



One stop Guidance for UPSC by IAS toppers

**MAGAZINE**  
**APRIL 2015**

# NET NEUTRALITY

JAM TRINITY

ISIS CRISIS

SAGAR MALA

INDIA-US NUCLEAR DEAL

IRAN NUCLEAR DEAL

DELHI STATEHOOD?



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## Preface

With the present shift in examination pattern of UPSC Civil Services Examination, 'General Studies – II and III paper' can safely be replaced with 'Current affairs'. Moreover, following the last two year trend of UPSC, almost all the questions are **issue-based** rather than news-based. Therefore, the right approach to preparation is to prepare issues, rather than just reading news.

Taking this into account, our website [www.iasbaba.com](http://www.iasbaba.com) will cover current affairs on a daily basis. This will help you pick up relevant news items of the day across various national dailies such as The Hindu, Indian Express, Business Standard and LiveMint. Over time, some of these news items will become important issues.

UPSC has the knack of picking such issues and asking general opinion based questions. Answering such questions will require general awareness and an overall understanding of the issue. Therefore, we intend to create the right understanding among aspirants - "How to cover these issues?" In this **First edition** of our magazine, we will cover some of the important news items from **April, 2015**, as well as past news items that became **issues**.

As seen in Mains 2013 and 2014, UPSC is asking more number of questions from the preceding year affairs too. Considering this, we will be covering these past issues weekly on our website. Some **Mains questions** have also been given at the beginning of the document that will help you read the issues critically and analytically. Also, with this first edition, and more to come, we intend to create a level-playing field among UPSC aspirants across geographic, linguistic and economic barriers.

For, it is seen that aspirants writing UPSC from Hindi medium struggle for quality content as newspapers like The Hindu and others are not available in Hindi. And, there is a dearth of quality Hindi material available online that further troubles aspirants from poor economic background. Therefore, we would be releasing this monthly **magazine in Hindi** as well.

Kindly note that this is a **Promotional magazine**, not a full fledged magazine which we will be releasing this from next month, May, onwards. It will be even more comprehensive with greater coverage of both issues and news items.

**"Success is where preparation and opportunity meet."**

You pledge to prepare, and we will give you the right opportunity. Lets begin the sailing. Off to you! 😊

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## Mains related Questions

*After reading the questions here, you will understand “How to read” the issues. The purpose of these questions is to make you read the issues “critically” and “analytically”. First try thinking of the probable answers to these questions, and then start reading the magazine. Voila!*

1. “Violation of Net neutrality is antithetical to a democratic market place on the internet.” Examine.
2. “Internet governance and net neutrality is not a zero sum game for all stakeholders.” Do you support the statement? Why or Why not?
3. “The implications of the Indo-US Nuclear deal go beyond ensuring only the energy security of India.” Comment.
4. The Indo-US Nuclear deal is a complex interplay of liabilities passed on from the operator to the supplier to the consumer in the end. Discuss.
5. “Government has rolled out JAM Trinity to effectively carry out cash transfer policy to ensure better target of beneficiary and it is hailed as a game changer”. Do you agree with the statement? What are the challenges in its better implementation?
6. JAM Trinity is a welcome step but needs ground level preparation for its success. What are the areas where government needs to focus for effective working of JAM Trinity?
7. “The Blue Revolution endorsed by Modi, if realised in its entirety, has the potential to transform India in a similar manner as that of Green and white revolution, and both the normative vision and the policy clarity are laden with deep import.” Comment.

8. Analyze the Centre-state issues concerning the maritime sector in India. What specific steps have been taken by the Central government to address these?
9. "Growing presence of China in the Indian Ocean region makes it important for India to shift from soft diplomacy to practical diplomacy." Examine.
10. "The relation between India and Bhutan has democracy at its core and strategic goals at the layers". How far you agree with this?
11. "Bhutan has set an example for world that is witnessing serious turmoil for democratic struggle". Elaborate.
12. Compare and contrast the role of USA and India in assisting nations in democratic set up.
13. Is Delhi's demand for full statehood justified on Federal principles and strong development agenda or is it rooted in regionalism? Also, comment on the nature of Delhi's relations with the Central government.
14. "Decentralized city self-government cannot be run from a Central power house." Critically examine in the context of the 74<sup>th</sup> constitutional amendment and Delhi's demand for statehood.

# 1. Net neutrality

## What it means?

Net neutrality is the principle that Internet service providers (ISPs) and governments should treat all data on the Internet equally, not discriminating or charging differentially by user, content, site, platform, application, type of attached equipment, or mode of communication. The term was coined by Columbia University media law professor Tim Wu in 2003.

The above essentially means that the ISPs and governments should not be able to dictate:

- **For what purpose are you using the internet** – for e.g. to make calls via whatsapp or do video calling on Skype or build a company or surf online libraries.
- **Which websites you visit once you have purchased an internet plan** – for e.g. if you have bought an Airtel Plan, you should be able to visit the website of Vodafone as easily as that of Airtel.
- **Which websites run on fast lane internet and which ones on slow lane internet** – for e.g. if Flipkart made a deal with Airtel (an ISP), then Airtel should not be able to slowdown Snapdeal and Amazon's website, so that customers get irritated on Amazon's website and consequently traffic on fast Flipkart website (their competitor) increases.
- **Differential payment plans for visiting different websites on the internet** – for e.g. Airtel Zero is a service that will allow some websites to be surfed for free without an data cost to the consumer. If this happens, you will have to pay for using the other websites, but not the ones under Airtel Zero. This

## How is it different from the concept of Open Internet?

The idea of an open Internet is the idea that the full resources of the Internet and means to operate on it are easily accessible to all individuals and companies. This includes ideas such as net neutrality, open standards, transparency, lack of Internet censorship, and low barriers to entry.

Net neutrality is an important component of an open Internet, where policies such as equal treatment of data and open web standards allow those on the Internet to easily communicate and conduct business without interference from a third party.



### **Why Net Neutrality is important – Argument for Net neutrality?**

- If net neutrality is not adhered to, ISPs can use their last mile infrastructure to block Internet applications and content (e.g. websites, services, and protocols), and even to block out competitors. Thus the ISPs will create an exploitative business model playing the role of gatekeepers and being able to control which websites load quickly, load slowly, or don't load at all.
- Non-net neutrality will thus involve leveraging quality of service (by ISPs) to extract remuneration from websites that want to avoid being slowed down.
- Net Neutrality lowers the barriers of entry and operations for entrepreneurs, startups and small businesses by ensuring the Web is a fair and level playing field.
- We need the open Internet to foster job growth, competition and innovation.
- Net neutrality ensures that the Internet remains a free and open technology, fostering democratic communication.
- It is a preservation of the way the internet has always operated, where the quality of websites and services determined whether they succeeded or failed, rather than deals with ISPs
- Monopolization or of the Internet by ISPs would stifle the diversity of independent news sources and the generation of innovative and novel web content.
- The Internet was designed and has run successfully till date without any authorities controlling access to new content or new services. So, the very

principles responsible for making the Internet such a success would be fundamentally undermined were broadband carriers given the ability to affect what people see and do online.

### **Arguments against Net neutrality**

- As per some experts, there is no compelling rationale for regulation of net neutrality because there is "significant and growing competition" among broadband access providers as per some research studies.
- Opponents of net neutrality argue that prioritization of bandwidth is necessary for future innovation on the Internet.
- Net neutrality would make it more difficult for ISPs and other network operators to recoup their investments in broadband networks. They may have no incentive to make large investments to develop advanced fibre-optic networks if they are prohibited from charging higher preferred access fees to companies that wish to take advantage of the expanded capabilities of such networks
- Google views that similar data types should not be discriminated against, but it is okay to discriminate across different data types.
- Some also claim that the Internet is already not a level playing field: large companies achieve a performance advantage over smaller competitors by replicating servers and buying high-bandwidth services.

### **Situation in India and U.S.**

#### **USA**

- The recent debate over net neutrality was most visible in US.
- Debate was about whether net neutrality should be required by law in the United States. Because some ISPs created fast lanes for some particular websites and blocked content.
- Recently, the U.S. Federal Communications Commission (FCC) approved "net neutrality" rules that prevent Internet providers from slowing or blocking Web traffic or from creating Internet fast lanes that content providers (such as Netflix) could pay to use.

- However, the FCC is facing several lawsuits that challenge its open Internet order.

## India

- TRAI regulates the sphere of telecommunications by regulating anti-competitive behaviour in consumer interest.
- As of 2015, India has no laws governing net neutrality and there have been violations of net neutrality principles by some service providers.
- The Information Technology Act, 2000 does not prohibit companies from throttling their service in accordance with their business interests.
- While the Telecom Regulatory Authority of India (TRAI) guidelines for the Unified Access Service license promote net neutrality, they are not enforced.
- In March 2015, the TRAI released a formal consultation paper on *Regulatory Framework for Over-the-top (OTT) services* (like Whatsapp providing calling services on internet provided by Airtel), seeking comments from the public. A final view is yet to be taken by TRAI.

### Way forward – IASbaba's take on Net Neutrality

It is the ISPs presently who have to invest in the internet infrastructure of cables, large towers, optical fibres, satellites etc. which is a pretty bulky investment. This they recover from the end internet users. Central to the debate of net neutrality is this very concern of ISPs– whether they will be able to generate enough revenue to make profits as well as create new high end infrastructure?

***With sufficient capacity, there would less of a Net neutrality debate.***

**This concern can be addressed by the following approaches:**

**1.** If net neutrality is adhered to, new companies, services, and ideas would expand at same or much faster rate. As more and more essential services come online, it would make Internet a need for people, no longer a luxury. Once this happens, the **subscriber base** of internet will increase, and the average data usage per capita will also increase. Here the cable companies will be able to generate a much larger revenue from their broadband and cable infrastructure. Now, this would not happen if net neutrality is not adhered and consequently competition and innovation is stifled. So, any tiering or discrimination of websites or services on the internet would

be a lose-lose situation for all be it internet users, ISPs or websites. **Volume growth in one market reinforces volume growth in the other.**

**2.** Another way to approach this would to be **charge both the end users**. Presently only the internet user is charged. And the companies that buy space and bandwidth on these servers are not charged for the volume of traffic that comes on their websites. A pricing policy can be made where alongwith the bandwidth, the websites are also charged for the volume of traffic (such as on youtube). The ISPs can continue charging the end consumers on the same tariff model. This approach would generate additional revenue as well as incentive of the ISPs to invest in news high end broadband infrastructure.

**3.** Several ISPs accuse large websites like Google or Youtube of free riding on the expensive fibre optic network built by the ISPs. To address this, Over-the-top (OTT) service providers and websites can pay the telecom operators based on a **revenue-sharing model** as they depend on “data” as their “raw material”. A certain percentage of their profits made via internet can be given to the ISPs. This will be a win-win situation for all the parties, because ISPs will then be able to ensure high end infrastructure providing qualitative internet to all and at probably lower price for the internet user.

**4.** If spectrum purchases and infrastructure creation makes a huge hole in the ISPs balance sheet thereby stalling their ability to invest in new infrastructure, two things can be done. Either the spectrum can be sold at lower prices by the government or the government supports internet infrastructure creation by PPP modes or both simultaneously.

### **Concluding view**

*To sum it up, In a market like India, where the capacity of the citizen to pay is limited and the goal is to increase digital access, it may make marketing, economic and political sense to charge according to what the market will bear. Individual end users are able to pay less and use less data so they should be charged less. OTT service providers use the Internet more and are able to pay more, so they should pay more. This would ensure that ISPs do not favour one lawful internet traffic over another – or no “fast lanes”.*

The above would ensure that all would co-exist - Net neutrality; high quality internet infrastructure; competitive, open and vibrant internet; and a digital India.

## 2. India-US Nuclear Deal

### Background

After India's 1974 nuclear tests, Nuclear Suppliers Group (**NSG**) is formed and India was denied access to nuclear technology (important for ensuring energy security) as it did not agree to sign the Nuclear Non-proliferation Treaty (**NPT**).

Following several diplomatic negotiations since 2005, the Indo-US civil nuclear deal was signed in **2008** which ended India's nuclear isolation. As per the deal:

- India agreed to separate its civilian and military nuclear activity; open up the civilian part to inspection by the International Atomic Energy Agency; and to introduce nuclear liability legislation consistent with the 1997 Convention on Supplementary Compensation for Nuclear Damage, or **CSC**.
- In return, the US offered to resume full nuclear trade with India.

India then following all protocols enacted the **Civil Liability for Nuclear Damages Act (CLiNDA), 2010** which

- makes sure that victims of a nuclear accident can get quick compensation, without having to prove the plant operator was negligent, and irrespective of who was at fault.
- Caps the liability of plant operator (e.g. NPCIL) at Rs. 1,500 Crore; and beyond that recourse can be taken against the supplier.

But, for the last few years, talks on the civilian nuclear deal's "administrative arrangements" had been stalled due to:

- US objections to India's Compensation for Nuclear Liability and Damages law of 2010 which were.
  - International nuclear equipment suppliers argued that India's CLiNDA doesn't comply with CSC, which India has signed, but not ratified.
  - The Paris Convention, 1960, and the Vienna Convention, 1963, say no one other than operators can be held responsible.
  - The supplier (e.g. Westinghouse supplied equipment, reactor design etc.) is exposed to unlimited liability under Sec 17 and 46 of the Act. As per them, it is the operator - not the supplier - who ought to spot and rectify defects and therefore be liable.

- US domestic law required tracking by US authorities of nuclear supplies made to countries like India that have not ratified the Non-Proliferation Treaty. India found the requirement unduly intrusive as it was in addition to International Atomic Energy Agency verification.

So commercialization of the 2008 deal was held up. And India was being pressurized to dilute its nuclear liability law.



### What “breakthrough” was achieved and How?

In his recent visit to India US President Obama announced a “breakthrough understanding” with India that would **allow the commercialization** of the Indo-US civilian nuclear deal signed in 2008.

#### **What India agreed to?**

- It would not dilute its liability law
- “Risk assessment” in case of nuclear damage will be transferred to the commercial operators and suppliers.
- It has proposed to set up an “**Indian Nuclear Insurance pool**” (around \$480 million) to protect suppliers against claims by the operator (still suppliers can be sued for damages). Government would contribute to this fund.
- India’s CLiNDA was held as compatible with the CSC, which India has signed and intends to ratify.

India is not alone in providing such avenues. Japan, Austria, Switzerland and Germany have actually gone one step further and even removed liability caps. This is in line with the realisation that damages arising from nuclear accidents can run into billions of dollars, including compensation, relocation and rehabilitation, environmental remediation and lost trade due to contaminated agricultural and marine produce.

### What US agreed for?

- It will exempt nuclear supplies to India from US inspections meant to ensure non-proliferation goals.
- Commercial deals with US nuclear power companies will go ahead.

### Drawbacks of the deal

- The Insurance pool is **publicly funded** (by nuclear companies and government).
  - If the supplier is asked to contribute to the pooled fund then
    - The increased project and electricity cost would be passed on to Indian consumers.
    - This may impose higher cost to any nuclear deal concluded with US companies than was earlier anticipated.
  - Indian taxpayers will be made to pay to cover risks associated with the nuclear technologies of foreign suppliers.
- Insurance pool is too small to cover large nuclear damages. For e.g. Chernobyl disaster, has spent at least \$235 billion over the last 30 years on relief, rehabilitation and clean-up. That is more than twice the size of the Indian nuclear market that American corporations are hoping to tap into.
- Both projects at Gujarat site and Kovvada site by US involve **untested** technologies.
- The deal is a large financial sacrifice as far as nuclear damage security is concerned. We have installed less than 5000 MW of nuclear capacity in last 60 years.

### Significance of the deal

India will be better placed to conclude negotiation on nuclear deals with other fuel and reactor supplier countries like Russia, France, Australia and possibly even Japan. This is crucial for our energy security.

India has also won US assurances of support for its **membership in four nuclear regimes**: the Nuclear Suppliers Group, Wassenaar Arrangement, Australian group and the Missile Technology Control Regime (MTCR). This has a strategic significance for India.

Thus, India-US economic relations have received a boost.

## 3. JAM Trinity

### Background

- Since independence, poverty has been a pressing issue for Indian government. Government has come up with several ways to uplift its majority population that is below poverty line. From subsidies to financial inclusion, efforts have been put to support them with basic amenities.
- Among these measures, Price subsidies have formed an important part of the anti-poverty discourse in India and the government's own policy toolkit. Both the central and state governments subsidize the price of a wide range of products with the expressed intention of making them affordable for the poor
- Subsidies form part of government policies from several years but the devoid of better results. There can be several reasons to it being leakages, poor financial inclusion, corruption and numerous policies deviating in centre and state level that create confusion in functioning as well as awareness. To tackle this effectively, the government has come up with a unique solution in the name of JAM Trinity.

### What is JAM Trinity?

- The Jan Dhan Yojana, the Aadhaar initiative of UIDAI and Mobile number (JAM). These three things are now often called the Trinity of reforms in India.
- The JAM Trinity holds the key to one of the biggest pieces of reform ever attempted in India, i.e., **direct subsidy transfers**. The government is pinning its hopes on these three modes of identification ((JAM) to deliver direct benefits to India's poor.
- Cash transfers can also augment the effectiveness of existing anti-poverty programs. By reducing the number of government departments involved in the distribution process, opportunities for leakage are curtailed.

### What is the need of JAM?

- Before this government has adopted multitude of subsidy schemes to benefit the poor but because of lack of implementation, leakages, corruption and poor financial inclusion the cost benefit has adversely affected the government as well as the beneficiary. Let us take an example to understand this.
- Price subsidies given by the government is often regressive. It means it has benefited the rich more than poor. For example electricity subsidy
- Also, all of us are aware how diesel subsidy has huge problem of leakages that is not reaching the beneficiary but circulating among intermediaries and black markets.
- The high MSP has adversely affected the farmers. In lieu of high MSP, farmers are over producing and neglecting the non-MSP crops. This not only affect the agriculture but government's fiscal system as well as loss of huge food items due to low level of storage facilities.
- Then we have the MGNREGA, operated through the panchayats, which pays minimum wages to rural workers. The Centre and States supply rice, wheat, pulses, cooking oil, sugar and kerosene at heavily subsidized prices through the PDS. Then, sectors such as power, fertilizers and oil sell their products to people below market prices.
- It is natural that such subsidies cost the exchequer quite a bit. Yet, as they make their winding way through the hands of intermediaries, leakages, corruption and inefficiencies eat away large parts.

- It is here that the government is quite confident that the three constituents of JAM could be of immense help. With Aadhaar helping in direct biometric identification of disadvantaged citizens and Jan Dhan bank accounts and mobile phones allowing direct transfers of funds into their accounts, it may be possible to cut out all the intermediaries.

### How JAM Trinity will work?



- Eliminating or phasing down subsidies is neither feasible nor desirable unless accompanied by other forms of support to cushion the poor and vulnerable and enable them to achieve their economic aspirations. The JAM Number Trinity – Jan Dhan Yojana, Aadhaar and Mobile numbers allows the state to offer this support to poor households in a targeted and less distortive way.

### Aadhaar

- As of December 2014, over 720 million citizens had been allocated an Aadhaar card. These enrolments are increasing at a rate of 20 million per month and by December 2015, the total number of Aadhaar enrolments in the country is expected to exceed 1 billion.
- Linking the Aadhaar number to an active bank account is key to implementing income transfers. To this effect, the government had seeded over 100 million bank accounts with registered Aadhaar numbers by December 2014.

### Jan Dhan Yojana

- With the introduction of Jan Dhan Yojana, the number of bank accounts is expected to increase further and offering greater opportunities to target and transfer financial resources to the poor. Indeed, the government is already attempting this transition in certain areas by paying cooking gas subsidies directly via Direct Benefit Transfer into the bank accounts of 9.75 crore recipients

### Mobile

- With over 900 million cell phone users and close to 600 million unique users, mobile money offers a complementary mechanism of delivering direct benefits to a large proportion of the population. And this number is increasing at a rate of 2.82 million per month.
- Given that Aadhaar registrations include the mobile number of a customer, the operational bottlenecks required to connect mobile numbers with unique identification codes is also small.
- With several cell phone operators reportedly applying for a payment bank license in February 2015<sup>17</sup>, mobile money platforms offer tremendous opportunities to direct Aadhaar based transfers

### Prospects and solution

- A recent study reported evidence from Andhra Pradesh where MGNREGA and Social Security payments were paid through Aadhaar-linked bank accounts. Households received payments on average 10 days faster with the new Aadhaar-linked direct benefits transfer system, and leakages reduced by 10.8 percentage points.
- The value of the fiscal savings – due to lower leakages – was 8 times greater than the cost of implementing the program. This shows the high returns to public investments in the state capacity required to deliver secure payments. In addition to net fiscal savings, income transfers can compensate consumers and producers for exactly the welfare benefits they derive from price subsidies without distorting their incentives
- If the JAM Number Trinity can be seamlessly linked, and all subsidies rolled into one or a few monthly transfers, real progress in terms of direct income support to the poor may finally be possible.

## 4. SAGAR Mala Vision

### Background

- Maritime sector has been hampered by many **procedural and policy related challenges**, such as:
  - **Dual institutional structure** that has led to the development of major ports (those owned by the central government) and non-major ports (those owned by the state governments) as individual projects.
  - The involvement of **multiple agencies** in the development of infrastructure to promote industrialization, trade, tourism and transportation across the country
  - The states do not want to cede control of a key infrastructure sector which could be developed through their own policies on private investments without help from the centre
- Moreover, high transportation costs, limited development of coastal areas for manufacturing and economic activities, low penetration of coastal and inland shipping is skewing economic growth due to
  - Lack of infrastructure for evacuation of cargo at major and non-major ports leading to a sub-optimal transport modal mix,
  - limited hinterland linkages and its impact on lack of scale and deep draft at ports

To address these issues, the incumbent government has proposed SAGAR Mala project.

### About SAGAR Mala

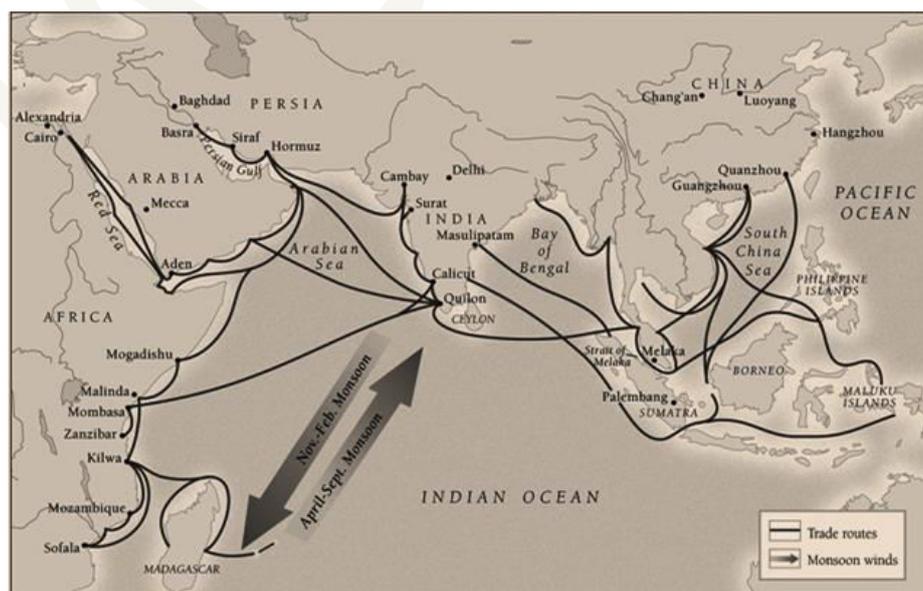
“Sagar Mala” – concept first unveiled by the previous NDA government in 2003, with the objective of rapid modernisation and expansion of India’s maritime sector.

It is essentially an **infrastructure-cum-policy** initiative. It will allow the central government to have a say in the development of non-major ports without adopting a confrontationist approach with the state governments. Necessary institutional framework will be built for the same.

In SAGAR Mala, the key agenda is setting up of some 10 coastal economic regions (CERs).

- Each CER will hold an integrated and comprehensive plan of the area, combining the growth potential of various industrial clusters and economic activities (such as ship repair, shipbuilding, ship-breaking, bunkering, container freight stations, warehousing facilities etc.) with the upgradation and development of both major and non-major ports simultaneously.
- The CER will also develop transport systems for land- and water-borne evacuation of cargo from and to the ports on a regional basis, thus ensuring an optimal modal mix.
- Each CER will be developed through a special purpose vehicle having equity participation from the state government concerned and the company.
- The management of the CER **special purpose vehicle** would vest with the **state government**.
- Connecting coastal cities
- Integrated plan to develop port-based special economic zones, marine shipbuilding parks, port cities, cold storage networks and last mile connectivity.

This is to be done through a structured framework for ensuring inter-agency collaboration and integrated development.



### Why an ocean-centred approach not adopted earlier?

Roots in India's history – a lot of importance given to land frontiers, also called as continentalism; this was due to the issues of

- Partition of India and a belligerent Pakistan
- The emergence of a strong China to the north and the contestation with it along the Indo-Tibetan border
- An economic policy of Self-reliance and Import substitution till 1990s resulted in low volume of sea trade and thus lesser attention.
- Military isolationism of the non-aligned era, which meant less focus on Indian Navy.

### How is this vision significant now?

- Since 1990s globalisation and trade, economic connectivity with the Indian Ocean littoral region increased dramatically. Under this these are of significance
  - Now, Indian Ocean bears **two-thirds** of the world's oil shipments, one-third of its bulk cargo and half of its container traffic. Over three-fourths of its traffic goes to other regions of the world.
  - Development of port infrastructure remains the most critical factor in the equation of world trade of India. Presently, seven of the world's twenty largest ports are located in China which is considered to be the manufacturing hub of the world; **India is emerging as a new hub of manufacturing**. Looking to the current Indian EXIM trade, the sea-borne traffic needed to be increased manifold.
- Maritime cooperation became important as India shifted focus from global institutions to regional institutions like Indian Ocean Rim Association (set up in the late 1990s to promote regional cooperation)
- Expansion of bilateral and multilateral **naval exercises** with many of India's neighbours in the Indian Ocean
- For maritime capacity building, especially in the island states that occupy critical locations in the Indian Ocean
- In the light of increase **marine piracy** and terrorist attacks from sea frontiers (2008 Mumbai attacks)

- By linking major and non-major ports, industrial clusters and evacuation infrastructure into a single system at a larger regional level, a CER will enable seamless and efficient movement of cargo through gateways, thereby allowing ports to enhance competitiveness and offer multiple freight options to customers.

#### It can be implemented better by:

- Taking up major maritime projects in other countries like the PM recently signed deals with Mauritius
- Improving defence diplomacy
- **“Project Mausam”** to promote India’s soft power in the littoral.
- Few academics and experts have proposed the idea of a “spice route” to capture India’s interest in restoring its historic linkages

## 5. Democracy in Bhutan

### Background

Recently Bhutan has entered into the process of democratization from Monarchy. It is a significant event and holds key for building good ties with India. India has supported Bhutan in this process by helping Bhutan’s election and constitutional change. Both shares cultural relations since the two countries signed the Treaty of Friendship and Cooperation in 1949. In tune with the changing times, India seized the initiative to modernize and transform the relations by revising the original Treaty of Friendship in 2007 that has laid the foundation for the future development of India-Bhutan ties in the 21st century.

### What is unique in Bhutan’s way to Democracy?

Bhutan was a Monarchy. Its Democratic progress is a peaceful one unlike in other parts of the world where Monarchy exists. The King himself realized the need of democracy and public rule in changing geopolitics and initiated the process

voluntarily, though the public shares healthy relation with Bhutan's leader and was quite happy with his leadership.

### **Lesson for other nations undergoing change:**

It is a unique case of vision by any Monarch in the history of Monarchy. World is witnessing turmoil in West Asian countries (Middle East) and Africa where tens of thousands of people have been killed in their struggle with Autocratic rulers. Though, there are several other reasons and factors involved in ongoing conflicts in Middle East.

Bhutan is a Himalayan State. Its geography and culture is unique in its own way and the people living there are peace loving as suggested by the Gross National Happiness Index for their growth indicator. The turmoil in South Asian countries like Bangladesh, Myanmar and Indonesia where democratic struggle has rattled their state, could have been a lesson for Bhutan's crave for Democracy in a peaceful manner. Secondly, the role of non-state actors from China and other nation in the vicinity of Bhutan to infiltrate the peaceful atmosphere can never be undermined.

Considering all the factors the King of Bhutan, Jigme Khesar Namgyal Wangchuk has given a robust example of being a real King who think about his people before anything else.

### **India and Bhutan Relations: Role of India**

India is the largest democratic country in the World. Owing to its experience in managing the most populous and diverse country with the sword of democracy, Bhutan will look towards India to share its experience.

India being the world's democratic leader has the chance to support a country under transition and settle the process in peaceful manner where western countries like US and Europe have failed in their attempts in Middle East.

Moreover, Bhutan is significant for India in many ways. The development partnership, Energy diplomacy, Trade diplomacy and Security and strategic importance of Bhutan is quite high for India.

### **Development Partnership:**

- India remains Bhutan's largest development partner.
- Over the years, a large chunk of India's developmental assistance in form of loans, grants and lines of credit have been committed to Bhutan.
- India has funded nearly all of Bhutan's landmark projects-including the airport at Paro, the Bhutan Broadcasting Station, the Bhutan-India microwave link, 1 million-tonne Dungsum Cement Plant, Bhutan Institute of Medical Sciences, and all exploration, survey and mapping of mineral resources.
- India contributes a hefty chunk of financial assistance to Bhutan's five year plans.

### Energy Diplomacy

- Hydropower cooperation-Bhutan, with a combined hydropower potential of 35,000 MW, have offered a sturdy bridge to crystallize this unique partnership of co-prosperity, with power generated in Himalayan mountains and valleys lighting up countless homes and smiles in Bihar, West Bengal and Delhi.
- The two countries signed a framework inter-governmental agreement on development of joint venture hydropower projects through the public sector undertakings on April 22, 2014 in Thimphu.

### Trade Diplomacy

- Trade and investment are on an upswing, and will acquire an added traction under the new government in Delhi which has made economic diplomacy the centerpiece of its engagement with neighbours as well as the larger world.
- In 2012, bilateral trade was estimated to be over Rs 68.3 billion, with Bhutan's exports amounting to Rs. 26.6 billion (including electricity).
- Under a free trade agreement which will be effective till 2016, Bhutan enjoys duty free transit of Bhutanese merchandise for trade with third countries too.

### Security and Strategic importance

- The strategically-located Bhutan continues to be of special significance to India, especially amid reports of the rapidly growing imprints of a neighboring Asian country.
- China's geographical vicinity to Bhutan and illicit activities along the Himalayan border can be a threat for the peace and prosperity of the Nation that will indirectly affect India as well.

## 6. Delhi – Should it get Full Statehood?

### Present Status

#### **Autonomy of Delhi**

- Constitutionally, Delhi is a Union Territory (UT) (since 1991) with a legislature.
- Generally the budget of UTs without legislature is a part of Home Ministry's budget. So, their financial powers are limited. But, Delhi has unlimited financial powers as long as it is generating its own resources.
- The other UTs without legislature have a single source of power, the lieutenant-governor (LG), who is the administrator. In Delhi's case it is the elected government alongwith the LG.

#### **Restrictions on power and authority**

- At present the Delhi assembly, like other state assemblies, has the power to make laws except on 3 subjects:
  - Public order
  - Police
  - Land
- Its decisions can be over-ruled by the combination of the LG and home ministry.
- Moreover, legislations on matters related to Municipal governance require the consent of the LG, Union government and President before implementation. So, the Municipal Corporation is not under the full control of the Delhi government.

### **Arguments for full statehood or more autonomy to Delhi government**

- Delhi Development Authority (DDA), Police and MCD need to be fully under the Delhi government for the reasons given below:
  - DDA is for land and housing issues. The Delhi government cannot have control over land usage and allocation as DDA is under the Central government.
  - Police - Accountability for Delhi's law and order also falls on the Delhi government. It can not fulfil its responsibility without authority over police.
  - Municipal corporation - Synchronization in utilisation of resources in health and education is needed which is poor right now. Even a revision of municipal bye-laws to increase fines on littering requires the government of India's approval. This reduces local autonomy and limits self-government. E.g. in the case of Property Tax Amendment Bill was enacted in 2003.
- Delhi, with a population approaching 20 million (more than 10 full-fledged states), badly needs to take recourse to market borrowing but, not being a state, cannot do so. If Delhi is given statehood subject to restrictions on borrowing, it would enable the state to raise the resources that are required to build a world-class city.
- The second Administrative Reforms Commission had strongly recommended that the DDA should be chaired by Delhi CM instead of the LG.

### **Arguments against full statehood (with way forward)**

- As the national capital, the Union government has the responsibility for the city's orderly growth and security. That can be achieved by continuing with the Central government exercising powers of oversight by retaining a few supervisory sections that are already in the law.
- Central Government will be deprived of the rights like managing the inner force to own security, protection of Embassies and Ministries, and creates a great danger for our country's security, sovereignty, and even Independence.

- As a full state of the Indian Union, Delhi will no longer enjoy the central government's current subsidies. So tax rates in Delhi will have to be raised upwards because it will also have to pay to maintain law and order; a police force, metro transportation system etc.
- Delhi is by and large a city-state. But it is also the capital of India. It is not possible for the central government to come under a state government's administrative jurisdiction.
- Then, it automatically means that Delhi has to be bifurcated if one part of it is to receive full statehood. This would create chaos and disorder.
- To ensure police accountability to Delhi, statehood may not be necessary. An oversight committee consisting of Delhi CM; top Delhi bureaucrats and Delhi police officials can address local specific problems. And it can also register official protests for lackadaisical attitude of police.
- Macro planning for the national capital requires long-term thinking and sound technical advice, which the ministry of urban development is far better equipped to provide. Day-to-day decisions would, however, be taken by the chief minister and the approval of the Union government obtained exactly as is done today.

### International practice

Such a model can also be followed in Delhi.

In America, a district (capital) was created that the federal government could administer itself for its convenience. If a state had owned it- under the federal system (which is very robust in USA) – several governance logjams would have been created. At the same time, the US Congress should be deciding on some of the local issues of Washington DC was against the principles of subsidiarity. These issues were better relegated to its local mayoral government.

While residents of Washington DC too continue to aspire for a complete statehood, nevertheless, the police remain a state subject for them. It means the local police are controlled by Mayor and municipality. However, the federal law enforcement agencies (example: United States Capitol Police) have jurisdiction in some parts of the Washington DC.

# Some important Issues from 2014

## A. Digital India



A programme to transform India into a digitally empowered society and knowledge economy

- Digital India is a **Programme to prepare India for a knowledge future.**
- The focus is on being **transformative – to realize IT (Information Technology) + IT (Indian talent) = IT (India Tomorrow)**
- The focus is on making **technology central to enabling change.**
- It is an **Umbrella Programme** – covering many departments.
  - It weaves together a large number of ideas and thoughts into a **single, comprehensive vision** so that each of them is seen as part of a larger goal.
  - Each individual element stands on its own. But is also part of **the larger picture.**
  - It is **coordinated by DeitY, implemented by the entire government.**
  - The weaving together makes the Mission **transformative in totality**
- The Programme:
  - Pulls together many **existing schemes.**
  - These schemes will be **restructured and re-focused.**
  - They will be **implemented in a synchronized manner.**
  - Many elements are only **process improvements with minimal cost.**
- The **common branding** of programmes as **Digital India** highlights their transformative impact.

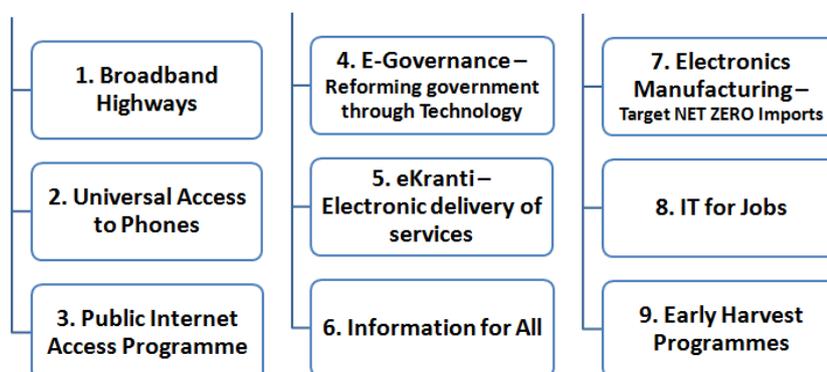
Previous plans like NeGP were not coordinated well and lacked a wholesome and comprehensive approach to implementation.

### Centered on 3 Key Areas

- **Digital Infrastructure as a Utility to Every Citizen**
  - High speed internet as a core utility
  - Cradle to grave digital identity -unique, lifelong, online, authenticable
  - Mobile phone & Bank account enabling participation in digital & financial space
  - Easy access to a Common Service Centre
  - Shareable private space on a public cloud
  - Safe and secure Cyber-space
  
- **Governance & Services on Demand**
  - Seamlessly integrated across departments or jurisdictions
  - Services available in real time from online & mobile platform
  - All citizen entitlements to be available on the cloud
  - Services digitally transformed for improving Ease of Doing Business
  - Making financial transactions electronic & cashless
  - Leveraging GIS for decision support systems & development
  
- **Digital Empowerment of Citizens**
  - Universal Digital Literacy
  - Universally accessible digital resources
  - All documents/ certificates to be available on cloud
  - Availability of digital resources / services in Indian languages
  - Collaborative digital platforms for participative governance
  - Portability of all entitlements through cloud

## DIGITAL INDIA

### Nine Pillars of Digital India



Some examples are e-courts, e-police, e-jails, GIS based decision making, Mobile banking etc. Ongoing NeGP will be revamped to cover these elements.

### **Challenges**

- **Program on this scale never conceived**
- **Each Pillar/program has own challenges**
- **Human Resource Issues**
  - NIC - not equipped for a fraction of this task (obsolesce) - needs revamping & restructuring
  - DeitY – needs program managers – at least 4 more officers at senior levels
  - **Ministries – Need a Chief Information Officer / Chief Technology Officer (CIO/CTO)**
    - Could begin with CIOs 10 major Ministries
    - Can be anyone – from within or outside government
    - To be patterned as AS & FAs – dual reporting
- **Financial Resource Issues**
  - Mostly structured around ongoing programs : Better focus, need some restructuring
  - Some others are process improvements or better utilisation of resources
  - A few new programs may be needed – particularly in Electronics manufacturing and Skill Development
- **Coordination Issues**
  - Program covers many other departments
  - Need commitment and effort
  - Leadership and support critical for success

### **Estimated Costs and Impact**

- **Overall Costs of Digital India**
  - ~ Rs 100,000 Cr in ongoing schemes (only DeitY, DOT & not incl. those in other line Ministries)
  - ~ Rs 13,000 Cr for new schemes & activities
- **Impact of Digital India by 2019**
  - Broadband in 2.5 lakh villages, universal phone connectivity
  - Net Zero Imports by 2020
  - 400,000 Public Internet Access Points
  - Wi-fi in 2.5 lakh schools, all universities; Public wi-fi hotspots for citizens
  - Digital Inclusion: 1.7 Cr trained for IT, Telecom and Electronics Jobs
  - Job creation: Direct 1.7 Cr. and Indirect at least 8.5 Cr.
  - e-Governance & eServices: Across government
  - India to be leader in IT use in services – health, education, banking
  - Digitally empowered citizens – public cloud, internet access

## B. Legal recognition for transgender



The Rajya Sabha recently passed “The Rights of Transgender Persons Bill, 2014” moved by a private member. This is the first private member bill to be passed in the last 46 years.

### Key provisions of the Bill

- Seeks to provide framework for the formulation and implementation of a comprehensive national policy for ensuring overall development of the transgender persons and their welfare.
- Two percent reservation in primary, secondary and higher education and in government jobs.
- Establishment of Employment Exchange, National and State Commissions for Transgender Persons and Special Transgender Rights Courts.
- No child who is transgender will be separated from his or her parents on the grounds of being a transgender except on an order of competent court.
- Penalty for hate speech against transgender persons includes imprisonment extending upto one year and with fine.

This bill will help government take necessary steps in order to ensure that transgender persons enjoy the right to life with dignity and to personal liberty guaranteed by the Constitution.

## **Background**

### **Issues with transgender persons**

- 4.9 lakh population recognized in the last census
- Under-representation in all public and private institutions
- Social discrimination - education, health facilities (based on fear of HIV spread)

In a judgment last year (based on a PIL by Ngo Naaz Foundation), the SC recognized the transgender community as the third gender along with male and female based on Article 14 and 21 and Yogyakarta principles (human rights principles on sexual orientation and gender identity for the LGBT).

### **What the judgment meant for the Transgender?**

- Right to vote given.
- All identity documents, birth certificates, ration cards, passports etc. will recognize the third gender. Such rights were earlier not available to the transgender.
- The Centre and state governments have been directed to treat transgender as socially and economically backward classes and thus extend reservations for them in educational institutions and public offices.
- Government obligation to provide them medical care in public hospitals and provide separate toilets.
- Both governments to operate HIV Sero Surveillance Centres as transgenders face several sexual health issues.
- By ending the gender discrimination, the SC judgment has opened the stage for discussion on their rights of marriage, adoption and inheritance of property.

### **Significance**

- Their recognition was not a social or medical issue but a human rights issue - their right to choose, and live with dignity - Article 14 and 21.
- It will help reduce the social discrimination meted out to the transgender community.
- They will get opportunity in public employment, education and can access good health care facilities. This will lead to their socio-economic upliftment.
- The judgement upholds rule of law and the Right of life and liberty that every citizen of India should enjoy irrespective of gender.
- It leads to a real inclusive society.

Successful models - Bihar and TN model - Bihar employing trans-genders as tax collectors to increase tax collection

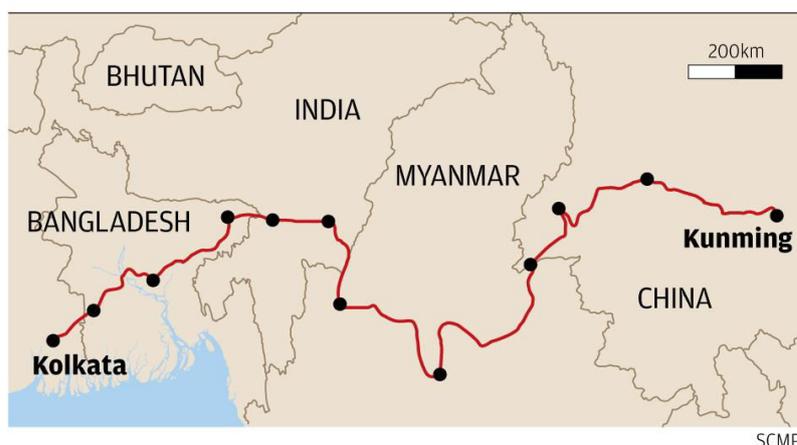
### **Issues with the judgment**

- 4.9 lakhs total transgenders in India.
- The government has sought clarity on the ruling of the SC as to whether gays, lesbians and bisexuals can be included in the definition of transgenders. Because in the latter case, their identity was based on a “deep sense of gender”, and not merely sexual orientation.
- The Government also said that the community can only be listed as backward if the National Commission for Backward Classes, a statutory body under India's Social Justice Ministry, deemed it so.
- Another issue is social acceptability of the judgement. Citizens and civil society must accept the transgenders a part of the mainstream society and end the informal discrimination.
- Uplifting the transgenders can not be a matter of reservations only. The private sector should also be encouraged to employ transgenders by way of financial incentives etc.
- Community based mainstreaming grounded in attitudinal change is required.

## C. BCIM Corridor

The BCIM Economic Corridor is a modern version of the Silk Road.

It is planned to run from China's Kunming province to Kolkata in India, and link Mandalay in Myanmar and Dhaka and Chittagong in Bangladesh through a network of roads, railways, waterways, and airways under a proper regulatory framework.



### The initiative seeks to:

- improve connectivity and infrastructure - power projects, telecommunications etc.
- utilize energy resources more effectively among nations,
- boost agricultural growth across the region
- boost trade and investment.

### Benefits to India and BCIM as a whole

- Together, the BCIM countries account for 9 per cent of the global landmass and **40 per cent of the global population.**
- Special emphasis in BCIM is on inter-regional road network as **roads are the cheapest** route of trade. This will lower transportation costs between India and China by 30 per cent and escalate already growing Sino-Indian trade through the BCIM Corridor.
- The BCIM Corridor will allow all four countries to **exploit existing complementarities** in trade — in terms of both sectors and products. Myanmar is a primary goods exporter and has abundant cheap labour. India has positioned

itself as a leading services exporter. China is the largest manufacturing exporter in the world; and Bangladesh, like many other South Asian countries, engages in both services export and low-end manufactured goods.

- To address energy security, BCIM sub-regional cooperation can capitalise on **hydrocarbons in Bangladesh, hydro-electric and mineral resources** in Northeast India, natural gas reserves in Myanmar, and coal reserves in East Indian states like Odisha, Chhattisgarh and Jharkhand and China's Yunnan province.
- India's engagement with **Myanmar** will contribute to **India's energy security** as India is currently heavily dependent on Gulf oil imports.
- These initiatives will also lead to **economic development of the NE region** of India with special emphasis on infrastructure creation and **people-to-people contacts**.

## D. UNSC Reforms

The United Nations Security Council (UNSC) is one of the six principal organs of the United Nations. It works toward maintaining international peace and security. Its powers include establishment of peacekeeping operations, and international sanctions.

The UNSC reform has been on the agenda of the UN since 1993.

### What is meant by UNSC reforms?

UNSC reforms encompass five key issues.

- These are Categories of membership & question of the veto held by the five permanent members.
- Regional representation, size of an enlarged Council and its working methods
- Security Council-General Assembly relationship.

### Why reforms needed?

- Reforms are needed in its composition and powers.

- It reflects post-world war II balance of power and thus does not reflect the present world order. Nations like India, Japan and Germany also need to be in the UNSC.
- At a time when we are moving towards a democratic world order, VETO power of the UNSC does not augur well with it. It has been politically abused quite often.
- Representation of African nations is nearly negligible. But, most of the peace-keeping nations are in the African nations. It needs representation in both the permanent and non-permanent members.
- UNSC has a very important role in appointing Sec-gen, ICC and ICJ judges. All of them play an important role in adjudicating disputes throughout the world. This discretion needs to be reduced by broad-basing this appointment.

### **Why India deserves a permanent place in UNSC?**

- India was among the founding members of United Nations.
- It has been a member of UNSC for 7 terms and a member of G-77 and G-4, so permanent membership is a logical extension.
- It is the second largest and one of the largest constant contributors of troops to United Nations Peacekeeping missions.
- Today, India has over 8,500 peacekeepers in the field, more than twice as many as the UN's five big powers combined.
- India, largest liberal democracy is home to world's second largest population.
- It is also the world's tenth largest economy by nominal GDP and third largest by purchasing power parity.
- India is only country from G-4 which is backed by all permanent members on the issue.

### **Hurdles faced by India**

- The P-5 is not willing to share power with any other country as they will lose their hegemony in international affairs.

- China specifically will not want India to be a UNSC member.
- India is seen as a neutral country not aligned to any particular nation; so there is natural resistance in the P-5.
- Other countries like Brazil, Japan, Germany are also strong contenders.

## E. India-Nepal Peace Treaty

In 1950, Nepal signed India-Nepal Friendship treaty this treaty, in order to maintain the special ties with independent India that it had with British India. Another reason was that Nepal's security concerns had been heightened by the Communist revolution in China and its takeover of Tibet.

### The treaty provides for:

- an open border between the two countries
- allows Nepali nationals to work in India without a work permit, to apply for government jobs and the civil services (except for the IFS, IAS, and IPS), to open bank accounts and buy property.

### Arguments for revision of the treaty

- A secret provision of the treaty required Nepal to consult India on its defence requirements. This is perceived by Nepalis as unfair. It is often used by politicians to rouse anti-India sentiment in Nepal.
- As per Nepali politicians the treaty is 'unequal' and 'unsuitable to the changing timeframe'.
- The open border is used by Pakistan to infiltrate terrorists; pump in significant amounts of fake Indian currency.

- There are additional problems of human trafficking (especially trafficking of women as sex workers into India) and cross-border criminal activity.

### **Arguments against revision of the treaty**

- Nepali economic experts express a serious concern for Nepal's economic benefits reaped from remittances earned by Nepali migrant workers and Gurkha soldiers in India. These remittances contribute considerably to the Nepalese GDP; these may reduce after the revision of the treaty.
- Some experts also believe that the India-Nepal Peace and Friendship Treaty has strengthened the scope of easy transference and access to the art, culture and literature of both countries.
- Any major change in the border management practices will negatively affect the special relation between people of the southern plains (Terai) and the people of the Indian states of Bihar and Uttar Pradesh.
- Increasing presence of China in Nepal may affect India's security concerns in the Siliguri Corridor (Chicken's neck).

Despite the arguments and counter-arguments, India has expressed its readiness to 'review' the treaty each time Nepali Prime Ministers made a visit to India. But the Nepali side has not been able to emerge with a concrete model for a revised treaty.

A revision of the Peace and Friendship Treaty of 1950 has to be realistic and practical, taking note of the citizens of both countries who enjoy various privileges reciprocally. Any revision of the treaty may directly or indirectly affect the day-to-day life of citizens on both sides of the border; an aspect that needs to be carefully considered. The long-standing India-Nepal relationship based on the inseparable bonds of culture and history cannot be ignored in the name of treaty-revision.

## F. ISIS Crisis



Iraqi and Syrian cities had been captured by a terrorist group Islamic State of Iraq and Syria (ISIS). ISIS has been attacking public places, destroying infrastructure and killing military personnel and civilians.

ISIS - Islamic State of Iraq and Syria is an offshot of Al-Qaeda wanting to establish an "Islamic caliphate" in Syria and Iraq imposing its harsh interpretation of the Sharia law.

### Reasons for the Iraq crisis and the spread of ISIS

- Iraq's three main communities (Shia, Sunni and Kurds) failing to reach an agreement on forming **national unity government**
- **Political crisis in Iraq** - Iraq's new President Fouad massoum ousted the incumbent PM Nouri-Al-Maliki to install the deputy PM as the PM. This was protested by the former PM because his party was the largest bloc and removing him was thus unconstitutional. Deputy PM did not have a majority in the legislature.  
Due to this political crisis, containing the spread of ISIS became difficult.
- **Majoritarianism of former Iraqi PM** - He has been accused by several opposition leaders of monopolizing power and pursuing a sectarian agenda that alienated the Sunni and Kurdish community.
- **Syrian civil war** to an extent as the west points out.

ISIS has a big militia and had captured several of Iraq's and Syria's important towns and cities. They captured Iraq's largest dam, Mosul dam. With the support of U.S. forces, Iraqi and Kurdish forces recaptured it.

**Role of foreign fighters and armies** - Forces from more than 50 countries including India and U.S. are fighting against ISIS

### Strategy to contain the crisis

- Political dialogue between Iraqi main communities for reconciliation is the only long term solution

#### Short-term solutions

- UNSC putting sanctions on organizations and nations supporting ISIS.
- As per western leaders, to weaken ISIS, its support from the 20 million Sunni arab community living between Damascus and Baghdad must be deprived of.
- All UN member states adopting national laws and policies to fight terrorism and other activities that may be supporting ISIS.
- ISIS is drawing its funding from the Iraqi oil fields that it controls now. This control must be cut-off.
- US may not aggressively intervene in Iraq militarily. A peace keeping force by all member nations of UN should be sent to Iraq.

### Implications of the crisis

- It can affect oil supplies to India from Iraq, which is one of the major exporters of oil to India.
- Trade with the world will be affected resulting in economic loss for all.
- The Indian diaspora (largest in Middle-east region) will be harmed by the crisis and the government should make active efforts in ensuring their well-being (like in the case of evacuation of Indian nurses from Tirkat recently). \$50 billion remittances come from Middle-east (out of \$75b)
- If ISIS captures political power, it will severely affect the political stability of the Middle-east region including its quest for democracy. ISIS believes in Islamic rule which is opposed to democratic ideals.
- The militancy and extremism spread from ISIS will be a huge social and economic harm to the West-Asian region. It will strengthen terrorist organizations and related activities in the region.
- Part of such activity can spill over to the already unstable; war-torn; and weak Afghanistan. From here, India's security is also at stake as it is a neighbouring country.
- India came under the radar of ISIS as per a recent statement of the MoH in the last DGP conference.

## Do you Know? (From Economic Survey 2013-14)

2014 GS Mains, questions were asked from Economic Survey 2012-13. So you have to prepare this year's as well as previous year's economic survey as well.

### **What is inverted duty structure? How is it making Indian manufactured goods uncompetitive?**

An inverted duty structure is making Indian manufactured goods uncompetitive against finished product imports in the domestic market as finished goods are taxed at lower rates than raw materials or intermediate products. This discourages domestic value addition.

This inversion is not solely because of basic customs duty but also other additional duties.

The regional/ bilateral FTAs with countries like Japan and South Korea and ASEAN, have added to a new inverted duty-like situation with some final goods of these partner countries having nil or low duty while materials for these items from other countries have higher duty.

Inverted duties are found in different sectors. This needs to be avoided and there should be the right balance between different stakeholders.