementation of the Project:

- **Phase-I:** Daudhan dam complex and its appurtenances like Low Level Tunnel, High Level Tunnel, Ken-Betwa link canal and Power houses
- **Phase-II:** Lower Orr dam, Bina complex project and Kotha Barrage

Utility of the Project:

- **Irrigation:** The project is slated to irrigate 10.62 lakh hectares annually, provide drinking water supply to 62 lakh people and generate 103 MW of hydropower and 27 MW of solar power.
- **Water Supply:** The project will be of immense benefit to the water-starved Bundelkhand region, spread across Madhya Pradesh and Uttar Pradesh.
- **Agricultural boost:** The project is expected to boost socio-economic prosperity in the backward Bundelkhand region on account of increased agricultural activities and Employment Generation.
- **Addressing Rural Distress:** It would also help in arresting distress migration from this region.

Many Hurdles:

- **Submergence of critical wildlife habitat:** The project will partly submerge the Panna Tiger Reserve in Madhya Pradesh and affect the habitat of vultures and jackals.
- **Clearance:** After years of protests, it was finally cleared by the apex wildlife regulator, the National Board for Wildlife, in 2016.

- Water sharing disputes: Then UP and MP could not agree on how water would be shared, particularly in the non-monsoonal months.

4. RBI must tackle surplus liquidity on way to policy normalisation

Why in News?

- Monetary Policy Committee (MPC) voted to maintain status quo on policy rates, with one member continuing to dissent on the “accommodative” stance of policy.

Overview of RBI policy measures during Covid-related lockdown:

- Cut in policy rates and injection of liquidity: The RBI had moved proactively to cut the repo and reverse repo rate and inject unprecedented amounts of funds into banks and other intermediaries.
- The short-term interest rate at reverse repo level: a combination of the lower reverse repo rate and the large liquidity injection had resulted in a drop in various short-term rates down to (and occasionally below) the reverse repo rate, making it the effective operating rate of monetary policy.
- Gap between repo and reverse repo increased to 65 bps: In addition, both the repo and reverse repo rates had been cut to 4.0 and 3.35 per cent, respectively, with the gap – the “corridor” – between the rates widening from the usual 25 basis points to 65 bps.

Central bank's role in Modern Monetary Policy:

- Determining basic overnight interest rate: A central bank's main role in modern monetary policy operating procedures is to determine the basic overnight interest rate, deemed to be consistent with prevailing macroeconomic conditions and their economic policy objectives, in Balancing the Ecosystem for sustained growth together with moderate inflation.
- This is achieved through buying and selling very short-term (predominantly overnight) funds (mainly) from banks to keep a specified operating rate (the weighted average call rate in our case) very close to the policy rate.

Liquidity management: Key pillar of Monetary Policy Normalisation:

- Liquidity management: Liquidity management in the extended banking and financial system (which includes non-banking intermediaries like NBFCs, mutual funds and others) will now be the key pillar of normalisation.
 - ✓ This process is the domain of RBI and not MPC.
 - ✓ These operations will be conducted within RBI's liquidity management framework.
 - ✓ There are two sources of liquidity additions:

1. Exogenous: which are largely due to inflows of foreign currency funds and outflows of currency in circulation (cash) from the banking sector.
2. Voluntary or endogenous: which is the result of the creation of base money by RBI through buying and selling of bonds, thereby injecting or extracting rupee funds.

How RBI is Managing Liquidity Surplus?

- Stopped GSAP and OMOs: Post the October review, RBI had stopped buying bonds under the Govt Securities Asset Purchase (GSAP) and done negligible Open Market Operations (OMOs), thereby stopping addition of voluntary liquidity injection into the system, our own version of “tapering”.
- Union Government balances with RBI, arising from cash flow mismatches between receipts and expenditures, has hybrid characteristics and also impacts liquidity.
- Use of reverse repo window: RBI has used the reverse repo window to absorb almost all this liquidity surplus from banks.
- Allowed repaying TLRTOs: It has again allowed banks the option to prepay the outstanding borrowings from the Targeted Long Term Repo Operations (TLTROs), thereby potentially extracting another Rs 70,000 crores.
- How RBI is managing interest rate in the Policy Normalisation Process
- Increased rates and closed the gap between repo and reverse repo: RBI – post the October review – has gradually guided short-term rates up with a sure hand from near the reverse repo rate to close to the repo rate.
- It has shifted its liquidity absorption operations from the predominant use of fixed rate reverse repos (FRRR) into (largely) 14-day variable rate reverse repo (VRRR) auctions to guide a rise in interest rates.
- Since early October, these rates had steadily moved up in a smooth and orderly fashion up to 3.75-3.9 per cent.
- The VRRR rates moving up have also resulted in various short-term funding interest rates like 90-day Treasury Bills, Commercial Papers (CP) and banks’ Certificates of Deposits (CD) moving up from the reverse repo rate or below in September to 3.5 per cent and higher since December.
- The OMO and GSAP operations have also helped in managing medium- and longer-term interest rates in the yield curve.

5. What true MSP means

Why in News?

- Amid the demand for a guarantee of MSP, many commentators fail to understand the true spirit of the demand for a legal MSP.

How Demand for Legal Backing for MSP is Misinterpreted?

- **Mandatory Enforcement of price above MSP:** The demand has been interpreted as a mandatory enforcement of trade in agricultural produce, including private trade to be necessarily at or above the MSP for that crop.
- **Nationalisation of Agricultural trade:** Another interpretation is the nationalisation of Agricultural trade whereby the government promises to buy all the crop produced at MSP.
- Commentators have been using these two interpretations to project large estimates of Government Expenditure needed to implement.
- They fail to understand the true spirit of the demand for a legal MSP.

Current nature of MSP:

- It is not an income support program: By definition MSP is not an income support programme.
- **Intervention to stabilise prices:** It is designed to be used as government intervention to stabilise prices, to provide remunerative prices to farmers.
- Public procurement program to meet requirements of NFSA: Currently, it is no more than a public procurement programme to meet the requirements of the National Food Security Act (NFSA).
- Only rice and wheat procured: As against the official announcement of MSP for 23 crops, only two, rice and wheat are procured as these are distributed in NFSA.
- Larger context of demand for legal backing to MSP
- **Droughts and declining Commodity Prices:** In addition to the twin droughts of 2014 and 2015, farmers have also suffered from declining commodity prices since 2014.
- **Impact of Demonetisation and GST:** The twin shocks of demonetisation and hurried rollout of GST, crippled the rural economy, primarily the non-farm sector, but also agriculture.
- **Impact of Pandemic:** The slowdown in the economy after 2016-17 followed by the pandemic has ensured that the situation remains precarious for majority of the farmers.

- Increased input prices: Higher input prices for diesel, electricity and fertilisers have only contributed to the misery.
- In this context, the demand for ensuring remunerative prices is only a reiteration of the promise by successive governments to implement the Swaminathan Committee report.

What should be the true Nature of MSP?

- Intervene to stabilise price: A true MSP requires the government to intervene whenever market prices fall below a pre-defined level, primarily in case of excess production and oversupply or a price collapse due to international factors.
- It does not require the government to buy all the produce but only to the extent that creates upward price pressures in the market to stabilise prices at the MSP level.

Way Forward:

- Mechanism for market intervention: What is needed is a mechanism to monitor the prices.
- While such a mechanism already exists, a policy for requisite market Intervention is Missing.
- Use MSP as incentive to achieve nutritional security and reduce import dependence: MSP can also be an incentive price for many of the crops which are Desirable for Nutritional security such as coarse cereals, and also for pulses and edible oils for which we are dependent on imports.
- Include pulses, edible oil and millets in PDS: Despite repeated demands from food activists, there has not been any progress in including pulses, edible oils and millets in PDS.
- A guaranteed MSP then is nothing more than restoring the true spirit and functions of MSP, applicable to a broad range of crops and all sections of farmers.

Issues:

- The current MSP regime has no relation to prices in the domestic market.
- Its sole raison d'être is to fulfil the requirements of NFSA making it effectively a procurement price rather than an MSP.
- It is basically a lack of understanding of what agriculture needs and above all a lack of Political Commitment to ensure remunerative prices to farmers.

6. Q-Commerce Model

Why in News?

- Online grocer Grofers has rebranded itself “Blinkit”, in line with its new focus on “quick commerce”, which essentially involves delivering customer orders much faster than it does currently.

Q-Commerce Model:

- Q-commerce (‘quick commerce’) – sometimes used interchangeably with ‘on-demand delivery’ and ‘e-grocery’ – is e-commerce in a new, faster form.
- It combines the merits of traditional e-commerce with innovations in last-mile delivery.
- The premise is largely the same, with speed of delivery being the main differentiator. Delivery is not in days but minutes – 30 or less, to be competitive.
- This has in turn expanded the breadth of what individuals can order, with perishable goods – like groceries – being a large niche q-commerce companies speak to.
- It tends to focus on the micro – smaller quantities of fewer goods.

Features of this Model

- Countering pandemic: The supply chain disruptions triggered by the Covid-19 pandemic led to the emergence of a new sub-vertical in the online grocery segment.
- Quickest delivery: It is the unique selling proposition (USP) of which was the promise of delivery within 10-30 minutes of ordering.
- Micro-warehousing: The focus of most of these ventures is on setting up micro-warehouses located closer to the point of delivery, and of restricting stocks of high-demand items.

Marketplace and Inventory-Based Model

1. Marketplace Model:

- ✓ It provides an IT platform by an e-commerce entity on a digital & electronic network to act as a facilitator between the buyer and seller. Ex. India Mart, Amazon, Flipkart.
- ✓ The e-commerce firm does not directly or indirectly influence the sale price of goods or services and is required to offer a level playing field to all vendors.

2. Inventory-Based Model:

- ✓ Inventory based model of e-commerce means an e-commerce activity where the Inventory of goods and services is owned by an e-commerce entity and is sold to the Consumers directly.
- ✓ Ex. Alibaba

7. National Monetisation Pipeline (NMP)

Why in News?

- As the government seeks to monetise core assets through National Monetisation Pipeline (NMP), it needs to investigate the key reasons and processes which led to once profit-making public sector assets becoming inefficient and sick businesses.

Background of the MNP:

- The National Monetisation Pipeline (NMP) envisages an aggregate monetisation potential of ₹6-lakh crore through the leasing of core assets of the Central government.
- These assets are in sectors such as roads, railways, power, oil and gas pipelines, telecom, civil aviation, shipping ports and waterways, mining, food and public distribution, coal, housing and urban affairs etc. over a four-year period (FY2022 to FY2025).
- Strategic objective of NMP:** According to NITI Aayog, the strategic objective of the asset monetisation programme is to unlock the value of investments in public sector assets by tapping private sector capital and efficiencies.
- Unlocking idle capital:** The NMP policy advocates unlocking idle capital from non-strategic/underperforming government owned assets
- Contribution of Core Sectors:** Eight core industrial sectors that support infrastructures such as coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity have a total weight of nearly 40% in the Index of Industrial Production (IIP).
- Reasons for the decline of PSU and why the government should introspect the decline:
- Cost overruns, inter alia, is one of the major reasons.
- Exceeding project completion time: In some cases, project completion time is exceeded, leading to elevated project cost so much so that either the project itself becomes unviable at the time of its launching or delays its break-even point.
- Lack of optimum input-output ratio: Optimum input-output ratio is seldom observed in a majority of Government infrastructural projects leading to their overcapitalisation.
- A reluctance to implement labour reforms, a lack of inter-ministerial/departmental coordination, poor decision-making, ineffective governance and excessive government control are other reasons for the failure of public infrastructural assets.
- Need for introspection:** It is quite likely that the nation may find itself in a vicious cycle of creating new assets and then monetising the same when they become liabilities for the Government at a later stage.

Importance of Public Sector Enterprises:

- Going by the annual report (2020-2021) of the Department of Public Enterprises there are 256 operationally-run central public sector undertakings (CPSUs), employing about one million people.
- They posted a net profit of ₹93,294 crore (FY 2019-20).
- **Ratna Status:** Out of these, 96 have been conferred the Ratna status (72, 14, and 10 are Miniratnas, Navaratnas, and Maharatna companies, respectively).
- As India needs to invest about \$1.5 trillion on infrastructure development in order to aspire to become \$5 trillion economy by the year 2024-25, according to the Economic Survey 2019-20, public enterprises should be in focus.

Steps to Strengthen Public Sector Businesses:

- **Gati Shakti National Master Plan:** Recently, the “Pradhan Mantri Gati Shakti National Master Plan” for multi-modal connectivity was launched.
- It is essentially a digital platform for information sharing among different Ministries and departments at the Union and State levels.
- **Seamless Planning and Coordinated Execution:** The plan aims ‘to synchronise the operations of different departments of 16 Ministries including railways and roadways.
- **Revamping Corporate Governance structure of PSUs:** As enunciated in the Economic Survey 2020-21, an important step for the Government to take to strengthen public sector businesses would be to completely revamp their corporate governance structure in order to enhance operational autonomy augmented with strong governance practices including listing on stock exchange for greater transparency and accountability.
- **Initiative to boost Domestic Production of Steel:** The Economic Survey also highlights the Government’s initiatives as part of the Atmanirbhar Abhiyaan in order to boost domestic production in the steel sector.
- Under it, four different types of steel are included for incentives under the production linked incentive (PLI) scheme; selling steel to Micro, Small and Medium Enterprises (MSMEs), affiliated to Engineering Export Promotion Council of India at export parity price under the duty drawback scheme of the Directorate General of Foreign Trade (DGFT);
- It also include measures to provide preference to domestically produced iron and steel in Government Procurement, where aggregate estimate of iron and steel products exceeds ₹25 crore;

- Protection of domestic industry from unfair trade practices: Protecting industry from unfair trade through appropriate remedial measures including imposition of anti-dumping duty and countervailing duty on the products on which unfair trade practices were Adopted by the other Countries.

8. The Price of food must Figure in the Policy

Why in News?

- The essential challenge of public policy for agriculture- the high price of food remains unsolved.

Implications of High Food Prices:

- Increases poverty: A higher price of food increases poverty, especially as the rice and wheat supplied through the PDS constitute only a part of the total expenditure on food of the average Indian Household.
- Reduces the expenditure on other item: For the household, a high price of food crowds out Expenditure on other items ranging from health and education to non-agricultural goods.
- This prevents the market for non-agricultural goods from expanding.
- This was one of the first discoveries in economics, made by the English economist David Ricardo about two centuries ago.

Rising Food Prices in India:

- An indication of the elevation of the price of food in an economy is the share of food in a Household's Budget.
- In a global comparison we would find that this share is very large for India.
- Data from the U.S. Department of Agriculture (2016) show that this share ranges from over 30% for India to less than 10% for the U.S. and the U.K.
- This is in line with Ricardo's understanding of how economies progress i.e., as food gets cheaper, growth in the non-agricultural economy is stimulated.
- Agricultural policy in India has remained quite unaccountable in the face of a rising Relative Price of food.
- Impact on manufacturing sector: Arguably, the high price of food has been a factor in the disappointing lack of expansion of the manufacturing sector in India despite repeated efforts to bring it about.

Changes needed in Agricultural Policy:

- Both from the point of view of food security for low-income households and the dynamism of the non-agricultural sector, agricultural policy cannot ignore the price at which food is produced.
- **Focus on Improving the yield:** The fact of low agricultural yield in India by comparison with the rest of the world has been known for long, and little is done about it.
- **Management of soil Nutrients and Moisture:** A superior management of soil nutrients and moisture, assured water supply and knowledge inputs made available via an extension Service would be crucial.
- Raising yields will ensure profitability without raising producer prices, which will inflate the food subsidy bill.

How Government Intervention Created Problems:

- Given the importance of food for our survival, this justifies public intervention in agriculture.
- The issue is the design and scale of this intervention.
- In the mid-sixties, when India was facing food shortage that could not be solved through trade, a concerted effort was made to raise domestic agricultural production.
- **Profitability through MSP:** It introduced the strategy of ensuring farm profitability through favourable prices assured by the state.
- Further, it entrenched the belief that it is the farmer's right to have the state purchase as much grain as the farmer wishes to sell to the state agency.
- Created grain stockpile: This has resulted in grain stockpiles far greater than the officially announced buffer-stocking norm.
- These stocks have often rotted, resulting in deadweight loss, paid for by the public through taxes or public borrowing.
- **Supply more than demand:** Finally, with all costs of production reimbursable and all of output finding an assured outlet, supply has outstripped demand.
- Damage to natural environment: This has led to unimaginable pressure on the Natural Environment, Especially water Supply.

9. Extension for PM Krishi Sinchai Yojana

Why in News?

- The Cabinet has given its approval to extend its umbrella scheme Pradhan Mantri Krishi Sinchayee Yojana for irrigation, water supply, groundwater and watershed development projects for another five years till 2026.

PM Krishi Sinchai Yojana:

- The PMKSY was launched on 1st July, 2015 with the motto of “Har Khet Ko Paani”.
- It is being implemented to expand cultivated area with assured irrigation, reduce wastage of water and improve water use efficiency.
- The scheme has basically combined three active projects under various ministries which is as follows:
 - Accelerated Irrigation Benefit Program (Ministry of Water Resources)
 - Integrated Watershed Management Program (Ministry of Rural Development)
 - Farm Water Management Project of the National Mission on Sustainable Agriculture

Components of PMKSY:

- PMKSY seeks to provide a complete solution to farm level irrigation and assured irrigation for Every Farm.
- It aims to integrate Irrigation with the latest technological practices and cover more cultivable areas under Assured Irrigation
- Increase the implementation of water-saving technologies and precision irrigation which in other words can be said as More Crop Per Drop.
- PMKSY also targets the promotion of micro-irrigation in the form of sprinklers, rain-guns, drips, etc.

Advantages of Micro Irrigation:

- ✓ Higher Profits
- ✓ Water Saving & Water Use Efficiency (WUE)
- ✓ Less Energy Costs
- ✓ Higher fertilizer-use efficiency (FUE)
- ✓ Reduced Labour Costs
- ✓ Reduce Soil Loss
- ✓ Marginal Soil & Water
- ✓ Efficient & Flexible

- ✓ Improved Crop Quality
- ✓ Higher Yields

Implementation of PMKSY:

- Everything from planning and execution of plans is regionalized in PMKSY.
- District Irrigation Plans (DIPs) will identify the areas that require improved facilities in irrigation at block levels and district levels.
- State Irrigation Plan consolidates all the DIPs and it oversees the agricultural plans developed under the Rashtriya Krishi Vikas Yojana.

Funding pattern:

- Funds will be allocated by the centre only if the state has prepared the district irrigation plans and the state irrigation plans.
- The state government's share under PMKSY is 25% and rest is borne by the centre, with an exception for north-eastern states where contribution by the state government is 10%.

10. Growth of India's Defence Exports

Why in News?

- India's defense exports have increased manifold from ₹1,521 crore in 2016-17 to ₹8,434.84 crore in 2020-21

India's Defense Exports:

- India has the strength of low-cost, high-quality production.
- The Government has set an ambitious target to achieve exports of about ₹35,000 crore (\$5 billion) in aerospace and defense goods and services by 2025.
- The Defense Ministry has clarified that the names of the major defense items exported cannot be disclosed due to strategic reasons.
- To boost indigenous manufacturing, the govt had issued two "positive indigenization lists" consisting of 209 items that cannot be imported and can only be procured from domestic industry.

A significant Achievement:

- According to the latest report of the Swedish think tank Stockholm International Peace Research Institute (SIPRI), three Indian companies figure among the top 100 defence companies in the 2020 rankings.

- These include Hindustan Aeronautics Limited (HAL), Ordnance Factory Board and Bharat Electronics Ltd (BEL).

Yet India is a Top Importer:

- While India Remained among the top importers, it was also included in the Top 25 Defence Exporters.
- There was an overall drop in India's arms imports between 2011-15 and 2016-20, according to another SIPRI report of 2020.

Items that India Export:

- India has supplied different types of missile systems, LCA/helicopters, multi-purpose light Transport aircraft, warships and patrol vessels etc.
- It is also willing to export artillery gun systems, tanks, radars, military vehicles, electronic warfare systems and other weapons systems to IOR nations.

Major partners: South Asian Countries:

- Vietnam is Procuring 12 Fast Attack Craft under a \$100 million credit line announced by India.
- It is also Interested in Advanced Light Helicopters and Akash surface-to-air missiles.
- HAL has pitched its helicopters and the Tejas LCA to several Southeast Asian and West Asian nations and is in the race to supply the LCA to Malaysia.
- Discussions on the sale of BrahMos supersonic cruise missiles, jointly developed by India and Russia, are at an advanced stage with some Southeast Asian nations.

Steps taken by the Centre to Boost Defence Production:

- **Licensing Relaxation:** Measures announced to boost exports since 2014 include simplified defence industrial licensing, relaxation of export controls and grant of no-objection certificates.
- **Lines of Credit:** Specific incentives were introduced under the foreign trade policy and the Ministry of External Affairs has facilitated Lines of Credit for countries to import defence product.
- **Policy Boost:** The Defence Ministry has also issued a draft Defence Production & Export Promotion Policy 2020.
- **Indigenization Lists:** On the domestic front, to boost indigenous manufacturing, the Government had issued two "positive indigenization lists" consisting of 209 items that cannot be imported.

- Budgetary allocation: In addition, a percentage of the capital outlay of the defence budget has been reserved for procurement from domestic industry.

Issues Retarding Defence Exports:

- Excess reliance on Public Sector: India has four companies (Indian ordnance factories, Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL) and Bharat Dynamics Limited (BDL)) among the top 100 biggest arms producers of the world.
- Policy delays: In the past few years, the government has approved over 200 defence acquisition worth Rs 4 trillion, but most are still in relatively early stages of processing.
- Lack of Critical Technologies: Poor design capability in critical technologies, inadequate investment in R&D and the inability to manufacture major subsystems and components hamper the indigenous manufacturing.
- Long gestation: The creation of a manufacturing base is capital and technology-intensive and has a long gestation period. By that time newer technologies make products outdated.
- 'Unease' in doing business: An issue related to stringent labour laws, compliance burden and lack of skills, affects the development of indigenous manufacturing in defence.
- Multiple jurisdictions: Overlapping jurisdiction of the Ministry of Defence and Ministry of Industrial Promotion impair India's capability of defence manufacturing.
- Lack of quality: The higher indigenization in few cases is largely attributed to the low-end technology.
- FDI Policy: The earlier FDI limit of 49% was not enough to enthuse global manufacturing houses to set up bases in India.
- R&D Lacunae: A lip service to technology funding by making token allocations is an adequate commentary on our lack of seriousness in the area of Research and Development.
- Lack of skills: There is a lack of engineering and research capability in our institutions. It again leads us back to the need for a stronger industry-academia interface.

Way Forward:

- Reducing import dependence: India was the world's second-largest arms importer from 2014-18, ceding the long-held tag as the largest importer to Saudi Arabia, says 2019 SIPRI report.
- Security Imperative: Indigenization in defence is critical to national security also. It keeps intact the technological expertise and encourages spin-off technologies and innovation that often stem from it.

- Economic boost: Indigenization in defence can help create a large industry which also Includes Small Manufacturers.
- Employment generation: Defence manufacturing will lead to the generation of satellites industries that in turn will pave the way for a generation of employment opportunities.

11.The Challenge of Achieving 9.5% Growth Rate

Why in News?

- The National Statistical Office (NSO) released the second quarter gross value added (GVA) and gross domestic product (GDP) numbers on November 30, 2021, indicating the pace of Economic Recovery in India after the two COVID-19 waves.

Strong Growth Momentum required to Exceed pre-COVID-19 levels:

- The real GVA for the first half of 2021-22 at ₹63.4 lakh crore has remained below the level in the first half of 2019-20 at ₹65.8 lakh crore by (-)3.7%.
- This difference is even larger for GDP which at the end of first half of 2021-22 stood at ₹68.1 lakh crore, which is (-) 4.4% below the corresponding level of GDP at ₹71.3 lakh crore in 2019-20.
- As the base effect weakens in the third and fourth quarters of 2021-22, a strong growth Momentum would be needed to ensure that at the end of this fiscal year, in terms of Magnitude, GVA and GDP in real terms exceed their corresponding pre-COVID-19 levels of 2019-20.
- Domestic demand including private final consumption expenditure (PFCE) in the first half of 2021-22 remains below its corresponding level in 2019-20 by nearly ₹5.5 lakh crore.
- This indicates that investment as well as consumption demand have to pick up strongly in the remaining two quarters to ensure that the economy emerges on the positive side at the end of 2021-22 as compared to its pre-COVID-19 level.

Annual Growth Prospects:

- Required rate in second half of 2021-22: To realise the projected annual growth at 9.5% for 2021-22 given both by the Reserve Bank of India (RBI) and the International Monetary Fund (IMF), we require a growth of 6.2% in the second half of 2021-22.
- This will have to be achieved even as the base effect weakens in the third and fourth quarters since GDP growth rate in these quarters of 2020-21 was at 0.5% and 1.6%, respectively.
- Thus, achieving the projected growth rate of 9.5% is going to be a big challenge.

What should be the policy to Achieve Higher Growth Rate:

- **Fiscal Support:** The policy instrument for achieving a higher growth may have to be a strong fiscal support in the form of government capital expenditure.
- The Centre's gross tax revenues have shown an unprecedented growth rate of 64.2% and a buoyancy of 2.7 in the first half of 2021-22.
- The Centre's incentivisation of state capital expenditure through additional borrowing limits would also help in this regard. According to available information, 11 States in the first quarter and seven States in the second quarter qualified for the release of the additional tranche under this window.
- Even as Central and State capital expenditures gather momentum, high frequency Indicators reflect an ongoing pick-up in Private sector Economic Activities.

Robust growth in Centre's Gross Tax Revenue:

- The growth in the Centre's GTR in the first half of 2019-20 was at 1.5% and there was a Contraction of (-)3.4% for the year as a whole.
- In the face of such weak revenues, the Central government could not mount a meaningful Fiscal Stimulus in 2019-20 even as real GDP growth fell to 4.0%.
- In contrast, the government is in a significantly stronger position in 2021-22 since the Growth in GTR in the first half is 64.2% and the full-year growth is expected to be quite Robust.

12. Can India become a Technology Leader?

Why in News?

- Every time a technology giant chooses an India-born techie as its leader, there is a justifiable swelling of pride in the country, but also some disappointment.

Why is India still not a Major Player in technology?

- The popular narrative is that India's failures are linked to its inability to make use of market-driven growth opportunities.
- Indeed, as of 2019, there were 2.7 million Indian immigrants in the U.S.
- They are among the most educated and professionally accomplished communities in that country.

Role of the state:

- An invisible hand of the government has been there to prop up each of the so-called Triumphs of enterprise and the free market.

- Introduction of new generation technologies: Research by Mariana Mazzucato shows that the state has been crucial to the introduction of the new generation of technologies, including the computers, the Internet, and the nanotech industry.
- Public funding: Public sector funding developed the algorithm that eventually led to Google's success and helped discover the molecular antibodies that provided the foundation for Biotechnology.
- The role of the government has been even more prominent in shaping the economic Growth of China, which is racing with the U.S. for supremacy in technology.
- Even while being hailed as the 'factory of the world', China had been stuck at the low value-adding Segments of the global production networks, earning only a fraction of the price of the Goods it Manufactured.
- However, as part of a 2011 government plan, it has made successful forays into 'new strategic industries' such as alternative fuel cars and renewable energy.
- China's achievements came not because it turned 'capitalist', but instead by combining the strengths of the public sector, markets and globalisation.
- China's state-owned enterprises (SOEs) were seen as inefficient and bureaucratic.
- However, rather than privatising them or letting them weaken with neglect, the Chinese state restructured the SOEs.
- On the other, SOEs strengthened their presence in strategically important sectors such as petrochemicals and telecommunication as well as in technologically dynamic industries such as electronics and machinery.

What went wrong in India's Case?

- When India inaugurated planning and industrialisation in the early 1950s.
- Public sector funding of the latest technologies of the time including space and atomic research and the establishment of institutions such as the Indian Institutes of Technology (IITs) were among the hallmarks of that effort. Many of these institutions have over the years attained world-class standards. The growth of information technology and pharmaceutical industries has been the fastest in Bengaluru and Hyderabad.
- **Poor Education:** However, the roadblocks to progress have been many, including India's poor achievements in school education.
- Missed opportunity to strengthen Technological Capabilities: In 1991, when India embraced Markets and Globalisation, it should have redoubled efforts to strengthen its Technological Capabilities.

- Low spending on research and development: Instead, the spending on research and development as a proportion of GDP declined in India from 0.85% in 1990-91 to 0.65% in 2018. In contrast, this proportion increased over the years in China and South Korea to reach 2.1% and 4.5%, respectively, by 2018.

Positives for India:

- Higher enrolment for tertiary education: The number of persons enrolled for tertiary education in India (35.2 million in 2019) is way ahead of the corresponding numbers in all other countries except China.
- More graduates from STEM: Further, graduates from STEM (Science, Technology, Engineering and Mathematics) programmes as a proportion of all graduates was 32.2% for India in 2019, one of the highest among all countries (UNESCO data).

Way Forward:

- Increase spending on education: India needs to sharply increase its public spending to improve the quality of and access to higher education.
- An overwhelming proportion of tertiary students in India are enrolled in private institutions: it was 60% for those enrolled for a bachelor's degree in 2017, while the average for G20 countries was 33%, according to OECD.
- Improve technological capabilities: The 'Make in India' initiative will have to go beyond increasing the 'ease of business' for private industry.
- Indian industry needs to deepen and broaden its technological capabilities.
- India — which will soon have twice the number of Internet users as in the U.S. — is a large market for all kinds of new technologies.
- While this presents a huge opportunity, the domestic industry has not yet managed to derive the benefits. This will happen only if universities and public institutions in the country are strengthened and emboldened to enter areas of technology development for which the private sector may have neither the resources nor the patience.

Strengthen the public sector: PSUs should be valued for their potential long-term contributions to economic growth, the technologies they can create, and the strategic and knowledge assets they can build.

- A strengthened public sector will create more opportunities for private businesses and widen the entrepreneurial base. Small and medium entrepreneurs will flourish when there are mechanisms for the diffusion of publicly created technologies, along with greater availability of bank credit and other forms of assistance.

13. Problems within the UDAN scheme

Why in News?

- PM launched the UDAN scheme nearly five years back with the aim to take flying to the masses. However, many routes have launched by airlines have been discontinued.

UDAN Scheme:

- The Ude Desh Ka Aam Nagrik (UDAN) scheme is a low-cost flying scheme launched with the aim of taking flying to the masses.
- The first flight under UDAN was launched by the PM in April 2017.
- It is also known as the regional connectivity scheme (RCS) as it seeks to improve air connectivity to tier-2 and tier-3 cities through revival of unused and underused airports.

Working of the Scheme:

- Airlines are awarded routes under the programme through a bidding process and are required to offer airfares at the rate of ₹2,500 per hour of flight.
- At least 50% of the total seats on an aircraft have to be offered at Cheaper rates.
- In order to enable airlines to offer affordable fares they are given a subsidy from the Govt. for a period of three years.

Present Status of Working:

- A total of nine rounds of bidding have taken place since January 2017.
- The Ministry of Civil Aviation has set a target of operationalizing as many as 100 unserved and underserved airports and starting at least 1,000 RCS routes by 2024.
- So far, the Airports Authority of India (AAI) has awarded 948 routes under UDAN, of which 403 routes have taken off that connect 65 airports.
- Out of the total 28 seaplane routes connecting 14 water aerodromes, only two have commenced.

Issues with the Working:

- Discontinuance: In reality, some of the routes launched have been discontinued as most of the routes awarded under UDAN are not active.
- On-paper Ambitions: UDAN was expanded to provide improved connectivity to hilly regions and islands through helicopters and seaplanes. However, they mostly remain on paper.
- The reasons include:
 - ✓ Failure to set up airports or heliports due to lack of availability of land

- ✓ Airlines unable to start flights on routes awarded to them or finding the routes difficult to sustain
- ✓ Adverse impact of the COVID-19 pandemic

Various challenges:

- **Lack of Funds:** Many small airlines await infusion of funds, to be able to undertake Maintenance of aircraft, pay rentals to lessors, give salaries to its staff, etc.
- **Maintenance issue:** Many players don't have more than one or two planes and they are often poorly maintained. New planes are too expensive for these smaller players.
- **Availability of Pilots:** Often, they also have problems with the availability of pilots and are forced to hire foreign pilots which costs them a lot of money and makes the business unviable.
- **Competition:** Only those routes that have been bagged by bigger domestic players such as IndiGo and SpiceJet have seen a better success rate.

Way Forward:

- The govt offers subsidies for a route for a period of three years and expects the airline to develop the route during this time so that it becomes self-sufficient.
- Airlines need an extension of the subsidy period for their operational continuity.
- Due to the rise in COVID cases, travel restrictions and passenger safety too needs to be taken into consideration in the loss-making of such airlines.

14. RBI Proposes New Norms for Capital Requirement for Banks

Tag: Economy

Why in News?

- The Reserve Bank of India (RBI) has proposed to replace existing approaches for measuring minimum operational risk capital requirements of banks with a new Basel-III standardized approach.

What are Capital Requirements of a Bank?

- Capital requirements are standardized regulations in place for banks and other depository Institutions that determine how much liquid capital must be held of a certain level of their Assets.
- They are set to ensure that banks and depository institutions' holdings are not dominated by Investments that increase the risk of default.

- They also ensure that banks and depository institutions have enough capital to sustain operating losses (OL) while still honoring withdrawals.

Why need such a Requirement?

- An angry public and uneasy investment climate usually prove to be the catalysts for capital Requirements Provisions.
- This is Essential when irresponsible financial behavior by large institutions is seen as the culprit behind a financial crisis, market crash, or recession.

What are the Risks for a Bank?

- There are many types of risks that banks face.
 - ✓ Credit Risk
 - ✓ Market Risk
 - ✓ Operational Risk
 - ✓ Liquidity Risk
 - ✓ Business Risk
 - ✓ Reputational Risk
 - ✓ Systemic Risk
 - ✓ Moral hazard

What is Operational Risk?

- ‘Operational risk’ refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- This has been defined by the Basel Committee on Banking Supervision I as the risk of loss resulting from inadequate or failed internal processes, people and systems or from External Events.
- This definition includes legal risk, but excludes strategic and reputational risk.

Pros of Capital Requirements:

- Ensure banks stay solvent, avoid default, Ensure depositors have access to funds
- Set industry standards
- Provide way to compare, evaluate institutions

Unwanted Consequences of such move:

- Raise costs for banks and eventually consumers
- Inhibit banks’ ability to invest
- Reduce availability of credit, loans

15. What is Tokenization of Debit and Credit Cards?

Why in News?

- The Reserve Bank of India (RBI) has decided to defer the implementation of tokenization of debit and credit cards for online transactions by a further six months following representations from stakeholders.

RBI Decision:

- RBI has also extended tokenization of Card-on-File (CoF) transactions where card details are saved by merchants — and directed the merchants not to store card details in their systems from January 1, 2022.
- A CoF transaction is one in which a cardholder has authorized a merchant to store his or her Mastercard or Visa payment details, and to bill the stored account.
- E-commerce companies and airlines and supermarket chains often store card details.

What is Tokenisation?

- Tokenisation refers to the replacement of credit and debit card details with an alternative code called a 'token'. This token is unique for a combination of card, token requestor (the entity that accepts a request from the customer for tokenisation of a card and passes it on to the card network to issue a token) and the device.

Benefits of Tokenization:

- **Transaction safety:** Tokenization reduces the chances of fraud arising from sharing card details.
- **Easy payments:** The token is used to perform contactless card transactions at point-of-sale (PoS) terminals and QR code payments.
- **Data storage:** Only card networks and card-issuing banks will have access to and can store any card data.

How the transactions currently are processed?

- There are many players involved in processing one card transaction today:
 - ✓ Merchant
 - ✓ Payment aggregator
 - ✓ Issuing bank
 - ✓ Card network
- When a transaction happens on a merchant platform, the data is sent to the payment aggregator (PA).

- The PA next sends the details to either the issuing bank or the card network.
- Then issuing bank sends an OTP and the transaction flows back.

Is the industry ready to implement this?

- Not fully, that is why the RBI had to extend the deadline.
- The industry currently can convert CoF into a tokenized number. However, the readiness to process the token is Negligible.
- About 90% of banks are ready with provisioning of token on Visa. Only 25-30% banks are ready on Mastercard.

Impact on Businesses:

- If the industry isn't ready, several business models would be impacted.
- E-mandates (recurring payments) will stand ineffective from 1 July.
- Card EMIs Account for 25% of online e-commerce sales. That option will no longer be Available.
- Cash backs/Discount offers by banks will be impacted, too.
- A user may not be able to use Mastercard saved cards on a merchant platform to make a transaction and will have to enter the card details every time a transaction is made.
- This could be the same for some Visa cards.

Way forward:

- The new system is a much bigger disruption to the way digital payments will henceforth be Processed.
- Integration of systems and the ability to process is one part.
- The industry also needs to test the Performance and success rate of the tokenization solution.

16. New Labour Codes

Why in News?

- India is likely to Implement four new labour codes on Wages, Social Security, Industrial relations, and occupational safety by the next fiscal year beginning 2022.

New Labour Codes:

- The four codes likely to be implemented in FY23 are:
 - ✓ Code on Wages
 - ✓ Industrial Relations Code

- ✓ Social Security Code, and
- ✓ Occupational Safety, Health and Working Conditions Code

Objectives of the Labour Code:

- The new labor codes are aimed at facilitating ease of doing business in the country and seek to replace 29 cumbersome laws.
- The objective is to encompass over 500 million organized and unorganized sector workers—90% of the workforce which has been outside labour laws.
- The idea is to ensure that they receive wage security, social security and health security, gender equality in terms of remuneration, a minimum floor wage, make the lives of inter-state migrant workers easier.

What is the Current Status of the Codes?

- The central government has completed the process of finalizing the draft rules, state governments are in the process of drafting the same.
- With labor being a concurrent Subject, states are in the process of pre-publishing draft rules for these Reforms.

How many Labour Laws do Indian states have?

- The simplification of 29 labour laws into the four labour codes is expected to be a watershed moment for labour reforms.
- India currently has a web of multiple labour legislations, over 40 central laws and 100 state laws involving labour.
- The Second National Commission on Labour (2002) recommended simplification to bring about transparency and uniformity.

What are the Major Goals in these Codes?

- Social security benefits: With organized sector workers being approximately 10% of the total workforce, the new codes may ensure that social security benefits are for all.
- Take-home salary: As per the proposed labour codes, total allowances such as house rent, leave, travel etc. are to be capped at 50% of the salary, while basic pay should account for the remaining 50%.
- Four days work: There could also be a permissible four-day work week of 12 hours per day.

How will it affect ease of doing Business?

- Labour productivity: It is likely to improve with both employees and employers developing a sense of being partners in wealth creation.

- Labour reform: A Transparent Environment in terms of workers' compensation, clear definition of employee rights and Employer Duties.
- Compliance un-burdening: Simplified labour codes making compliance easier are likely to Attract Investments.
- Formalization of the economy: With more workers in the organized sector, leakage in terms of direct as well as indirect taxes may be plugged.

17. SEBI tweaks share sale norms for IPOs

Why in News?

- The Securities & Exchange Board of India (SEBI) has approved amendments to a slew of regulations to tighten the Initial Public Offering (IPO) process and norms governing the utilization of IPO proceeds by promoters.

What is an IPO?

- Every company needs money to grow and expand.
- They do this by borrowing or by issuing shares.
- If the company decides to opt for the second route of issuing shares, it must invite public investors to buy its shares.
- This is its first public invitation in the stock market and is called the Initial Public Offering (IPO).

What does it mean for Investors to Buy Shares?

- When one buys such shares, he/she makes an IPO investment.
- He/she gets ownership in the company, proportionate to the value of your shares.
- These shares then get listed on the stock exchange.
- The stock exchange is where you can sell your existing shares in the company or buy more.

How does an IPO Work?

- The Securities and Exchange Board of India (SEBI) regulates the entire process of investment via an IPO in India.
- A company intending to issue shares through IPOs first registers with SEBI.
- SEBI scrutinizes the documents submitted, and only then approves them.

Who can hold IPOs?

- It could be a new, young Company or an old company that decides to be listed on an Exchange and hence goes Public.

What are the Recent Regulations?

- In its board meeting, SEBI approved conditions for sale of shares by significant shareholders in the Offer-For-Sale (OFS) process via an IPO and has extended the lock-in period for anchor investors to 90 days.
- Shares offered for sale by shareholders with more than 20% of pre-issue shareholding of the issuer, should not exceed 50% of their holding.
- If they hold less than 20%, then the offer for sale should not exceed 10% of their holding of the issue.
- These changes are as per proposals recommended by SEBI's Primary Market Advisory Committee.

18. Rythu Bandhu: Telangana DBT scheme for farmers' assistance

Why in News?

- The total funds disbursed under Rythu Bandhu, Telangana government's direct benefit transfer scheme for farmers, will soon touch Rs 50,000 crore in the coming days.

What is Rythu Bandhu?

- Rythu Bandhu is a scheme under which the state government extends financial support to land-owning farmers at the beginning of the crop season through direct benefit transfer.
- The scheme aims to take care of the initial investment needs and do not fall into a debt trap.
- This in turn instills confidence in farmers, enhances productivity and income, and breaks the cycle of rural indebtedness.

DBT under the Scheme:

- Each farmer gets Rs 5,000 per acre per crop season without any ceiling on the number of acres held.
- So, a farmer who owns two acres of land would receive Rs 20,000 a year, whereas a farmer who owns 10 acres would receive Rs 1 lakh a year from the government.
- The grant helps them cover the expenses on input requirements such as seeds, fertilizers, pesticides, and labour.

How much does it cost the state exchequer?

- Since the Kharif season of 2018, the state government has been crediting Rythu Bandhu assistance to farmers.

- As of date, it has credited Rs 43,036.64 crore into the bank accounts of beneficiaries.
- This season, the state government will disburse another Rs 7638.99 crore, taking the total sum disbursed so far to over Rs 50,000 crore.

Comparing with the PM-KISAN Scheme:

- The state government has often said that the Centre's PM-KISAN (Pradhan Mantri Kisan Samman Nidhi) scheme is a "copy" of Rythu Bandhu.
- Under PM-KISAN, a land-holding family receives an income support of 6,000 per year in three equal installments.
- Rythu Bandhu is based on anticipated input expenditure for each acre of land and there is no restriction on the number of acres owned by a farmer.
- PM-KISAN only provides support to the family and not to the farm units.

Criticisms of the Rythu Bandhu Scheme:

- The scheme does not cover the landless or tenant farmers.
- Farmer bodies have been demanding that the state government should extend the agriculture assistance to tenant Farmers as well.
- They have pointed out that those who work on lands taken on lease from landowners also need Government Assistance at the Beginning of a crop season.
- It is difficult to bring tenant farmers under the ambit of the scheme because of the informal nature of the agreements they enter into.

5. GEOGRAPHY & ENVIRONMENT

1. Africa's Great Green Wall (GGW) Program

Why in News?

- Africa's Great Green Wall (GGW) program to combat desertification in the Sahel region is an important contribution towards combating climate change, Food and Agriculture Organization (FAO) said in a study.

GGW Program:

- The Great Green Wall project is conceived by 11 countries located along the southern border of the Sahara and their international partners, is aimed at limiting the desertification of the Sahel zone.
- Led by the African Union, the initiative aims to transform the lives of millions of people by creating a mosaic of green and productive landscapes across North Africa.
- The initial idea of the GGW was to develop a line of trees from east to the west bordering the Saharan Desert.
- Its vision has evolved into that of a mosaic of interventions addressing the challenges facing the people in the Sahel and the Sahara.

Why was such Project Incepted?

- The project is a response to the combined effect of natural resources degradation and drought in rural areas.
- It aimed to restore 100 million hectares of degraded land by 2030; only four million hectares had been restored between 2007 and 2019.
- It is a partnership that supports communities working towards sustainable management and use of forests, rangelands and other natural resources.
- It seeks to help communities mitigate and adapt to climate change, as well as improve food security.

2. Emission caused by Nuclear Energy

Why in News?

- Supporters of the Nuclear Energy source say that it is a climate-friendly way to generate electricity. However, this is subjected to various considerations often not discussed.

Why focus on Nuclear Energy?

- The main factors for its choice were reliability and security of supply.

- The latest Figures on global Carbon Dioxide Emissions call into Question the world's Efforts to tackle the climate crisis.

Soaring CO2 Emissions:

- CO2 emissions are set to soar 4.9% in 2021, compared with the previous year, according to a study published earlier this month by the Global Carbon Project (GCP), a group of scientists that track emissions.
- In 2020, emissions dropped 5.4% due to the COVID-19 pandemic and associated Lockdowns.
- The energy sector continues to be the largest emitter of greenhouse gases, with a share of 40% — and rising.

Is Nuclear Power a Zero-Emissions Energy Source?

- No. Nuclear energy is also responsible for Greenhouse Gas Emissions.
- **Uranium mining:** Uranium extraction, transport and processing produces emissions.
- **Construction of power plants:** The long and complex construction process of nuclear power plants also releases CO₂, as does the demolition of decommissioned sites.
- **Nuclear waste and its transportation:** This also has to be transported and stored under strict conditions — here, too, emissions must be taken into account.
- **Water consumption:** Power plants depend on nearby water sources to cool their reactors, and with many rivers drying up, those sources of water are no longer guaranteed.
- How much CO₂ does nuclear power produce?
- Results vary significantly, depending on whether we only consider the process of electricity generation, or take into account the entire life cycle of a nuclear power plant.
- A report released in 2014 by the IPCC estimated a range of 3.7 to 110 grams of CO₂ equivalent per kilowatt-hour (kWh).
- It's long been assumed that nuclear plants generate an average of 66 grams of CO₂/kWh.
- How climate-friendly is nuclear compared to other energies?
- If the entire life cycle, nuclear energy certainly comes out ahead of fossil fuels like coal or natural gas.
- But the picture is drastically different when compared with renewable energy.
- Nuclear power releases 3.5 times more CO₂ per kilowatt-hour than photovoltaic solar panel systems.
- Compared with onshore wind power, that figure jumps to 13 times more CO₂.

- When up against electricity from hydropower installations, nuclear generates 29 times more carbon.

Can we rely on Nuclear Energy to help stop Global Warming?

- Around the world, nuclear energy representatives, as well as some politicians, have called for the expansion of atomic power.
- Other countries have also supported plans to build new nuclear plants, arguing that the energy sector will be even more damaging for the climate without it.

Feasibility of Nuclear Energy:

- **High cost of Construction:** Due to the high costs associated with nuclear energy, it also blocks important financial resources that could instead be used to develop renewable energy.
- **Renewables are better:** Those renewables would provide more energy that is both faster and cheaper than Nuclear.
- **High water Consumption:** During the world's increasingly hot summers, several nuclear power plants have already had to be temporarily shut down due to water scarcity.

Conclusion:

- Taking into account the current overall energy system, nuclear energy is by no means CO₂ Neutral.
- The contribution of nuclear energy is viewed too optimistically.
- In reality construction, times are too long and the costs too high to have a noticeable effect on climate change. It takes too long for nuclear energy to become available.

3. Perform, Achieve and Trade (PAT) Scheme

Why in News?

- A recent report by the Centre for Science and Environment (CSE) has attributed the inefficiency of the PAT scheme to non-transparency, loose targets and overlooked deadlines.

PAT Scheme:

- Perform Achieve and Trade (PAT) scheme is a flagship program of Bureau of Energy Efficiency under the National Mission for Enhanced Energy Efficiency (NMEEE).
- NMEEE is one of the eight national missions under the National Action Plan on Climate Change (NAPCC) launched by the Government of India in the year 2008

Working of the Scheme:

- PAT is a market-based compliance mechanism to accelerate improvements in energy Efficiency in Energy-Intensive Industries.
- The energy savings achieved by notified industries is converted into tradable instruments called Energy Saving Certificates (ESCs).
- The ESCs after issuance by the Bureau of Energy Efficiency are traded at Power Exchanges.

What is PAT Cycle?

- The Government shortlists industries and restricts the amount of energy they can consume and defines a time limit of three years by when this restriction should be met as part of PAT.
- These three years of time are called one PAT cycle.
- The industries are chosen after in-depth, sector-wise analysis by the government.
- Industries that participate in this scheme are called designated consumers (DC).
- Those that over-achieve their targets are issued energy savings certificates (ESCs) that can be traded with industries that have not achieved their targets.
- Non-achievers have to buy the ESCs after the three years for compliance.

Various PAT Cycles:

- PAT covered about 13 energy-intensive sectors
- Sectors included are thermal power plants (TPP), cement, aluminium, iron and steel, pulp and paper, fertilizer, chlor-alkali, petroleum refineries, petrochemicals, distribution Companies, Railways, Textile and Commercial Buildings (hotels and airports)
- Announcements for six cycles since 2012 have been made so far

4. India's Electric Vehicle Push will lead to Brighter, Greener Future

Why in News?

- The transition to electric mobility is a promising global strategy for decarbonising the transport sector.

Electricity Mobility Revolution:

- The Global Electric Mobility Revolution is today defined by the Rapid growth in electric vehicle (EV) uptake.
- This phenomenon is today defined by the rapid growth in EV uptake, with EV sales for the year 2020, reaching 2.1 million.

- Falling battery costs and rising performance efficiencies are fueling the demand for EVs globally.

Significance of India's transition to Electric Mobility:

- India is the Fifth Largest car market in the world and has the potential to become one of the top three in the near Future.
- India is among a handful of countries that supports the global EV30@30 campaign, which aims for at least 30 per cent new vehicle sales to be electric by 2030.
- Part of global climate agenda: The push for EVs is driven by the global climate agenda established under the Paris Agreement to reduce carbon emissions in order to limit global warming.
- **Ensuring Energy Security:** It is also projected to contribute in improving the overall energy security situation as the country imports over 80 per cent of its overall crude oil requirements, amounting to approximately \$100 billion.
- **Job Creation:** The push is also expected to play an important role in the local EV Manufacturing Industry for Job Creation.
- Strengthen grid operation: Through several grid support services, EVs are expected to strengthen the grid and help accommodate higher renewable energy penetration while maintaining secure and stable grid operation.

Battery storage: Opportunities and challenges:

- Promoting sustainable development: With recent technology disruptions, battery storage has great opportunity in promoting sustainable development in the country, considering government initiatives to promote e-mobility and renewable power (450 GW energy capacity target by 2030).
- Economic opportunity: With rising levels of per capita income, there has been a tremendous demand for consumer electronics in the areas of mobile phones, UPS, laptops, power banks etc. that require advanced chemistry batteries.
- This makes manufacturing of advanced batteries one of the largest economic opportunities of the 21st century.
- Concern of absence of manufacturing base: It is estimated that by 2020-30 India's cumulative demand for batteries would be approximately 900-1100 GWh, but there is concern over the absence of a manufacturing base for batteries in India, leading to sole reliance on imports to meet rising demand.

Government schemes to promote EV ecosystem

- To develop and promote the EV ecosystem in the country, government has remodeled Faster Adoption and Manufacturing of Electric Vehicles (FAME II) scheme (Rs 10,000 crore) for the consumer side.
- It has also launched production-linked incentive (PLI) scheme for Advanced Chemistry Cell (ACC) (Rs 18,100 crore) for the supplier side.
- Finally the recently launched PLI scheme for Auto and Automotive Components (Rs 25,938 crore) for manufacturers of electric vehicles was launched.
- All these forward and backward integration mechanisms in the economy are expected to achieve robust growth in the coming years and will enable India to leapfrog to the environmentally cleaner electric vehicles and hydrogen fuel cell vehicles.

Benefits of EV Ecosystem:

- This will not only help the Nation Conserve foreign exchange but also make India a global leader in Manufacturing of EVs and better comply with the Paris Climate Change Agreement..
- Battery demand creation: All three schemes cumulatively expect an investment of about Rs 1,00,000 crore which will boost domestic manufacturing and also facilitate EVs and battery demand creation along with the development of a complete domestic supply chain and foreign Direct Investment in the Country.
- Reduction of oil import bill: The programme envisages an oil import bill reduction of about Rs 2 lakh crore and import bill substitution of about Rs 1.5 lakh crore.

5. Ambergris: The Floating Gold

Why in News?

- The Crime Branch in Pune and seized 550 grams of ambergris, also known as 'Floating Gold'.

What is Ambergris?

- Ambergris, which means gray amber in French, is a waxy substance that originates from the digestive system of the protected sperm whales.
- It is incorrectly referred to as 'whale vomit'.
- It is produced in the gastrointestinal tract of some of the sperm whales for the passage of hard, sharp objects that are ingested when the whale eats large quantities of Marine Animals.

Why is it so Expensive?

- Investigating agencies from across India who have seized ambergris in the recent past estimate its value to be somewhere between Rs 1 to 2 crores per kilogram, depending on the purity and quality.
- Being extremely rare contributes to its high demand and high price in the international market.

Its uses:

- Traditionally, ambergris is used to produce perfumes that have notes of musk.
- While there are records of it being used to flavor food, alcoholic beverages and tobacco in some cultures in the past, it is rarely used for these purposes presently.

Legalities and Recent Cases of Seizure in India:

- While there is a ban on possession and trade of ambergris in countries like the USA, Australia and India, in several other countries it is a tradable commodity.
- In the Indian context, the sperm whales are a protected species under Schedule 2 of the Wildlife Protection Act, 1972 and possession or trade of any of its by-products, including Ambergris is illegal.
- It has been observed that the gangs smuggling the ambergris procure it from coastal areas and ship it to destination countries via some other countries with whom India has comparatively less stringent sea trade.

6. Global Methane Initiative (GMI)

Why in News?

- India has co-chaired along with Canada the Global Methane Initiative leadership meet held virtually.

Methane:

- Methane is a greenhouse gas, which is also a component of natural gas.
- There are various sources of methane including human and natural sources.
- The anthropogenic sources are responsible for 60 per cent of global methane emissions.
- It includes landfills, oil and natural gas systems, agricultural activities, coal mining, Wastewater Treatment, and certain Industrial Processes.
- The oil and gas sectors are among the largest contributors to human sources of methane.

- These emissions come primarily from the burning of fossil fuels, decomposition in landfills and the agriculture sector.

Global Methane Initiative (GMI):

- GMI is a voluntary Government and an informal international partnership having members from 45 countries including the United States and Canada.
- The forum has been created to achieve global reduction in anthropogenic methane Emission through Partnership among developed and developing countries having Economies in Transition.
- The forum was created in 2004 and India is one of the members since its inception and has taken up Vice-Chairmanship for the first time in the Steering Leadership along with USA.
- National Governments are encouraged to join GMI as Partner Countries, while other non-State organizations may join GMI's extensive Project Network.

Focus Areas:

- The initiative currently focuses on five sectors, which are known sources of anthropogenic Methane Emissions:
 - ✓ Agriculture
 - ✓ Coal mining
 - ✓ Municipal solid waste
 - ✓ Municipal wastewater
 - ✓ Oil and gas systems

Why Focus on Methane?

- The emission of methane is a big concern as it is a greenhouse gas having 25-28 times harmful effect than Carbon Dioxide
- According to the UN, 25 % of the warming that the world is experiencing today is because of Methane.
- Methane is the second-most abundant greenhouse gas in the atmosphere, after Carbon dioxide.
- According to IPCC, methane accounts for about half of the 1.0 degrees Celsius net rise in Global Average Temperature since the pre-industrial era.

7. Biological Diversity Amendment Bill, 2021

Why in News?

- The government has introduced the Biological Diversity (Amendment) Bill, 2021 which seeks to facilitate access to biological resources and traditional knowledge by the Indian traditional medicine sector.

Biological Diversity Act, 2002: A quick recap:

- The BDA, 2002 was enacted for the conservation of biological diversity and fair, Equitable sharing of the monetary benefits from the commercial use of biological resources and Traditional Knowledge.
- The main intent of this legislation is to protect India's rich biodiversity and associated knowledge against their use by foreign individuals.
- It seeks to check biopiracy, protect biological diversity and local growers through a three-tier structure of central and state boards and local committees.
- The Act provides for setting up of a National Biodiversity Authority (NBA), State Biodiversity Boards (SBBs) and Biodiversity Management Committees (BMCs) in local bodies.
- The NBA will enjoy the power of a civil court.

What are the proposed Amendments?

- **The bill seeks to reduce the pressure on wild medicinal plants by encouraging the cultivation of Medicinal Plants. The bill:**
 - ✓ Biological Resources Sharing: Exempts Ayush practitioners from intimating biodiversity Boards for accessing biological resources or knowledge (Vaid and Hakims)
 - ✓ Research promotion: Facilitates fast-tracking of research, simplify the patent application process
- **Decriminalization: Decriminalises certain offences**
 - ✓ Bring in foreign investment: Seeks to bring more foreign investments in biological resources, research, patent and commercial utilisation, without compromising the National Interest

Need for the Amendment:

- **Simplifying Process:** Concerns were raised by Ayush medicine, seed, industry and research sectors urging the government to simplify, streamline the profession.

- **Easing Compliance:** They urged govt to reduce the compliance burden to provide for a conducive environment for collaborative research and investments.
- **Access and Benefit-sharing:** It also sought to simplify the patent application process, widen the scope of access and benefit-sharing with local communities.
- **Exemptions:** Ayush practitioners have been exempted from the ambit of the Act, a huge move because the Ayush industry benefits greatly from biological resources in India.
- **Certain offences:** Violations of the law related to benefit-sharing with communities, which are currently treated as criminal offences and are non-bailable, have been proposed to be made civil offences.
- **Imbibing Nagoya Protocol:** This bill provides to reconcile the domestic law with free prior informed consent requirements of the 2010 Nagoya Protocol on ABS.

Criticisms of the Bill:

- **No consultation:** The bill has been introduced without seeking public comments as required under the pre-legislative consultative policy.
- **No profit-sharing:** There are ambiguous provisions in the proposed amendment to protect, conserve or increase the stake of local communities in the sustainable use and conservation of biodiversity.
- **Commercialization:** Activists say that the amendments were done to “solely benefit” the AYUSH Ministry.
- **Loopholes to Biopiracy:** The Bill would mean AYUSH manufacturing companies would no longer need to take approvals.
- **Ignoring Bio-utilization:** The bill has excluded the term Bio-utilization which is an important element in the Act. Leaving out bio utilization would leave out an array of activities like characterization, incentivisation and bioassay which are undertaken with Commercial Motive.
- **Exotic plants cultivation:** The bill also exempts cultivated medicinal plants from the purview of the Act but it is practically impossible to detect which plants are cultivated and which are from the wild.
- **De-licensing:** This provision could allow large companies to evade the requirement for prior approval or share the benefit with local communities.

8. MSP for all crops is fiscally unfeasible

Why in News?

- Many political parties are demanding to make the minimum support prices (MSP) a Legal Instrument.

Background of MSP:

- MSP regime had its genesis in 1965 when India was hugely short of basic staples and living in a “ship-to-mouth” situation.
- Indicative price: It was an indicative price (not a legal price) and procurement of rice and wheat was done to support farmers when they were adopting new seeds (HYV technology) and domestic procurement was to feed the PDS.
- The government declares MSP for 23 crops: Seven cereals (paddy, wheat, maize, bajra, sorghum, ragi and barley), five pulses (tur, moong, chana, urad and masur), seven oilseeds (soybean, groundnut, rapeseed-mustard, sesamum, safflower, sunflower and nigerseed) and four commercial crops (sugarcane, cotton, jute and copra).

Need to Rethink Procurement Policy:

- But now with Granaries overflowing with rice and wheat, there is a need to rethink and redesign the Procurement Policy.
- In the crop year 2020-21, about 60 million metric tonnes (MMTs) of rice and 43 MMTs of wheat were procured by the Food Corporation of India (FCI) and NAFED procured about 0.66 MMTs of pulses.

The Increasing Cost of PDS:

- The main procurement by the government happens largely for rice and wheat to feed the **Public Distribution System (PDS)**.
- The PDS issue prices of rice and wheat are subsidised by more than 90 per cent of their Economic Cost to the Government.
- In 2020-21, the food subsidy bill was almost 30 per cent of the net tax revenue of the central government, reflecting clearly a huge consumer-bias in the system.
- Way forward: Unless this PDS is reformed either by restricting this to say the bottom 30 per cent of the population, or raising the issue prices to say half the economic cost of rice and wheat, giving a better deal to farmers is likely to blow up the fiscal position of the Central Government.

The cost of legal MSP:

- Assuming that only 10 per cent of the production of remaining crops (excluding sugarcane) is procured, it will cost the government about Rs 5.4 lakh crore annually to procure these other MSP crops.
- This cost is estimated on the basis of economic costs of operation that are usually about 30 per cent higher than the MSP (in case of rice and wheat it is 40 per cent).
- But it appears that despite this, market prices may stay below MSP, especially during the Harvest Time.
- It also raises the question why only these MSP crops, why not other agri-produce, say milk, the value of which is more than the value of rice, wheat and sugarcane combined.

Way forward:

- **PDP:** One may use Price Deficiency payments (PDP), implying that the government pays to farmers the gap between the market price and MSP, whenever market prices are below MSP.
- **Income support instead of price support:** It may be better to use an income policy on a per hectare basis to directly transfer money into farmers' accounts without distorting markets through higher MSPs or PDPs.

9. Meendum Manjappai Scheme

Why in News?

- Tamil Nadu CM has launched the 'Meendum Manjappai' Scheme to promote the use of Cloth Bags by the public and discourage the use of Plastic Bags.

Meendum Manjappai Scheme:

- This awareness campaign on using 'yellow' cloth bag or 'manjapai' as it is called in Tamil, is aimed at encouraging the people to return to the use of this eco-friendly bag and discard the Plastic Bags.
- Manjal means turmeric in Tamil which has curative power. The manjapai was an integral part of daily life in the Past.
- Traditionally the manjapais were used for shopping, carrying books, ration and even cash.
- The state government had enforced a ban on the production, use, storage, distribution, transportation or sale of 14 types of plastics with effect from January 1, 2019.

6. INTERNATIONAL RELATIONS

1. Reciprocal Exchange of Logistics (RELOS) Agreement with Russia

Why in News?

- India and Russia are set to ink the RELOS logistics exchange pact during the visit of Russian President Vladimir Putin for the Indo-Russia summit.

What are Logistics Agreements, in general?

- Logistical exchange agreements are designed so that partner countries can enjoy ease of access to use each other's military facilities like ports, bases, and Military Installations.
- Such agreements save enormous time and also frees up the need for Constant Paperwork when one military obtains assistance on matters like refuelling, berthing, use of aviation infrastructure, etc.

RELOS Agreement with Russia

- RELOS agreement with Russia would grant "access to Russian naval port facilities in the Arctic", thus enhancing "Indian Navy's reach and operational experience in Polar waters".

Need for RELOS

- Despite growing engagement with the US on military hardware and tech, Russia remains a partner with whom India has shared traditionally deep defence ties.
- Russia's growing proximity to China and Pakistan has of late been seen as casting a shadow on the Moscow-New Delhi engagement.
- To that extent, RELOS will be an important step forward in the military sphere as it aims at fostering interoperability and sharing of logistics.
- The "long overdue" agreement was to have come up for signing in 2019 but that was put off Pending Finalisation of its terms.

Strategic significance of RELOS Agreement

- Naval Cooperation: It is usually the Indian Navy, the most outgoing force of the three services, that stands to benefit the most from a logistical exchange agreement.
- Interoperability: These impart enhanced operational turnaround and strengthened interoperability on the high seas.
- Military enhancements: Given the percentage of Russian military hardware in the Indian armed forces, the two sides can take advantage, through RELOS, of increased interoperability "in any hostile situation in the future".

- Future defence purchases: India has acquired advanced defence systems from Russia, including fighter jets, and is looking to again obtain a nuclear-powered attack submarine on a long-term lease from Moscow.

Fulfilling Arctic aspirations of India

- Navigation: From a geostrategic point of view, it would give Indian Navy better access to northern sea routes and Russian ports in the Arctic, where India is looking to set up an Arctic station.
- Energy cooperation: Russia and India are also exploring enhanced energy cooperation in the Arctic region.
- Competing China: India's presence in Arctic will act as a strategic counterweight to China's strategic posturing with Beijing and Moscow sharing "synergy" in the Arctic.
- Does India have similar arrangements with other Countries?
- India has logistical exchange agreements with six other countries, including Quadrilateral Security Dialogue, or Quad, partners US (LEMOA), Japan and Australia.
- Singapore, France and South Korea are the other countries with which Similar Arrangements have been Effected.
- India has become more comfortable in concluding such arrangements with other countries and is currently pursuing one with the UK while exploring arrangement with other Partners like Vietnam.

Other Defence trade between the Two Countries

- Russia continues to be among India's biggest defence suppliers.
- The two sides are now looking to move from licence manufacture to joint research and co-development of defence equipment.
- Both nations have agreed for the manufacture of over six lakh AK-203 assault rifles by a Joint Venture, Indo-Russian Rifles Private Ltd, at Korwa, Amethi, in UP.
- Russia has started deliveries of the S-400 Triumf long-range air defence systems to India. The first division will be delivered by the end of 2021.
- There are several other big such as procurement of 21 Mig-29s and 12 Su-30MKI fighters, Igla-S short-range air defence systems and the manufacture of 200 K-226T utility helicopters.

Future Trajectory of the Defence Cooperation

- Timely supply of spares and support to the large inventory of Russian hardware in service with Indian military has been a major issue from India.

- To address this, Russia has made legislative changes allowing its companies to set up joint ventures in India to address it following an Inter-Governmental Agreement signed in 2019.
- This is in the process of being implemented.
- With increased competition from the U.S., France, Israel and others who have bagged major deals in recent years, Russia is also focusing on timely deliveries and lifetime support.

2. UN confers Observer Status on International Solar Alliance (ISA)

Why in News?

- The UN General Assembly has conferred Observer Status to the International Solar Alliance (ISA).

Significance of 'Observer' Status:

- Observer status is a privilege granted by some organizations to non-members to give them the ability to participate in the Organization's Activities.
- It is often granted by Intergovernmental Organizations (IGO) to non-member parties and International Nongovernmental Organizations (INGO) that have an interest in the IGO's Activities.
- Observers generally have a limited ability to participate in the IGO, lacking the ability to vote or propose resolutions.

International Solar Alliance (ISA):

- The ISA is an alliance of more than 121 countries, most of them being sunshine countries, which lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn.
- The primary objective of the alliance is to work for efficient exploitation of solar energy to reduce dependence on fossil fuels.
- The alliance is a treaty-based inter-governmental organization.
- The initiative was launched by PM Modi at the India Africa Summit and a meeting of member countries ahead of the 2015 United Nations Climate Change Conference in Paris in November 2015.
- A total of 80 countries have signed and ratified the ISA Framework Agreement and 101 countries have only signed the Agreement.

Objectives of the ISA:

- To mobilize investments of more than USD 1000 billion by 2030
- To take coordinated action for better harmonization, aggregation of demand, risk and resources, for promoting solar finance, solar technologies, innovation, R&D, capacity building etc.
- Reduce the cost of finance to increase investments in solar energy in member countries
- Scale up applications of solar technologies in member countries
- Facilitate collaborative research and development (R&D) activities in solar energy Technologies among Member Countries
- Promote a common cyber platform for networking, cooperation and exchange of ideas among member countries

What does ISA formation signify?

- **Climate Action Commitment:** It symbolizes about the sincerity of the developing nations towards their concern about climate change and to switch to a low-carbon growth path.
- **Clean Energy:** India's pledge to the Paris summit offered to bring 40% of its electricity generation capacity from non-fossil sources (renewable, large hydro, and nuclear) by 2030.
- **Global Electrification:** India has pledged to let solar energy reach to the most unconnected villages and communities and also towards creating a clean planet.
- **Global Cooperation:** It is based on world cooperation irrespective of global boundaries.
- **India's Soft power:** For India, possible additional benefits from the alliance can be a strengthening of ties with the major African countries and increasing goodwill for India among them.

3. India stands committed to UNCLOS

Why in News?

- India remains committed to promoting a free, open and rules-based order rooted in international law and undaunted by coercion, the Centre informed Parliament while reiterating support for the United Nations Convention on the Law of the Sea (UNCLOS).

Background:

- UNCLOS replaces the older 'freedom of the seas' concept, dating from the 17th century.

- According to this concept, national rights were limited to a specified belt of water extending from a nation's coastlines, usually 3 nautical miles (5.6 km; 3.5 mi).
- This was considered according to the 'cannon shot' rule developed by the Dutch rulers.

UNCLOS:

- UNCLOS is sometimes referred to as the Law of the Sea Convention or the Law of the Sea treaty.
- It came into operation and became effective from 16th November 1982.
- It defines the rights and responsibilities of nations with respect to their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources.
- It has created three new institutions on the international scene :
 - ✓ International Tribunal for the Law of the Sea,
 - ✓ International Seabed Authority
 - ✓ Commission on the Limits of the Continental Shelf

Major Conventions:

- There had been **Three Major Conferences** of UNCLOS:
- **UNCLOS I:** It resulted in the successful implementation of various conventions regarding Territorial Sea and Contiguous Zones, Continental Shelf, High Seas, Fishing Rights.
- **UNCLOS II:** No agreement was reached over breadth of territorial waters.
- **UNCLOS III:** It introduced a number of provisions. The most significant issues covered were setting limits, navigation, archipelagic status and transit regimes, exclusive economic zones (EEZs), continental shelf jurisdiction, deep seabed mining, the exploitation regime, protection of the marine environment, scientific research, and settlement of disputes.
- The convention set the limit of various areas, measured from a carefully defined baseline.
- These **terminologies are as follows:**

(1) Baseline:

- ✓ The convention set the limit of various areas, measured from a carefully defined baseline.
- ✓ Normally, a sea baseline follows the low-water line, but when the coastline is deeply indented, has fringing islands or is highly unstable, straight baselines may be used.

(2) Internal waters:

- ✓ It covers all water and waterways on the landward side of the baseline.

- ✓ The coastal state is free to set laws, regulate use, and use any resource. Foreign vessels have no right of passage within internal waters.
- ✓ A vessel in the high seas assumes jurisdiction under the internal laws of its flag State.

(3) Territorial waters:

- ✓ Out to 12 nautical miles (22 km, 14 miles) from the baseline, the coastal state is free to set laws, regulate use, and use any resource.
- ✓ Vessels were given the Right of Innocent Passage through any territorial waters.
- ✓ “Innocent passage” is defined by the convention as passing through waters in an expeditious and continuous manner, which is not “prejudicial to the peace, good order or the security” of the coastal state.
- ✓ Fishing, polluting, weapons practice, and spying are not “innocent”, and submarines and other underwater vehicles are required to navigate on the surface and to show their Flag.
- ✓ Nations can also temporarily suspend innocent passage in specific areas of their territorial seas, if doing so is essential for the protection of their security.

(4) Archipelagic waters:

- ✓ The convention set the definition of “Archipelagic States”, which also defines how the state can draw its territorial borders.
- ✓ All waters inside this baseline are designated “Archipelagic Waters”.
- ✓ The state has sovereignty over these waters mostly to the extent it has over internal waters, but subject to existing rights including traditional fishing rights of immediately Adjacent States.
- ✓ Foreign vessels have right of innocent passage through archipelagic waters, but archipelagic states may limit innocent passage to designated sea lanes.

(5) Contiguous zone:

- ✓ Beyond the 12-nautical-mile (22 km) limit, there is a further 12 nautical miles (22 km) from the territorial sea baseline limit, the contiguous zone.
- ✓ Here a state can continue to enforce laws in four specific areas (customs, taxation, immigration, and pollution) if the infringement started or is about to occur within the state’s territory or territorial waters.
- ✓ This makes the contiguous zone a hot Pursuit Area.

(6) Exclusive economic zones (EEZs):

- ✓ These extend 200 nm from the baseline.

- ✓ Within this area, the coastal nation has sole exploitation rights over all natural resources.
- ✓ In casual use, the term may include the territorial sea and even the continental shelf.

(7) Continental shelf:

- ✓ The continental shelf is defined as the natural prolongation of the land territory to the continental margin's outer edge, or 200 nautical miles (370 km) from the coastal state's baseline, whichever is greater.

India and UNCLOS:

- As a State party to the UNCLOS, India promoted utmost respect for the UNCLOS, which Established the international legal order of the seas and oceans.
- India also supported freedom of navigation and overflight, and unimpeded commerce based on the principles of international law, reflected notably in the UNCLOS 1982.
- India is committed to safeguarding maritime interests and strengthening security in the Indian Ocean Region (IOR) to ensure a favorable and positive maritime environment.

4. The case for deeper technological ties with the United Kingdom

Why in News?

- When Delhi thinks of technological cooperation with major powers, the US, Europe and Japan come to mind. The missing link in India's technological mind space, however, is the United Kingdom.

How India can benefit from Technology Partnership with Britain:

- Britain was the first nation to industrialise and has a long tradition of scientific research and technological development.
- With top-ranking universities and the golden triangle of science and innovation — London, Oxford and Cambridge — Britain is one of the world's top technology powers.
- WIPO ranking: This year, the World Intellectual Property Organisation ranked Britain fourth in the global innovation index.
- India is far behind at the 46th position.
- India, then, could gain in a technology partnership with Britain.
- Overview of the India-UK bilateral ties
- Pakistan angle: India's foreign policy community can't shake off the Pakistan prism in viewing London.
- To be sure, London's advocacy of Pakistan has always irritated Delhi.

- Instead of complaining about London's South Asian policy, Delhi now simply ignores London's claims for a special role in India's political disputes with Pakistan.
- By focusing on the Positive, Delhi is betting it can reduce the Traditional Negative elements in the Engagement with the UK.
- At the same time, Delhi recognises the enormous strategic possibilities with Britain and is willing to invest political capital to build on those synergies.
- Meanwhile, the steady relative decline of Pakistan — its economy is now about a tenth of India's — and Delhi's deepening strategic partnership with Washington are also Encouraging London to rethink its past approach to the Subcontinent.
- India is fully conscious of UK's enduring global salience.
- External Affairs Minister Subrahmanyam Jaishankar has often highlighted Britain's continuing weight in the world as the fifth-largest economy, a permanent member of the UN Security Council, a major financial centre, and a leading hub of higher education and technology.
- Britain also enjoys a global maritime reach and a measure of political influence across the world.

Possibilities for Partnership in the Technological Domain:

- While a trade agreement between Delhi and London is said to be imminent, it is in the technological domain that the prospects are immense but under-explored.
- There is insufficient awareness in India's strategic community of the British moves to put science and technology at the very heart of its political, economic, security and foreign policies.
- London announced a raft of measures this year starting with a major report on "Global Britain in a Competitive Age: An Integrated Review of Security, Defence, Development, and Foreign Policy".
- One of the broad themes stand out from these initiatives, which is forming a coalition of like-minded countries.
- London wants to build a coalition of like-minded countries to reshape the global Governance of Technology.
- This includes strengthening technological ties with the traditionally close partners in the Anglosphere — US, Canada, Australia, and New Zealand — as well as other partners like Japan and India.

- All these elements of British policy mesh with India's own Economic, Political, and Security Interests.
- The British technology initiatives are also aligned with the technological agenda of the Quad — or the Quadrilateral forum that brings together Australia, India, Japan, and the US.

5. Conflation between duties and rights

Why in News?

- There has been growing advocacy for the integration of duty with rights. On Constitution Day last month, many Union Ministers used the occasion to underline this proposal.

What do Rights Come with Duty Mean?

- It is a basic proposition that all rights come with duties.
- But those duties are quite distinct from the meaning ascribed to them in the popular discourse.
- When a person holds a right, she is owed an obligation by a duty-bearer.
- For example, when citizens are promised a right against Discrimination, the Government is obliged to ensure that it treats everybody with equal care and concern.
- Similarly, the Guarantee of a right to freedom of speech enjoins the state to refrain from Interfering with that Liberty.

Integrating Rights with Duties:

- Proponents of integration of duty with rights aim to treat otherwise non-binding obligations — the “fundamental duties” as Article 51A describes them on a par with, if not superior to, the various fundamental rights that the Constitution guarantees.
- In an inversion of the well-known dictum, they see duties, and not rights, as trumps.
- On Constitution Day last month, many Union Ministers used the occasion to underline this proposal.
- The government puts forward an idea that our rights ought to be made conditional on the performance of a set of extraneous obligations.

Issues with the Proposal

- This suggestion is plainly in the teeth of the Constitution's text, language, and History.
- To the framers of the Constitution, the very idea of deliberating over whether these rights ought to be provisional, and on whether these rights ought to be made subject to the performance of some alien duty, was against the republic's vision.

- Imposing duties a legislative prerogative: The Constitution's framers saw the placing of mandates on individual responsibilities as nothing more than a legislative prerogative.
- For example, the legislature could impose a duty on individuals to pay a tax on their income, and this duty could be enforced in a variety of ways.
- If the tax imposed and the sanctions prescribed were reasonable, the obligations placed on the citizen will be constitutionally valid.
- In this manner, Parliament and the State legislatures have imposed a plethora of duties — duties to care for the elderly and for children; duties to pay tolls and levies; duties against causing harm to others; duties to treat the environment with care, the list is endless.
- Against Constitution: What is critical, though, is that these laws cannot make a person's fundamental right contingent on the performance of a duty that they impose.
- A legislation that does so will violate the Constitution.

Background:

- The fundamental duties that are now contained in Article 51A were introduced through the 42nd Constitutional Amendment.
- The Swaran Singh Committee, which was set up during the Emergency, and which recommended the insertion of the clause, also suggested that a failure to comply with a duty ought to result in punishment.
- Ultimately, the Amendment was introduced after the binding nature of the clause was removed.
- In its finally adopted form, Article 51A encouraged citizens to perform several duties.

Way Forward:

- Know the precise nature of duties the rights create: The philosopher Onora O'Neill has argued with some force that we would do well to discuss the precise nature of duties that rights create.
- Unless we do so, our charters of human rights may not by themselves be enough.
- For example, we may want to ask ourselves if the promise of a right to free expression imposes on the state something more than a duty to forebear from making an unwarranted restriction on that liberty.
- Does it require the state to also work towards creating an equal society where each person finds herself in a position to express herself freely?

6. India is keeping an eye on Central Asia

Why in News?

- The government is inviting the leaders of the five Central Asian countries — Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan and Kyrgyzstan — as guests for Republic Day on January 26.

Significance of Central Asian region for India:

- **Return of Taliban in Afghanistan:** The Taliban takeover in Afghanistan has made Central Asia a region where great contestations for influence are unfolding.
- There is a Growing Awareness that for leveraging influence in Kabul and harvesting that Influence in the form of material gains, a firm footing in Central Asia is a prerequisite.
- **Economic Dimension:** Given the vast untapped mineral wealth of the region encompassing the five Central Asian countries and Afghanistan — estimated to be worth a few trillion dollars — there is a significant economic dimension to the unfolding saga.
- **Geopolitical Angle:** Washington hopes to create in Central Asia a vector of its Indo-Pacific strategy to contain China and Russia. At the same time, governments in Moscow and Beijing are circling the wagons.

Suggestions for India:

- India needs to work on an intricate network of relationships with the regional states while remaining mindful of the “big picture”.
- Delhi’s non-aligned mindset needs to be turned into a strategic asset to navigate its long-term interests. India’s membership of the BRICS and SCO will help.
- Cooperation of Russia and China: The deepening of the traditional Indo-Russian mutual understanding has injected dynamism into Delhi’s regional strategy on the whole.
- It is bound to have a calming effect on India’s tensions with China.
- Delhi cannot have an effective Central Asia strategy without the cooperation of these two Big Powers.
- **Regional connectivity:** India can use the card of regional connectivity to stimulate Partnerships.
- The time may have come to reopen the files on the TAPI and IPI gas pipeline projects. Both involve Pakistan.
- Normalisation of India-Russia ties: Russia is well-placed to act as guarantor and help build both these pipelines, while China too will see advantages in the normalisation of India-Pakistan ties.

New Geoeconomic Partnership:

- Recently concluded third meeting of the India-Central Asia Dialogue in Delhi served a purpose to sensitise the Central Asian interlocutors that it attaches primacy to Geoeconomics.
- But India will have a challenge on its hands to flesh out the “4Cs” concept that External Affairs Minister S Jaishankar presented at the event — commerce, capacity enhancement, connectivity, and contact being the four pillars of a new geoeconomic partnership.
- The key areas are transit and transport, logistics network, regional and international transport corridors, free trade agreements, manufacturing industry and job creation.
- They ought to be front-loaded into India’s Central Asian strategy.
- Certainly, the EAEU Integration processes must be speeded up.

7. Trincomalee Oil Farms Deal

Why in News?

- After a year of negotiations, Sri Lanka will ink the deal with India to jointly develop the Trincomalee oil tank farms — a coveted project that has remained controversial for decades.

Trincomalee Oil Field:

- The facility, built by the British around World War II as a refueling station, has 99 storage tanks that look like giant wells.
- They have a capacity of 12,000 kilolitres each.
- Eighty-four of those are in the 800-acre Upper Tank Farm (UTF). For a good part of a century now, these tanks have remained unused, shrouded in a forest.
- The Lower Tank Farm (LTF) has 16 tanks, spread across 50 acres.

Historical Background:

- Trincomalee harbor is the second deepest natural harbor in the world.
- The British who were in control of the island decided to make this as their primary logistics station in the east after World War I.
- It is also a lesser-known but important logistic station during World War II.
- British started the oil storage project in 1924 and completed in late 1930s.
- After that it was abandoned by the British in 1948 when Sri Lanka gained independence.
- In 2002, the development of this tank farm was revived by an Indian company Indian Oil Corporation (IOC).

History of India's Interest in Trincomalee:

- The development of the Trincomalee Oil Tank farm has been a recurring talking point in Indo-Lanka relations since 1987.
- It was First mentioned in the Indo- Lanka Accord signed by PM Rajiv Gandhi and President Jayewardene.
- Despite that, nothing really took off until 2003, when Indian Oil Corporation set up Lanka IOC, its Sri Lankan subsidiary.
- The agreement remained dormant for years, until the Sirisena- Wickremesinghe administration tried revisiting it through the 2017 MoU.

Significance of Trincomalee:

- **Demography:** Trincomalee is home to 3.7 lakh Muslim, Tamil and Sinhala people and Trincomalee, in Sri Lanka's post-war years.
- **Tourism:** It has emerged as a favorite destination for surfers from around the world, gradually transforming with plush resorts and restaurants dotting its coast.
- **Important sea route:** Trincomalee remains in spotlight as a potential transit point for international trade routes, particularly drawing India which has known strategic interests there.
- **Balancing China:** From India's geostrategic viewpoint, Trincomalee is an important counterbalance to the southern Hambantota Port backed substantially by China.

Hurdles to the Project:

- **Public resistance:** India-backed projects in Sri Lanka tend to draw way more public resistance from nationalists among the majority Sinhalese constituency than projects with Chinese or American involvement.
- **Anti-India sentiments:** Observers in Sri Lanka attribute this to the "baggage" that Indian diplomacy carries, years after its intervention during different stages of Sri Lanka's civil war.