

# IASBABA'S MONTHLY MAGAZINE MAY 2019



## Inside

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Judicial Review and Judicial Activism  
PMJDY: Analysis  
Global 'War on Terror'  
Resolving the NPA Crisis  
Need for Judicial Reforms

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## PREFACE

With the present shift in examination pattern of UPSC Civil Services Examination, 'General Studies – II and General Studies III' can safely be replaced with 'Current Affairs'. Moreover, following the recent 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 focusing more on 'issues' on a daily basis. This will help you pick up relevant news items of the day from various national dailies such as The Hindu, Indian Express, Business Standard, LiveMint, Business Line and other important Online sources. 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?'

This is the **48<sup>th</sup> edition** of IASbaba's Monthly Magazine. This edition covers all important issues that were in news in the month of **MAY 2019** which can be accessed from <https://iasbaba.com/current-affairs-for-ias-upsc-exams/>

### VALUE ADDITIONS FROM IASBABA

- **Must Read and Connecting the dots.**
- **Also, we have introduced Prelim and mains focused snippets and Test Your Knowledge (Prelims MCQs based on daily current affairs) which shall guide you for better revision.**
- **'Must Read' section**, will give you important links to be read from exam perspective. This will make sure that, you don't miss out on any important news/editorials from various newspapers on daily basis.
- Under each news article, **'Connecting the dots'** facilitates your thinking to connect and ponder over various aspects of an issue. Basically, it helps you in understanding an issue from multi-dimensional view-point. You will understand its importance while giving Mains or Interview.

**Must Read Articles:** We have not included them in the magazine. Those following DNA on daily basis may follow it- <https://iasbaba.com/current-affairs-for-ias-upsc-exams/>

***"Tell my mistakes to me not to others, because these are to be corrected by me, not by them."***

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## HISTORY/CULTURE/GEOGRAPHY

### [In news: Pattachitra paintings](#)

#### Context

- Cyclone Fani tore down artists' village in Odisha. Many pieces of art (especially Pattachitra, a traditional cloth-based scroll painting) in heritage hub have been damaged.

#### About Pattachitra

- Pattachitra is a general term for traditional, cloth-based scroll painting, based in the eastern Indian state, Odisha.
- In the Sanskrit language, "Patta" literally means "cloth" and "Chitra" means "picture". Most of these paintings depict stories of Hindu deities.
- The Pattachitras are known for its intricate designs and was given the GI tag in 2008.
- These paintings are made on a canvas, which is prepared by mashing an old cotton cloth and palm leaves. When the canvas dries up, it is hardened using a paste of tamarind, turmeric, chalk and granite powder. The colours used in these paintings are made from from coal, conch shells, turmeric, chalk powder, leaves of selected plants and soft stones.

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### [ASI unearths treasure at U.P. site](#)

#### In news:

- Archaeological Survey of India during its excavation of **4,000-year-old burial sites** in **Uttar Pradesh's Sanauli** unearthed underground "sacred chambers", decorated "legged coffins" as well as rice and dal in pots and animal bones buried with the bodies.
- Three chariots, some coffins, shields, swords and helmets had been unearthed, pointing towards the existence of a "warrior class in the area around 2,000 BCE".
- According to the ASI, the site is different from the Harappan culture.
- "Sanauli is located on the left bank of the River Yamuna, 68 km north-east of Delhi which brought to light the largest necropolis of the late Harappan period datable to around early part of second millennium BCE".

## [Tourist footfall in Hampi down by nearly a lakh](#)

### About Hampi

- Hampi, also referred to as the Group of Monuments at Hampi, is a **UNESCO World Heritage Site** located in east-central Karnataka, India.
- It became the centre of the Hindu **Vijayanagara Empire capital** in the 14th century.
- According to foreign travelers, Hampi was a prosperous, wealthy and grand city near the Tungabhadra River.
- By 1500 CE, Hampi-Vijayanagara was the world's second-largest medieval-era city after Beijing, and probably India's richest at that time, attracting traders from Persia and Portugal.

### In news:

- Tourist flow was expected to increase after a group of monuments at the world heritage site, Hampi, was listed number two on the “must see” tourist spots by the New York Times.
- However, tourist flow has dipped by nearly a lakh between April 2018 and March 2019.

### About Virupaksha Temple

- Virupaksha Temple is located in Hampi in the Ballari district of Karnataka, India.
- It is part of the Group of Monuments at Hampi, designated as a UNESCO World Heritage Site.
- The temple is dedicated to Virupaksha, a form of Shiva. The temple was built by Lakkan Dandesha, a nayaka (chieftain) under the ruler Deva Raya II of the Vijayanagara Empire.

### Do you know?

- The stone chariot at the Vittala temple complex is a major tourist attraction in Hampi.

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## [Pooram Festival](#)

**Part of:** GS Prelims and Mains I - Indian culture and heritage; Art Forms

### In news:

- Thousands of people gathered to witness the grand opening of the famed Thrissur Pooram, considered as the mother of all temple festivals.



- 'Thechikkottukavu Ramachandran', the controversial elephant which was earlier denied permission to take part in the festivities by the authorities on health grounds, 'opened' the annual festival at the ancient Vadakkumnathan temple here.
- Marking the ritual heralding of Pooram, Ramachandran, the tallest elephant of the state, pushed open the southern entrance of the shrine.
- The Thrissur Pooram falls on May 13 this year. The main event of the annual 'pooram' begins with the 10.5 foot tall elephant pushing open the gate of the temple, with the idol of 'neithilakkavilamma' atop it.

**Key points: About Thrissur Pooram:**

- It is an annual Hindu temple festival held in Kerala, India.
- It is held at the Vadakkunnathan Temple in Thrissur every year on the Pooram day – the day when the moon rises with the Pooram star in the Malayalam Calendar month of Medam.
- It is the largest and most famous of all poorams.

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### Monsoon and its forecast mechanism

**Part of:** GS Prelims and Mains I - Indian and World Geography - Physical, Social, Economic Geography of India and the World

**In news:**

According to India Meteorological Department (IMD)

- Monsoon to reach Kerala on June 6
- Southwest monsoon will be "slightly delayed" over Kerala
- The normal onset date is June 1
- The IMD forecast is in line with the one by private forecaster Skymet

**Do you know?**

- The IMD has been using a customised model, since 2005, to forecast the monsoon's onset over Kerala.
- This model crunches six meteorological parameters:
  - 1) Minimum temperatures over northwest India;
  - 2) Pre-monsoon rainfall peak over the south peninsula;
  - 3) Outgoing long wave radiation (OLR) over the South China Sea;
  - 4) Lower tropospheric zonal wind over the southeast Indian Ocean;
  - 5) Upper tropospheric zonal wind over the east equatorial Indian Ocean;

- 6) OLR over the southwest Pacific region.
- It has a built-in error margin of 4 days.

**About IMD & Skymet:**

The India Meteorological Department (IMD) is an agency of the Ministry of Earth Sciences of the Government of India.

- It is the principal agency responsible for meteorological observations, weather forecasting and seismology.
- IMD is headquartered in Delhi and operates hundreds of observation stations across India and Antarctica.

Skymet Weather Services is a private Indian company that provides weather forecast and solutions to Indians.

- Skymet provides wind and solar forecast for different renewable energy companies by running its own meso and micro scale NWP.
- Skymet along with few NGOs are closely working to improve the sustenance of farmer in different remote blocks of many states in India.
- Skymet also caters to different companies for marine weather forecast.

## POLITY/GOVERNANCE

### Madras HC curbs L-G role in Puducherry

**Part of:** GS Prelims and Mains II – Polity; Role of Judiciary; Centre versus UTs

**In news:**

- Madras High Court ruled that the Lieutenant-Governor (L-G) of Puducherry could not interfere with the day-to-day administration of the Union Territory when an elected government was in place.
- The court said incessant interference from the L-G would amount to running a “parallel government”.
- Otherwise, the constitutional scheme of the country of being democratic and republic would be defeated.
- The judge made it clear that government secretaries were bound to take instructions from the Ministers and the Council of Ministers, headed by the Chief Minister.

**Do you know?**

- **Articles 239A and 239AA** of the Constitution deals with special powers conferred on the legislatures of Puducherry and Delhi respectively.

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### Turf battle derails future of Train 18

**Part of: Governance issues**

**In news:**

- Production of indigenously-built, fastest train (Train 18) sets hit by departmental tussle.
- Integral Coach Factory (ICF) in Chennai is the world’s largest rail coach manufacturing unit. ICF rolled out the Train 18 with a maximum operating speed of 160 kmph in a record time of just 18 months in 2018.
- The indigenous design and development was done by an in-house team of the ICF.
- The self-propelled train set, comprising 16 air-conditioned coaches, was built at a cost of ₹100 crore, about half the cost of importing such a rake, with about 80% indigenous components in alignment with the Prime Minister’s call for ‘Make in India’.
- However, Vigilance Directorate is contemplating an inquiry into allegations that the development team compromised on the safety of the train by not obtaining technical

approval for the electrical systems from a particular officer of the Research Designs and Standards Organisation (RDSO), Lucknow. (The RDSO is a standardisation organisation of the Indian Railways). But enquiries revealed that approvals were obtained from the Train Set Directorate of the RDSO

- RDSO is a multi-departmental entity created to provide single window clearances for faster production.
- Ministry of Railways has constituted a committee of Additional Members of the Railway Board to sort out the differences between the two departments and bring about a working synergy to take the mission forward.

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## Need for Judicial Reforms

### **Context:**

- The below article highlights why there is a need for judicial reforms and how judiciary and its judges have become even more powerful than ever before, and the institution even more opaque.
- We are aware that Indian judiciary is facing its worst hour of crisis.

Below is a look at some of the issues or incidents where the judiciary has been in the news for all the wrong reasons –

### **Sexual harassment allegation against CJI**

- The manner in which the sexual harassment allegation against CJI is handled and the opaque in-house committee findings has brought the judiciary to a tipping point.
- The announcement of constituting an internal Supreme Court committee to examine the sexual harassment charges against CJI was always a bad idea since, at the end of the day, the judges reported to the CJI.
- In addition the in-house committee was an all-male bench (headed by the CJI)
- The complainant was not allowed to have her lawyer with her; she wasn't even given a written copy of her statement to the committee, and there was no audio/video recording of the proceedings which is critical to ensure that all witnesses were interviewed and that their statements were taken into account by the committee.
- With the in-house committee giving the CJI a clean chit, definitely proves that judges have become more powerful than ever before, and the institution even more opaque.

### **Appointment process**

- In the 1990s, over the course of three cases, the judges created the collegium which had the sole right to recommend appointing/promoting judges.
- Till then, this was done by the government, and when the government tried to strike a balance by proposing a National Judicial Appointments Commission (NJAC) which gave both the government and the Supreme Court an equal say in selecting judges – and both had a veto – the SC struck this down even as its own judgment made it clear the collegium system had serious shortcomings.

#### **Not open to any reforms**

- Recently, four judges went public with their protest against the then CJI and a letter written by Justice CS Karnan gave a list of 20 corrupt sitting/retired Supreme Court and high court judges.
- While the letter spoke of the need to “revisit the process of appointment of judges and to set up a mechanism for corrective measures other than impeachment”, nothing of the sort took place.
- A Judicial Standards and Accountability Bill was brought into Parliament in 2000 to address these issues by setting up a National Judicial Oversight Committee, a Complaints Scrutiny Panel and an Investigation Committee, but nothing came of it.

#### **Lack of gender diversity**

- The judiciary is one of the least diverse institutions in India.
- Since 1950, the SC has had only eight female judges out of 239, with the present three out of 27 being the highest concurrent representation women have ever had on the SC bench.
- In the subordinate judiciary, merely 27.6 per cent of the judges are female.
- Even if a female advocate crosses many barriers and thrive in her profession, the current collegium system for the appointment of judges is simply not designed to ensure her elevation to the bench. This appointments process in itself is severely lacking in women’s representation.
- This lack of women on the bench, at all levels of the judiciary, is at the very root of the impunity with which the top court has, in a single stroke, destroyed decades worth of progress made in deterring sexual harassment of women from all walks of life.

#### **Conclusion:**

- The present calamity in the judiciary provides an unprecedented opportunity to course correct on several accounts.
- Judiciary is now left with no choice but to undertake a massive exercise in introspection and reform.

- Effective reforms are essential to keep the judiciary from becoming irrelevant and severed from the idea of justice.
- And, in the absence of that, it is difficult to see how the dignity of the Supreme Court and the judiciary can be restored.

### **Connecting the dots:**

- If the judiciary is strong, the constitutional values of India can be successfully upheld. Critically examine.
- Judiciary is no longer a 'secret' organisation when it comes to its functioning. Discuss the various transparency initiatives taken by Indian judiciary.

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## **Judicial Review and Judicial Activism**

### **Introduction:**

Lawmaking is not the job of the judges, but of the legislature. The recent trend in the Supreme Court is resorting more to judicial activism rather than judicial restraint, which is problematic.

### **Judicial review:**

- It can be defined as the doctrine under which Legislative and Executive actions are subject to review by Judiciary.
- It is generally considered as a basic structure of independent judiciary (*Indira Gandhi vs. Rajnarain case*).
- It is the duty of judges to ensure that balance of power is maintained, to protect human rights, Fundamental Rights, and citizens' rights of life and liberty.

### **Limitations:**

As courts have wide powers of judicial review, these powers have to be exercised with great caution and control. The limitations of these powers are:

- It is only permissible to the extent of finding whether the procedure in reaching the decision has been correctly followed but not the decision itself.
- It is delegated to superior courts only, i.e. Supreme Court and High Courts.
- Cannot interfere in policy matters and political questions unless absolutely necessary.
- Directions given by court would be binding only till legislation is enacted, i.e. it is temporary in nature.
- Can interpret and invalidate a law but it cannot itself make laws.

### **Judicial Activism**

- It can be defined as a philosophy of judicial decision making whereby judges allow their personal views regarding a public policy instead of constitutionalism.

A few cases of judicial activism in India are as follows:

- ***Golaknath case*** in which Supreme Court declared that Fundamental Rights enshrined in Part 3 are immutable and cannot be amended.
- ***Kesavananda Bharati case*** - whereby Supreme Court introduced doctrine of basic structure, i.e. Parliament has power to amend without altering basic structure of the Constitution.
- The Second Judges Case (1993) and Third Judges Case (1998), which created the collegium system of appointment of judges, were not based on any provision in the Constitution.
- **Article 124**, which prescribes how Supreme Court judges are to be appointed, does not talk of any collegium system.

#### Recent instances of judicial activism:

- Ordering time limits to burst firecrackers on Diwali, which is a function of the legislature;
- Its judgment on linking rivers, for which there is no parliamentary legislation;
- Decisions in cases relating to freedom of speech and expression, such as

#### Criticisms:

- It is often said that in the name of activism, judiciary often rewrites with personal opinions. In other words, the court can lay down anything as law according to its own subjective notions.
- The **Theory of Separation of Powers** is overthrown (Theory- Judges should not perform legislative or executive functions, and each organ of the state should remain within its own domain, in order to avoid chaos).

#### Conclusion:

There is only a thin line of separation between review and activism.

While judicial review means to decide if the law/act is consistent with the Constitution, judicial activism is more of a behavioural concept of the judge concerned.

The importance of judicial activism lies with position accorded to institution as a place of hope for aggrieved persons (Example- Striking down of Section 377 of the IPC).

However, the Supreme Court should limit its usage of judicial activism to only the most exceptional situations, and employ restraint as far as possible.

#### Connecting the dots:

- What do you understand by the term judicial activism? While judicial review is a welcome thing judicial activism isn't. Comment.

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## Bill of Rights

### **Background:**

- Towards the end of the previous government's tenure, a number of controversial bills were introduced in Parliament. In the social sphere, the government introduced the Transgender Bill, the Surrogacy Bill, and the Trafficking Bill.
- In each of the cases, the draft legislation was — correctly — introduced with the aim of addressing an existing lacuna in the legal landscape.
- However, when it came to the content of these bills, consultation with impacted communities was effectively eschewed, and the result was a set of drafts that, far from protecting rights, actively harmed them. Unsurprisingly, therefore, the draft bills were met with a spate of objections and protests.

### **The Transgender Bill:**

- It did away with the fundamental and non-negotiable principle — and one recognised by the Supreme Court in its NALSA judgment — of the right to self-determination of gender identity.
- Instead, it placed such decisions in the hands of government-appointed committees, extending state control over gender identities rather than liberating or emancipating them.
- It also contained deeply suspect provisions on gender reassignment surgery.

### **The Surrogacy Bill:**

- It excluded LGBT individuals from its ambit (despite their recognition as equal citizens under the Constitution by the Supreme Court).
- It imposed discriminatory age restrictions upon men and women. Also entirely outlawing "commercial" surrogacy (instead of regulating it with appropriate safeguards) opened up space for underground and unreported exploitation of women, effectively creating a black market.

### **The Trafficking Bill:**

- It criminalised begging without providing any manner of effective alternatives and failed to distinguish between non-consensual trafficking and consensual sex work.



It thus opened the door to criminalising livelihoods on the basis of what was effectively a set of narrow, moral objections.

#### **The Citizenship Bill:**

- Advertised as a measure for benefiting the vulnerable and the marginalised, the bill would have granted fast-track to citizenship to persecuted minorities from neighbouring countries, who were Hindus, Sikhs, Jains, Buddhists, Parsis, and Christians — but not Muslims.
- This was, at a very basic level, illogical and self-contradictory, apart from being clearly discriminatory on grounds of religion: the examples of the Ahmadiyyas and the Baloch in Pakistan make it clear that, just like any other identity, there are communities of Muslims in neighbouring countries who face persecution on the basis of their religious beliefs.

Strong movements in the northeastern States — concerned both about the demographic consequences and the anti-secular nature of the bill — ultimately forced the government to not go through with the legalisation.

#### **National Register of Citizens:**

- It presumes that the people living in India are interlopers, unless they prove otherwise. The last government was planning to implement it pan-India. Such a move would be a nightmare of administration and implementation, as the example from Assam has shown.
- There has been considerable — and continuing — confusion over the methods and form of identity that one can use to “prove” one’s citizenship (including “family trees”, which have been found to have a disproportionate impact upon vulnerable and minority claimants).
- The overlapping functions of the NRC process and the Foreigners Tribunals have added to the confusion.

#### **Core problem:**

- Each of the bills dealt with intimate subjects such as individuals’ decisions of what to do with their body, personal dignity and autonomy, and gender identity.
- They concerned the rights of some of the most vulnerable and marginalised members of our society.
- They were drafted without adequately consulting with, or listening to, the members of the communities who were impacted.
- Instead of guaranteeing and securing the rights of these communities to be free from state interference, they extended the state’s control and domination.

- They were met by extensive and widespread protests from the communities themselves.

### What lies ahead?

While the government is entitled to frame policies, and draft and implement legislation to enact those policies, there are certain constraints upon how it should go about that task.

- At the minimum, the voices of those who will be directly impacted by the policy should be listened to and engaged with in good faith.
- The basic constitutional principles and values ought to be respected.

### Connecting the dots:

- In the social sphere, the Transgender Bill, the Surrogacy Bill, and the Trafficking Bill were introduced by the last government. Discuss basic issues with each one of them. Also highlight the importance of engaging with the stakeholders and following basic constitutional principle before re-drafting these bills.

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### Why medical devices need their own law?

#### Context:

- Thirty years have gone by since the first medical device was regulated as a drug but a **comprehensive regulatory framework** still remains elusive.
- Successive governments in India have **neglected the medical devices sector**.
- For over 12 years, a proposed legislation, the **Medical Device Regulation Bill**, has awaited enactment.

#### Do you know?

- In 2016, a Group of Ministers (GoM) was constituted to decide upon the above legislation. However, it instead introduced Medical Device Rules and Regulations.
- According to GoM, a separate legislation will bring in “more control” and “curtail growth and innovation” in the fast-expanding medical devices industry. Therefore, just rules and regulations seemed adequate for the sector.
- The new rules were circulated in 2017 and notified on January 1, 2018.

#### Medical Device Rules and Regulations

- The 241-page guidelines laid down the fundamental design and manufacturing requirements for 594 medical devices.

- It classified them into four categories (A, B, C and D) depending on their being high-risk or low-risk.
- The new rules brought medical devices in conformity with the framework of the Global Harmonization Task Force (GHTF).
- It did away with the system of periodic renewal of licences for medical device manufacturers or importers.

#### Concerns:

- While the new Rules might be a step in the right direction, experts and medical device bodies see this as an easy way out for politicians of the day.
- They remain critical of the single factor which has remained the bane for the medical device industry in India — the fact that despite **India emerging as the fourth-largest medical device market in Asia**, its regulation and management is done under the **1940 Drugs and Cosmetics Act**.
- Medical Devices, thus, ride piggyback on the drug and pharma industry and have never got their share of sectoral importance.

#### Lacunae in law

- **India imports 70-90% of its medical devices** of which the vast **majority are unregulated** for quality and safety.
- While many of these products may have regulatory certifications in other countries, the reality is that a considerable number of them are being exported from countries that do not regulate their exports.
- Our policymakers are surprisingly undecided and seem to be in no urgency to usher in a **“Patient Safety Medical Devices Law”** to protect patients.
- Devices do need to be regulated but, once again, the DTAB (Drugs Technical Advisory Board) has suggested notifying **all medical devices that are engineering products as ‘medicines’** under the Drugs & Cosmetics Act.
- At present, only 23 out of over 5,000 medical devices are regulated by being notified as ‘drugs’.

#### Conclusion:

- The medical devices market in India is over \$10 billion (Rs 70,000 crore) and projected to grow to \$50 billion by 2025 and is the fourth-largest in Asia.
- It’s imperative to have a separate law as devices are engineering items and not medicines.
- A beginning has been made to correct the anomalous situation with the introduction of the **Medical Device Rules in 2018**.

- The **Drugs Act itself needs reforms** as it does not uniformly and equitably regulate quality from state-to-state in the absence of a national singular regulatory authority and there is no point of replicating this limitation for devices too.

**Connecting the dots:**

- Analyze the need for separate law and a national singular regulatory authority to regulate medical devices sector.
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## SOCIAL ISSUE/WELFARE

### Why we need socialism today?

#### Context:

- The below article deals with Karl Marx and Friedrich Engels ideas of socialism and the negatives of capitalism.
- The author believes that country like India, which is plagued with various social problems, need socialism rather than capitalism today.

#### Key facts:

- May 5, 2018 marked **200th birth anniversary of Karl Marx**, German Philosopher, revolutionary, sociologist, historian, and economist.
- Marx is known for his popular work - ***The Communist Manifesto***, the most celebrated pamphlet in the history of the socialist movement. He also was the author of the movement's most important book, ***Das Kapital***.

#### Ideas of Marx and Engels:

- Marx was not like other philosophers who interpreted the world in various ways; he made it a point to change it.
- Marx questioned the role of religion in society and contributed to his desire for social change.
- Marx and **Friedrich Engels** laid the formulations for the **theory and practice of scientific socialism**. They **applied dialectics** to the study of human society and human consciousness.
- They strove for the **liberation of humanity from all forms of discrimination and exploitation**.
- They argued that Parliament should be used as a forum to articulate the concerns of the working people.
- Marxism as a science, as an ideology, and as a methodology keeps demonstrating its relevance every day.

#### The march of capitalism and its limitations

- After the disintegration of the Soviet Union, some proclaimed that there was no alternative to neoliberalism.
- Since then, the so-called triumphant march of neoliberal capitalism has seen **many hurdles**. For instance, **2008 financial crisis**.

- The **worst victims of this march of capitalism** and its consequent crises have always been the **disadvantaged sections**.
- This shows the presence of **class conflict** in society.
- The **vulnerabilities of the disadvantaged** are a creation of capitalism itself.
- Neoliberalism has led to unprecedented **inequalities and disparities**.

#### Indian context:

- In India, liberalisation of the economy was initiated on the premise that the seemingly socialist and centrally planned economy had outlived its utility and that **private ownership and market forces** would efficiently **replace public sector undertakings** and provisions.
- Such an opening up of the economy was also tried in other parts of the world with only one consequence — **unprecedented concentration of wealth in the hands of a few** and a **marked shift in the actual centres of power**.
- **Crony capitalism** soon made fast inroads into the policymaking and inequality increased.

According to Credit Suisse Research Institute's **Global Wealth Report**,

- India is the second most unequal society in the world
- 1% of the Indian population owns 51.5% of the wealth in the country
- Top 10% own about three-fourths of the wealth
- On the other hand, the bottom 60%, the majority of the population, own 4.7% of the total wealth

#### Public education and health are the worst hit by capitalism

- Education spending by the Centre has been showing a downward trend.
- Instead of expanding higher education horizontally (to more far-flung areas of the country) and vertically (to the disadvantaged sections of society), the Central government is allowing the Higher Education Financing Agency **to allow the private sector to dominate the education sector** and make higher education a distant dream for the deprived classes.
- Similarly, in the health sector, the government has **chosen private insurance companies and private healthcare lobbies as its partners**, effectively taking away the attention from public healthcare infrastructure and its upgradation.

#### Conclusion:

In a country like India, which is plagued with social problems such as widespread poverty, a deepening agricultural crisis, a very high unemployment rate, and abysmal health indicators,

giving away public sector assets to private players and shifting the discourse away from realising socialism could prove fatal for a vast majority of the population.

India is doing badly on many parameters — nutrition, peace, human development, and press freedom — while a section of the media is celebrating improvement in the Ease of Doing Business Index, rather than Human Development Index.

In other words, ensuring that people live a decent life is subordinate to ensuring that business becomes easier for crony capitalists.

Providing employment to the youth, providing remunerative prices to farmers, ensuring social justice to the marginalised sections, and creating a conducive environment for the overall development of society should be the major focus of the government.

However, the government has presided over the gradual undermining of constitutional institutions, the giving away of national assets to the private sector and the increase in violence against minorities.

Marx and Engels wrote in The Communist Manifesto: “The history of all hitherto existing society is the history of class struggles... [where] oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight.”

It is the duty and the responsibility of socialism to carry on that struggle for humanity, and to bring politics back to where it belongs — to the people. Only by saying a big ‘no’ to brutal capitalism and by following what the Constitution envisages in its Preamble — social justice — can we remedy the problems that we face today.

**Connecting the dots:**

- What do you understand by crony capitalism? What are its adverse impacts on the society? Discuss.
- The romance for socialism had done more bad for the contemporary socio-economic landscape in India than good. How far do you agree with this assessment? Critically examine.
- Is Karl Marx still relevant today? What are his major contributions?
- ‘The history of the hitherto existing societies is the history of class struggle.’ Critically comment on this Marxian thesis. (Only for Sociology Optional)

## PepsiCo versus potato growing farmers

### Context:

- Multi-billion dollar conglomerate PepsiCo had sued 11 farmers, asking them to pay ₹1.05 crore each as damages for ‘infringing its rights’ by growing the potato variety used in its Lays chips.
- Farmers groups had launched a campaign calling for government intervention.
- According to the farmer groups, the law allows them to grow and sell any variety of crop or even seed as long as they don’t sell branded seed of registered varieties, and warned that the case could set a precedent for other crops.
- After pressure from farmers’ groups, PepsiCo has decided to withdraw cases against about 10 farmers in Gujarat and Rajasthan who were allegedly cultivating its **FC-5 variety** — registered by it under the **Protection of Plant Varieties and Farmers’ Rights Act 2001 (PPVFRA)** — for their own use.

### PepsiCo’s Case

- The patent is for the potato plant variety FL-2027 (commercial name FC-5). Pepsi’s North America subsidiary Frito-Lay has the patent until October 2023.
- For India, PepsiCo India Holdings (PIH) has patented FC-5 until January 2031 under the Protection of Plant Varieties and Farmers’ Rights (PPV&FR) Act, 2001.
- PIH, which has a buyback agreement with Gujarat farmers, accused the 11 farmers — three of whom earlier had contracts with the company — of illegally growing, producing and selling the variety “without permission of PIH”.
- The agreement was that PIH would collect potatoes of diameter greater than 45 mm from the farmers who had contracts with the company.
- However, random farmers got registered seeds from known groups and farmer communities. They had been sowing these for the last four years or so, and had no contractual agreement with anyone.
- They learnt they were growing a registered variety only when they got a court notice on April 11.

### Current status

- According to Section 39 of **Protection of Plant Varieties and Farmers’ Rights Act 2001 (PPVFRA)**, “A farmer shall be deemed to be entitled to save, use, sow, resow, exchange, share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into force of this Act: Provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act.” **(However, the seeds in case, were not sold as branded seeds.)**



- Section 42 says: “A right established under this Act shall not be deemed to be infringed by a farmer who at the time of such infringement was not aware of the existence of such right.” **(This makes any claim of damages tenuous.)**
- Indian PPV & FRA law is aimed at facilitating the growth of the seed industry, ensuring the availability of high-quality seeds, as well as securing the livelihood and plant varieties of the farmers.

**Conclusion:**

- Therefore, it was apparent that PepsiCo never had a strong legal case against farmers growing its registered potato variety without entering into a contract.
- The government should put into place clear mechanisms to avoid a repetition of this episode in future. There should be absolutely no compromise on farmers’ rights and seed sovereignty.

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**Issues with Contract farming in India****In news:**

- PepsiCo India recently took 11 persons including farmers and traders to court for unauthorised use of its protected potato variety. Following a backlash on the social media, and criticism in the press, PepsiCo India dropped the litigation.
- Farmers whom PepsiCo India sued were found to be growing its FL 2027 variety, which goes by the trade name FC 5.

**Legal system:****In India:**

- The Protection of Plant Varieties and Farmers’ Rights (PPVFR) Act is a uniquely Indian law enacted in 2001, which not only recognises the rights of breeders (for 15 years) in the novel varieties they have developed, but also gives entitlements to farmers.
- Under the Indian law, farmers virtually enjoy a licence. They can save, use, sow, re-sow, exchange, share and even sell—in unbranded packaging—the produce or seed, even of a protected variety, grown in their fields.

**Other countries:**

- On the other hand, the International Convention for the Protection of New Varieties of Plants primarily protects the rights of breeders while carving out exceptions for farmers.

- The US, as a country that rewards innovation, has stiff protection for breeders' rights. Its Plant Variety Protection Act prohibits a person from selling, marketing, offering, delivering, consigning, exchanging or exposing for sale a protected variety without explicit consent from the owner.

#### **Issues:**

- Respect for IPRs is necessary for the sustainability of the processing industry. It is unfair for the company if its rivals buy produce from unauthorised growers by paying a slightly higher price because they were saving on royalty payments.
- India lags in both potato processing and exports, though it is the second-largest potato producer. New proprietary varieties suitable for processing and global palates will not come to India if IPR protection is weak. There is no reason why farmers should profit from intellectual property they don't own.

#### **Importance of Contract farming:**

- It is good for farmers as they get stable prices, better technology and new markets. At times, market prices will be higher than contracted prices but it provides a steady income.
- **Success stories:**  
Contract farmers like PepsiCo India, McCain and HyFun Frozen Foods have incentivised micro-irrigation and other good agronomic practices in areas like Banaskantha where food irrigation was the norm. They have encouraged mechanisation of planting, sowing and harvesting, which is both labour and cost-saving. Techniques like anti-sprouting coating have been popularised. PepsiCo India is the largest procurer of processing quality potatoes. It says it buys 3 lakh tonnes annually. That's a transfer of Rs 300 crore to 24,000 contract farmers.
- Corporate involvement in agriculture is necessary for profitable and innovative agriculture. The share of corporate investment in agriculture was just 2%, that of the government was 14% and of farmers 84%.

#### **Way ahead:**

- Group contracts that can be beneficial for both small farmers and companies as these reduce transaction costs and improve compliance to contract terms by both parties.
- Governments should frame and enforce laws that protect the farmer interest adequately and are sophisticated enough to take into account the changing dynamics of contract farming.

**Also read: PepsiCo versus potato growing farmers**

<https://iasbaba.com/2019/05/daily-current-affairs-ias-upsc-prelims-and-mains-exam-11th-may-2019/>

**Connecting the dots:**

- The recent case of PepsiCo suing Indian farmers raises concerns about the laws framed for contract farming. Comment.

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**India becoming older before becoming richer**

**Introduction:**

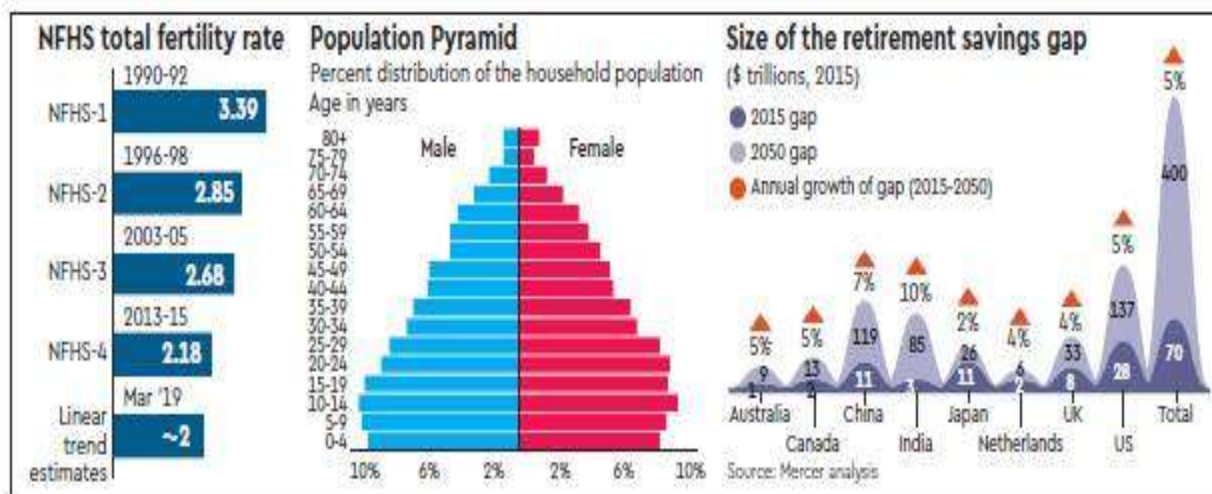
Data from the 4th National Family Health Survey (NFHS-4) 2015-16 for the survey period 2013-15 has signaled a monumental shift in modern Indian demographics. For the first time in its history, India has reached a TFR (Total Fertility Rate) of 2.18, which is below the average world replacement rate of 2.3.

**Population growth is past its peak:**

There are not enough young people coming into India to replace the current population. As can be seen in the population pyramid chart, from NFHS 4, there are fewer babies being born over the last 10 years. **The population pyramid has inverted for the first time ever.** This rate of decline is only expected to accelerate in the coming years.

- The percentage of children under the age of 15 declined from 35% in NFHS-3 (2003-05) to 29% in NFHS-4 (2013-15).
- In contrast, the population of those aged 60 years and older increased slightly, from 9% in NFHS-3 to 10% in NFHS-4.

**India is now on the verge of becoming an older country**, where we can expect the country's average age to increase over the next few decades.



### Will India become older before becoming richer?

This demographic movement is a monumental event that will significantly shape national policies in the coming decades, necessitating the government to take some difficult decisions.

### Way ahead:

Here are a few noteworthy measures the government will need to prioritise:

#### Increasing women's participation in the workforce:

To bolster the capacity of wealth creation of India's working class, India must tap into the underutilised working-age women population.

- According to a 2018 World Bank report, the labour force participation rate among females in India was 27% in 2018 while the world average stood at 48.5%.
- According to IMF research, raising women's participation in the labour force to the same level as men can boost India's GDP by 27% and contribute additively to India's GDP growth every year.

#### Improving social security:

Incentivising investments in retirement schemes like pensions is paramount for India, given its changing demographic profile.

Of every 10 Indian workers, eight are informally employed, with limited access to retirement savings accounts. Further, a growing middle-class is witnessing increasing wage rates and an improving quality of life, which will result in increased expectations for retirement income.

#### Reimagining education for tomorrow:

Today's job market is vastly different from what it was a decade back. Further, 65% of children joining primary school today will eventually work in a job that does not yet exist.

- To meet this skills-gap, the education curriculum and delivery across a student's lifecycle requires a significant revamp.
- There is also an urgent need to reskill a large chunk of population that is stuck in legacy roles.

The government must work towards reskilling workforces in industries where job requirements are expected to alter drastically because of the shift in India's demographics.

### **Implementing tech-enabled healthcare:**

The use of technology in healthcare coverage will be necessitated with a growing older-aged population in India. With a doctor-to population-density of 1/1,700, the country's dearth of quality medical talent is not a predicament that it can soon overcome.

Technology can be revolutionary in delivering quality healthcare services in India by improving access, increasing efficiency of diagnosis and care, and further, reducing the cost of healthcare delivery and insurance.

### **Conclusion:**

There needs to be enough wealth created by the country's working-class population for the growing segment of longer-living senior citizens that will increasingly rely on pensions. India will need to move beyond policies for population control and towards building wealth at a brisk pace.

### **Connecting the dots:**

- India's population pyramid has inverted for the first time. In such a scenario India will need to move beyond policies for population control and towards building wealth at a brisk pace. Elucidate.

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## **Caste-based discrimination continues: Tadvi case and Thorat Committee**

### **In news:**

Recently, a young doctor from Mumbai, Payal Tadvi of the BYL Nair Hospital committed suicide. She was allegedly facing persistent caste-based harassment from her seniors at the hospital. Tadvi had taken admission through the caste-based quota.

Tadvi joins a host of underprivileged scholars who have committed suicide for exactly the same reason — Madari Venkatesh, Rohith Vemula, Senthil Kumar and Pulyala Raju to name just a few.

**Thorat Committee:**

In 2007 a committee was formed under the chairmanship of Sukhadeo Thorat to look into the harassment of Scheduled Caste (SC) and Scheduled Tribe (ST) students.

The Committee report eventually served as a milestone in efforts to identify caste-based discrimination in higher educational institutes.

- It revealed that about 69 per cent of the SC/ST students reported that they did not receive adequate support from teachers.
- About 76 per cent of students mentioned that their papers were not examined properly and 88 per cent mentioned that they got fewer marks than they expected.
- More than 80% of these students mentioned that evaluation in practical and viva was unfair and they didn't receive enough time with the examiners, as compared to higher caste students.
- Besides, a large chunk experienced social isolation and discrimination during their stay in the hostels at AIIMS.
- The report also delineated the discrimination felt by SC/ST faculty members employed at AIIMS, Delhi.

**Recommendations by Thorat Committee:**

- The educational institutions are required to undertake remedial coaching for SC and ST students to improve their language skill and also remedial courses in the basic courses so that they are able to cope up with the regular course.
- Undertake measures to make the faculty more sensitive towards the problems faced by the SC/ST students and develop cordial relations with them, so that the students regain their confidence in their teachers.
- It appears to the Committee that at present, there is lack of positive and supportive relationship and a relationship of confidence between the SC/ST students and the faculty.
- The examination system may be reform in which the component of objective questions may be increased significantly and subjective elements in evaluation be reduced to the minimum. This should be for all examinations. Internal evaluation through practical and viva should be done in more transparent and open manner so that there is limited scope for bias.
- Setting up a joint committee, comprising of students, residents and faculty to examine and study the social atmosphere in campus and understand the reasons and also develop an insight for the social division that has emerged over a period of time.

**Conclusion:**

Caste continues to be the horrific reality of Indian society. Casteism spills over into our offices, hospitals, factories, business establishments and even educational institutions. Caste-based discrimination in institutions of higher education needs to be addressed urgently. Educational institutions have been the preserves of the upper caste and the rich. With affirmative action in the form of caste-based reservations, this hegemony has been challenged to a significant extent, and hence the urgency to bring back “order” through harassment, disgrace and coercion.

**Connecting the dots:**

- Caste-based discrimination in institutions of higher education needs to be addressed urgently. In this light discuss the recommendations made by Thorat Committee.
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## WOMEN ISSUE

### Factors responsible for poor participation of women in the workforce

#### **Women participation in workforce in India**

- Currently, the participation of women in the workforce in India is one of the lowest globally.
- The female labour force participation rate (LFPR) in India fell from 31.2% in 2011-2012 to 23.3% in 2017-2018. This decline has been sharper in rural areas.

#### **Reasons for this poor performance:**

- low social acceptability of women working outside the household
- lack of access to safe and secure workspaces
- widespread prevalence of poor and unequal wages
- dearth of decent and suitable jobs
- engaged in subsistence-level work in agriculture in rural areas, and in low-paying jobs such as domestic service and petty home-based manufacturing in urban areas
- rising levels of education for women (as women are refusing to do casual wage labour or work in family farms and enterprises)

#### **Education and work**

Social scientists have long tried to explain poor female labour force participation because of rising levels of education for women.

- Studies revealed a strong negative relationship between a woman's education level and her participation in agricultural and non-agricultural wage work and in family farms.
- Women with moderately high levels of education do not want to do manual labour outside the household which would be perceived to be below their educational qualifications.
- Women prefer salaried jobs as their educational attainment increases, but such jobs remain extremely limited for women.

#### **Unpaid work**

- Women devote a substantial amount of their time to work which is not considered as work, but an extension of their duties, and is largely unpaid.
- This includes unpaid care work such as childcare, elderly care, and household work such as collecting water.
- The burden of these activities falls disproportionately on women, especially in the absence of adequately available or accessible public services.



**The way ahead:**

Any government which is serious about ensuring women's economic empowerment and equal access to livelihoods must address the numerous challenges that exist along this highly gendered continuum of unpaid, underpaid and paid work.

- Policies should facilitate women's access to decent work by providing public services, eliminating discrimination in hiring, ensuring equal and decent wages, and improving women's security in public spaces.
- It must also recognise, reduce, redistribute, and remunerate women's unpaid work.
- Gender-responsive public services such as free and accessible public toilets, household water connections, safe and secure public transport, and adequate lighting and CCTV cameras to prevent violence against women in public spaces and increasing their mobility, will help.
- Fair and decent living wages and appropriate social security including maternity benefit, sickness benefit, provident fund, and pension are other important areas.
- Policies should also ensure safe and dignified working and living conditions for migrant workers.

**Recognition as farmers**

- In addition, women have strongly articulated the need to enumerate and remunerate the unpaid and underpaid work they undertake in sectors such as agriculture and fisheries.
- Their fundamental demand is that women must be recognised as farmers in accordance with the National Policy for Farmers.
- Thereafter, their equal rights and entitlements over land and access to inputs, credit, markets, and extension services must be ensured.

Unless policymakers correctly assess and address the structural issues which keep women from entering and staying in the workforce, promising just more jobs is unlikely to lead to the socio-economic transformation India needs.

**Connecting the dots:**

- Discuss the various factors responsible for poor participation of women in the workforce in India. Also discuss what measures are needed to improve the same.
- Currently, the participation of women in the workforce in India is one of the lowest globally. How can we reverse that trend? Discuss.
- Discuss some of the important initiatives needed to be taken to create gender parity in the economy.



## HEALTH ISSUE

### The cost of antimicrobial resistance

#### **Introduction:**

- Antimicrobial resistance (AMR) has become a global threat and developing countries like India are at the epicentre of this problem.
- AMR does not respect political boundaries. Of course, the country that stands to lose the most from antibiotic resistance is India, given that its burden of infectious disease is among the world's highest.

#### **Concerns:**

According to a groundbreaking report titled “No Time to Wait: Securing The Future From Drug Resistant Infections”, by the **UN Ad hoc Interagency Coordinating Group** on Antimicrobial Resistance –

- If no action is taken, drug-resistant diseases could cause 10 million deaths each year by 2050 and damage to the economy as catastrophic as during the 2008-2009 global financial crisis.
- By 2030, antimicrobial resistance could force up to 24 million people into extreme poverty.
- Currently, at least 700,000 people die each year due to drug-resistant diseases, including 230,000 people who die from multidrug-resistant tuberculosis.
- In the worst-case scenario, the world will lose 3.8% of its annual GDP by 2050, while 24 million people will be pushed into extreme poverty by 2030.

#### **India's actions against AMR**

- India first published almost nine years ago the broad contours of a plan to fight AMR.
- The difficulty has been in implementing it, given the twin challenges of **antibiotic overuse** and **underuse**.
- **Poorly regulated pharmaceutical industries** have led to easy availability of antibiotics for those who can afford them.

#### **Steps which can be initiated right away:**

- Phasing out critical human-use antibiotics in the animal husbandry sector, such as quinolones.
- A multi-stakeholder approach, involving private industry, philanthropic groups and citizen activists is needed.

- Private pharmaceutical industries must take it upon themselves to distribute drugs in a responsible manner.
- Philanthropic charities must fund the development of new antibiotics, while citizen activists must drive awareness.
- India is yet to introduce standards for antibiotics in waste water, which means antibiotic discharge in sewage is not even being monitored regularly.

#### **Conclusion:**

- Only way to postpone resistance is through improved hygiene and vaccinations.
- It is a formidable task as India still struggles with low immunisation rates and drinking water contamination. But it must consider the consequences of a failure.
- Given the complex nature of the problem, no individual nation has the capacity to address this problem independently and thus a global cooperation is required.

#### **Connecting the dots:**

- India needs to strengthen and implement regulations on antibiotic misuse. Critically evaluate the steps taken by government.

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### **What a new Lancet study reveals about HIV and ART?**

According to a new Lancet study –

- Extending anti-retroviral therapy (ART) outreach with early testing and support for HIV treatment could help eradicate the disease.
- Condomless sex between serodifferent couples in which the HIV-positive partner was receiving virally suppressive ART didn't result in HIV transmission from seropositive partner to the seronegative one.
- Serodifferent couple means one person is living with HIV and the other person is HIV-negative.

In simple words, if the person living with HIV is on effective ART treatment, his viral load will drop and he will be HIV-undetectable. This means he cannot pass on HIV. Therefore, a HIV negative person will not be at risk if they have sex with someone who is HIV-undetectable.

#### **Significance of Lancet study to India**

- Approximately 2.1 million people are living with HIV/AIDS in India, and only 79% are aware of their HIV status—and just 56% receive ART.

- Build awareness that ART intervention at an early stage could help stop transmission, and thus, preventing new infections altogether could become easier.
- The finding by Lancet helps to remove stigma and discrimination surrounding the disease.

### Measures taken by India

- In 2017, India moved to the **'test and treat' protocol prescribed by the WHO**, which meant every HIV-positive individual within the country was to be put on ART treatment.
- India had adopted the **UNAIDS 90-90-90 goal**, under which, by 2020, 90% of all people living with HIV will know their HIV status, 90% of all people with HIV infection will receive sustained antiretroviral therapy, and 90% of all people receiving antiretroviral therapy will have viral suppression.
- **NACO's Link Workers Scheme** under which volunteers from at-risk groups were trained to link their communities with HIV information, commodities and services.

### Conclusion:

Despite a marked rise in ART coverage, many people living with HIV/AIDS (PLHA) are unable to access the clinics. India needs to make the most of ART by ensuring a 100% outreach, and adherence.

### Connecting the dots:

- What is HIV and how is it a life threatening disease? How has India battled against HIV? Critically examine.
- Discuss some of the provisions of the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act of 2017.
- Elaborate on the Policy actions initiated by the government w.r.t. HIV AIDS and the necessary concerns associated. Highlight the provisions of the recent legislation.

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### State prepares to battle dengue

**Part of:** GS Prelims and Mains II - Social/Health issue; Services relating to Health, Education, Human Resources.

### In news:

- As monsoon approaches, State prepares to battle dengue

### Do you know?

- National Dengue Day, celebrated on May 16
- According to the Ministry of Health and Family Welfare, the aim is to spread awareness about dengue and to increase preventive measures as well as find out ways to prevent and control the disease across the country.
- A viral disease caused by the dengue virus, it is transmitted by the Aedes mosquito (Aedes aegypti) bite infected with any one of the four dengue viruses.

### Facts about dengue

- Dengue is a viral disease caused by dengue virus (DENV, 1–4 serotypes)
- Dengue is transmitted by bite of Aedes aegypti mosquito infected with any one of the four dengue viruses.
- Aedes aegypti mosquito bites during daylight hours.
- Person develops symptoms 3-14 days after the infective bite.
- Patients who are already infected with the dengue virus can transmit the infection to other via Aedes mosquitoes during 4-5 days of onset of symptoms.
- Dengue prevention and control depends on effective vector control measures.

### National Institute of Nutrition

**Part of:** GS Prelims and Mains II: Welfare schemes for vulnerable sections; Health and development

#### In news:

- National Institute of Nutrition stands by its report on no onion, garlic in its meals
- The National Institute of Nutrition (NIN) said that it stands by its findings certifying mid-day meals without onion and garlic provided by the Akshaya Patra Foundation (APF) in Karnataka schools as compliant with nutritional norms laid down by the State government.

#### Do you know?

- The Akshaya Patra Foundation is a not-for-profit organisation headquartered in Bengaluru, India.
- The organisation strives to eliminate classroom hunger by implementing the Mid-Day Meal Scheme in the government schools and government-aided schools.
- Alongside, Akshaya Patra also aims at countering malnutrition and supporting the right to education of socio-economically disadvantaged children..

### About National Institute of Nutrition (NIN)

- NIN was founded by Sir Robert McCarrison in the year 1918 as 'Beri-Beri' Enquiry Unit in a single room laboratory at the Pasteur Institute, Coonoor, Tamil Nadu.
- Within a short span of seven years, this unit blossomed into a "Deficiency Disease Enquiry" and later in 1928, emerged as full-fledged "Nutrition Research Laboratories" (NRL) with Dr. McCarrison as its first Director.
- It was shifted to Hyderabad in 1958.
- At the time of its golden jubilee in 1969, it was renamed as National Institute of Nutrition (NIN).
- The NIN is part of Indian Council of Medical Research, Department of Health Research, Ministry of Health and Family Welfare

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### Pan-India scale up of food fortification: Steps taken and Challenges

#### Background:

India has been able to dramatically reduce the number of people living in extreme poverty from 306 million people living on less than \$1.90 (on a PPP basis) a day in 2011 to 48 million today.

However, a similar dynamism in record against malnutrition is not seen. The country is home to the largest number of malnourished children in the world despite major government interventions:

- Providing highly subsidised foodgrains to the poorest 67 per cent of the population under the National Food Security Act (NFSA).
- A free Mid-day Meal Scheme (MDM) that targets around 100 million students in government schools.
- A supplementary nutrition programme through the ICDS network.

#### Fighting Anaemia: Simpler strategies required

- Anaemia affects every second child in the country.
- There has been no perceptible decline in anaemia among 15 to 49-year old women; it affects around 60 per cent of them. This public health emergency needs to be addressed immediately.
- Poverty, gender disparity, poor sanitation, low health and nutrition service coverage and poor nutritional intake — particularly an iron-deficient diet — continue to impede our fight against anaemia.

- The NFSA's focus on wheat and rice has forced millets — traditional source for iron and minerals — out of the market.
- The government's iron supplementation programme to overcome IDA has led to only 30 per cent of pregnant women consuming iron and folic acid tablets.

This compels us to think of simpler and effective strategies like fortification of food staples with essential micronutrients like iron and vitamin.

### **What is food fortification?**

Fortification is the addition of key vitamins and minerals such as iron, iodine, zinc, Vitamin A & D to staple foods such as rice, milk and salt to improve their nutritional content. These nutrients may or may not have been originally present in the food before processing.

### **Food fortification: A critical strategy**

Food fortification is a largely-ignored, yet critical, strategy which has proved an effective, affordable, scalable and sustainable intervention in many countries. India had tested the idea when it successfully tackled the widespread problem of goitre by mandating iodised salt in 1962.

As there are numerous programmes to address malnutrition, this simple idea of fortifying meals has the potential to reach every segment of the population.

Policy-makers have recently begun to address this blind spot to change the country's nutritional landscape.

- Comprehensive regulations and standards have been framed by the FSSAI on fortification of food.
- The Women and Child Development and Human Resource Development ministries have issued advisories to the states to mandatorily use fortified wheat flour and edible oil in ICDS and MDM.

However, given that fortification of these staples is still relatively new in India, traction has been slow.

### **Centrally-sponsored scheme on rice fortification in PDS:**

The Department of Food and Public Distribution, facilitated by the NITI Aayog, has recently launched a centrally-sponsored scheme on rice fortification in PDS. The programme is designed to cover 15 districts, initially.



Rice is the staple for 65 per cent of the Indian population, most of whom are located in high malnutrition burden states. Supply of fortified rice through a network of fair price shops is a cost-effective intervention to address anaemia across all sections of the population.

**Way ahead:**

A successful pan-India scale up of fortification will depend on many factors —

- The political will of state governments. Flexibility to allow states to adapt the fortification model to their procurement and distribution systems and capacity building of different stakeholders.
- The FSSAI's role, its enforcement machinery and the quality control labs needs to be strengthened.
- Lastly and most crucially, sustainability of fortification depends on the regular consumption of fortified food by the consumers and thus a comprehensive state specific strategy should be developed to generate awareness among the consumers.

**Connecting the dots:**

- India is home to the largest number of malnourished children in the world despite major government interventions. Simpler and effective strategies like fortification of food staples with essential micronutrients like iron and vitamin can play a major role. Comment.

## GOVERNMENT SCHEMES

### Why capping stent prices is no cure?

#### Context:

- Healthcare in India is in urgent need of a paradigm shift.
- In the recent past, the sector has seen some significant policy announcements, with the government trying to finally make healthcare accessible and affordable.
- Price capping of medical devices has been at the forefront of these announcements.
- India heavily relies on medical device imports to meet its healthcare needs. Therefore capping of medical devices is an important policy announcement.

#### Benefits of capping stent prices:

- Price control is necessary under the **failed and exploitive market system** characterised by exorbitant, irrational and restrictive trade margin.
- India, in order **to achieve its long-term goal of Universal Healthcare Coverage**, it needs better equipment, skill development and policies that support medical innovations.
- Price capping will **minimise the expenditure in the health sector** and allow more people to benefit from it.
- Coronary artery disease (CAD) in India has become a major public health problem. (incidence of high morbidity and mortality). Therefore, price cap on coronary stents have **helped a larger number of patients from lower-income groups undergo life-saving angioplasty** since their number went up sharply after the price-regulation move.
- It also allows transparency and better government control and audit ease.

#### Why capping stent prices is no cure?

- India is still battling healthcare challenges like availability of adequate infrastructure, trained professionals, rapidly changing disease burden and catastrophic out-of-pocket expenses. (**Needs comprehensive reforms in other areas too**)
- The **medical device market in India is under-penetrated**, and access to quality and affordable medical service remains a challenge.
- For instance, there has been a **drastic fall in the Foreign Direct Investment (FDI)** in the medical device sector (according to recent reports). Drug-eluting stents are mostly manufactured by **medical-device MNCs** and after capping stent price many **have either pulled out their state-of-the-art stents from the Indian market or have announced plans to do so.**

- Now, at this point, where **India imports 70% of its medical devices**, the industry is **dependent on the global community** for the inflow of technology and innovation.
- While the domestic industry finds its feet in this market, the access of these devices to patients cannot be paused.
- If a high-quality stent by a global manufacturer becomes inaccessible to the patients, it can have severe implications on the health of millions.

#### Do you know?

- The capping slashed the price of drug-eluting stents by as much as 70%.
- Top-rung MNCs pulling their products out of the Indian market also has serious implications for patients in the country.

#### Conclusion:

- Government is progressing towards increasing access and adoption, improving quality, and lowering healthcare delivery costs in the country.
- However, healthcare policies are not about what serves the short-term purpose, but what works for the people in the long run.
- Critics argue that **subsidising stents at public hospitals based on income** could have been better alternative in order to solve the problem of lower-income patients, who are more likely to opt out of life-saving procedures because of high stent costs.
- The lack of pricing freedom in medical devices sends out signals to the international investing community that regulatory action in India could be a potential threat.

#### Connecting the dots:

- Indian healthcare framework needs a comprehensive regulatory framework that goes beyond price control. Other key elements of healthcare- insurance coverage, healthcare infrastructure etc.- must be stressed upon. Analyze.

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### Shanta Kumar Committee Report: Analysis

#### Background:

A High-Level Committee (HLC) was appointed and chaired by former food minister Shanta Kumar, on restructuring of the FCI in August 2014. The HLC, in its report submitted its recommendations in January 2015.

#### On re-structuring of FCI:

- The FCI hand over all procurement operations of wheat, paddy and rice to states (Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab) that

have gained sufficient experience in this regard and have created reasonable infrastructure for procurement.

- The FCI should accept only the surplus grain (after deducting the needs of the states under the National Food Security Act—NFSA) from these state governments (not millers) to be moved to deficit states.
- The corporation FCI should move on to help those states where farmers suffer from distress sales at prices much below Minimum Support Price (MSP), and which are dominated by small holdings, like eastern Uttar Pradesh, Bihar, West Bengal, Assam, etc.

#### **Implementation:**

- After more than four years, restructuring of the FCI remains a dream, and the corporation continues to depend on the same set of states for procurement of grains and procurement operations have not been revamped in eastern states.

#### **On PDS reform:**

- The government should relook at the coverage (67% of the population) under the NFSA as it's on the 'higher' side.
- Computerisation of the PDS process for checking the pilferage of PDS grains.
- Gradual introduction of cash transfers in the PDS, starting with large cities with more than 1 million population; extending it to grain-surplus states, and then giving an option to deficit states to opt for cash or physical grain distribution.

#### **Implementation:**

- According to the official data, all the existing 23 crore ration cards have been digitised and most of the cards have been seeded with Aadhaar numbers and 2.75 crore ration cards have been deleted during 2013-17.

Food ministry officials have often stated that deletion of ration cards has ensured better targeting of beneficiaries.

The offtake of foodgrains by the states under the PDS after deletion (bogus) and digitisation of ration cards has not declined in the last five years.

- Rising food subsidy dues & loans:  
The total outstanding dues to the FCI stand at `1.85 lakh crore as on March 31, 2019, because of the mismatch between budget allocated to the corporation and the actual expenses incurred.

The actual expenditure towards food subsidy has been rising because of two factors—the annual rise in MSP for paddy and wheat given to farmers for procurement, and 'open ended' purchase operations leading to excess grains stocks held by the FCI.

- On cash transfer to PDS beneficiaries, the progress has been minimal. Only Chandigarh, Puducherry and parts of the Union Territory of Dadra and Nagar Haveli have opted for cash transfer in the PDS.

**Rising food subsidy bill:**

- Reluctance to increase the price of highly subsidised foodgrains supplied under the NFSA, 2013. Under the Act, the price of `3/2/1 for rice, wheat and coarse grains, was capped for three years, which ended in 2016.  
Each rupee (per kg) increase issue price of grains could result in savings of food subsidy of over `5,000 crore annually.
- FCI's economic cost (procurement, distribution and storage of holding foodgrains) has been rising sharply, contributing to rising food subsidy expenses.

**Conclusion:**

The NFSA—which has the objective of providing for food and nutritional security by ensuring access to adequate quantity of quality food at affordable prices to the people to live a life with dignity—is gradually turning out to be huge financial burden on the central government. The mounting burden of the food subsidy budget is compounded by huge surplus grains, and this has put enormous pressure on the central government's finances. Steps to tackle the issues should be taken on an immediate basis.

**Connecting the dots:**

- The Shanta Kumar Committee submitted its report in 2014. Analyse how far the recommendations given by the committee were implemented.

**PMJDY: Analysis****Introduction:**

Pradhan Mantri Jan Dhan Yojana (PMJDY) seems to be delivering well on its financial inclusion objectives without placing undue burden on bank. The aggregate deposits in the PMJDY accounts have grown ten-fold from the first phase of the scheme in January 2015.

**The PMJDY has delivered financial inclusion:**

- It has contributed to financialisation of savings by giving lower income households access to a safe investment product. In the last four years, deposits in these accounts have expanded ten-fold even as the number of account holders is up only three-fold, showing that existing depositors in JDY regularly top up their balances.

- With 13.5 crore beneficiaries enrolling for the low-cost accident insurance cover and 5.5 crore for the life cover, the account is giving disadvantaged folks services of other financial products as well.
- With 27.7 crore account holders now armed with Rupay debit cards, their transition to electronic payments has increased as well.

**Going forward:**

- **Offering other financial services:**

The Centre must nudge the banks to offer much-needed loan products to the Jan Dhan account holders.

This is critical to wean them away from the grip of usurious money lenders who extract a heavy price on their finances when emergencies strike.

- **Generating awareness:**

The Centre and the RBI need to make sure that these first-time adopters are treated well at bank branches, know the grievance redressal mechanisms and are aware of, and protected from, the consequences of fraud or misuse of their accounts.

- **Changing strategy:**

The sharp spike in the JDY account balances during the note ban months was a red flag. Rather than persisting with account opening or deposit targets for banks on JDY, regulators must now ratchet up their education efforts to make sure that JDY holders are aware of their rights and don't fall prey to benami holders or money-launderers seeking to exploit their banking access.

**Conclusion:**

The PMJDY is delivering on inclusion, but awareness among account holders must rise. Apart from awareness the banks need to avail most of

**Connecting the dots:**

- PMJDY has come a long way in promoting financial inclusion. Critically analyse.

## INTERNATIONAL

### [Asia-Pacific to grow 5.7% this year: ADB](#)

**Part of:** GS Prelims and Mains II and III – Economy; International Affairs

**In news:**

According to Asian Development Bank –

- Asia-Pacific region is expected to power ahead growing at 5.7% this year
- The bank's lending grew to a record \$21.6 billion in 2018, 10% higher compared to 2017.

**Strategy 2030 plan of ADB**

It focuses on six key areas –

- operational and action plans for the private sector,
- addressing remaining poverty and inequality,
- accelerating progress in gender equality,
- continuing to foster regional cooperation and integration,
- expanding private sector operations and
- using concessional resources effectively

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### [WTO issues: Talking fair trade in Delhi](#)

**Introduction:**

India to host the second mini-ministerial meet of the World Trade Organisation (WTO)

**Do you know?**

- 12th WTO Ministerial Conference will be held in June 2020 at Astana, Kazakhstan.
- 11th Ministerial Conference (Buenos Aires, December 2017) collapsed despite efforts by 164 WTO members to evolve a consensus on several issues.
- The U.S. had refused a reduction in subsidies and also pulled back on its commitment to find a perennial solution to public stockholding.

**Major areas and issues needs to be addressed:**

- The 2<sup>nd</sup> mini-ministerial meet will be held to discuss the **interests of developing and least developed countries in global trade.**
- US had accused that developing countries like India and China benefit from exemptions meant for the poorer nations. Therefore, this meet acts as a preparatory meeting to set a common agenda at the 12th Ministerial Conference which will be held next year.
- Negotiations on issue of subsidies and public stockholding – issues central to developing and less developed countries.
- The other issues under discussion will relate to protectionist measures, digital trade, fisheries, subsidies, environmental goods, standardisation and implementation of sanitary and phytosanitary measures, and other matters ripe for negotiation and agreement, mainly investment facilitation.

#### **Issue of agricultural subsidies**

- WTO replaced the General Agreement on Tariffs and Trade (GATT) as an international organisation mainly to overcome tussles over trade interests.
- The economies of the developing and less developed world (with little bargaining power) were unable to gain market access in most of the developed economies (which were influential in negotiations), especially when it came to agricultural commodities.
- However, **there is still deadlock on the issue of agricultural trade negotiations.** The disagreements between developed countries (the European Union and the U.S.) and developing countries (Malaysia, Brazil and India) to discipline the farm regime in their favour continue, thereby threatening the WTO's comprehensive development agenda.
- The expectations of developing countries from trade also get belied due **to sizeable support by the developed nations to their farmers** in a situation of market failure and other uncertainties. **The support through subsidies tends to bring distortions in commodity prices.**
- According to OECD, the quantum of subsidies by developed nations vary from \$300 to \$325 billion annually, which is much higher than that estimated for developing countries. This has become a bone of contention in trade talks as farm lobbies in the U.S., Europe and Japan have steadily exercised political clout to influence officials and lawmakers to continue giving subsidies to farmers.

#### **Stringent non-tariff measures (NTMs)**

- Another major concern is that developed countries design and implement stringent non-tariff measures (NTMs) which exacerbate the problems faced by poor countries that are willing to export.
- NTMs significantly add to the cost of trading.



- Developing economies are unable to compete in international markets and hardly gain from sectors with comparative advantage such as agriculture, textiles and apparels.

#### Conclusion:

- Therefore, in the 2<sup>nd</sup> mini-ministerial meet, developing countries are willing to break the deadlock on these issues and are preparing a common ground to jolt the mandate of the global trade body.
- India, in particular, seeks amendment of laws on unilateral action by members on trade issues and a resolution of the WTO's dispute settlement system.
- The Delhi meeting can be a breakthrough if members negotiate these issues in a convergent manner.
- The meeting is expected to lead to policy guidance on issues such as global norms to protect traditional knowledge from patenting by corporates, protection through subsidies, e-commerce, food security and continuation of special and differential treatment to poor economies.
- The time is opportune for developing countries to voice their concerns and push for a stable and transparent environment for multilateral trade. India must do its homework to focus on the unresolved issues and address the newer ones which are of interest to developed nations, mainly investment facilitation.

#### Connecting the dots:

- [Are we witnessing the decline of WTO in an era of heightened regional cooperation and bilateral alliances? Critically examine.](#)
- The Protectionist stand of Developed nations and assertiveness of Developing countries has left the WTO ineffective, Comment.
- [Do agricultural subsidies have a distorting effect in free markets? Illustrate.](#)

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#### [Iran says it will not honour nuclear curbs](#)

**Part of:** GS Mains II – International affairs; Security issues

#### In news:

- Iran said it had stopped respecting limits on its nuclear activities agreed under a 2015 deal with major powers until they find a way to bypass renewed U.S. sanctions.
- The announcement came as the US imposed sweeping unilateral sanctions against Iran.
- Iran's Supreme National Security Council said that it no longer considered itself bound by the agreed restrictions on stocks of enriched uranium and heavy water.

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## New clouds over the Persian Gulf: Iran threatens to withdraw from the 2015 nuclear deal

### Introduction

- Iranian President Hassan Rouhani announced that Iran will withdraw partially from the landmark nuclear deal of 2015.
- Iran's decision to reduce its commitments to the **Joint Comprehensive Plan of Action (JCPOA)**, known as the **P5+1 agreement**, comes as a reaction to the U.S.'s attempts in recent weeks to reduce Iran's oil exports to zero.

### Why the issue?

- The issue started after US President Donald Trump pulled out from the nuclear deal negotiated by his predecessor, Barack Obama.
- Iran had the option of walking out too. But it did not. Iran had hoped that the European powers as well as Russia and China might help limit the effects of America's renewed hostility.
- Europeans had criticised the US withdrawal, affirmed that Iran was in compliance with the nuclear agreement, and offered to sustain economic engagement with Iran if Tehran stayed true to the deal.
- China and Russia had also criticised the US decision as unilateral and arbitrary.
- Trump administration went on to re-impose sanctions on Iran.
- Now, Iran is demanding the remaining signatories of the deal — the U.K., China, France, Germany and Russia — to ease the restrictions on its banking and oil sectors in the next 60 days.
- In case the five endorsers of the deal decide not to act in favour of Iran, the authorities of Tehran will remove the caps on uranium enrichment levels and resume work on the Arak nuclear facility.

### Impacts:

- Iran's partial withdrawal from the nuclear agreement is aimed at convincing US's allies in Europe as well as its competitors that time is running out to save the deal.
- Iran's plans are very clear, and they put an end to long and laborious multilateral negotiations which put strict limits on Iran's nuclear activities in return for lifting most international sanctions.

- By resuming its uranium enrichment operations, Iran could be taking a huge risk, putting at danger its diplomatic relations with Europe and playing the game of the Trump administration that has been taking a hard line against Tehran.
- Consequently, Iran might be economically isolated, but the message coming out from Russia is that Iran is not alone.
- US sanctions against Iran will certainly result in the development of cooperation between Russia and Iran, but also with countries like Turkey which are important to American foreign policy.
- US sanctions are likely to hit the earnings of Iran's major metals companies, which will have immediate impact on the Iranian government's revenues and also will deteriorate the balance sheets of Iran's heavily indebted metals and mining companies.
- This situation will be followed by mass unemployment, especially among blue-collar workers employed by state-owned enterprises who form the backbone of Iran's economy.

For Donald Trump and his aides, the outcome of their confrontation with Iran is clearly to deprive the Iranian regime of the funds it can use to impose its hegemony around West Asia, but also to put pressure on the everyday life of Iranian citizens.

Troubled times are ahead for Iran, West Asia and the global market.

### **Connecting the dots:**

- Rivalries and tensions between the US and Iran could throw some challenges to India's dealings in West Asia. Analyse.
- Discuss the likely causes and impacts of Iran pulling out of historic 2015 nuclear deal or P5+1 agreement.

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### **Trump raises tariffs on Chinese goods**

**Part of:** GS Prelims and Mains II and III – International affairs; Economy and related issues

#### **In news:**

- The trade war between the U.S. and China took a turn for the worse as the Trump administration increased tariffs on \$200 billion worth of Chinese goods.
- Trade war has been haunting the global economy since 2018, hurting investors' confidence worldwide.

#### **Do you know?**

- One of the big immediate risks of the U.S.-China trade war for India and a number of other countries may be “trade diversion”.
- That means products and merchandise, hit with retaliatory or counter-retaliatory tariffs by the U.S. and China respectively, will get diverted or even dumped on markets like India.

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## China & US Trade War

**Part of:** GS Paper 2 and 3 – International affairs; Effect of policies and politics of developed and developing countries on India's interests; Economy and related issues

### **In news:**

- China said it would raise tariffs on \$60 billion worth of U.S. goods from June 1.
- The announcement comes as a retaliation for the latest round of U.S. tariff hikes and Trump administration's plans to target almost all Chinese imports.
- U.S. President had also ordered the start of a process to impose new duties on another \$300 billion worth of Chinese items.

### **Do you know?**

- China imports fewer U.S. products such as agricultural products and energy, Boeing orders and service trade.

### **Impact:**

- The conflict is seen as a significant threat to global economic growth.
- The US-China trade war has been a great source of uncertainty for financial markets over the past year.
- Uncertainty has weighed on investor confidence around the world, and has contributed to losses.
- The IMF warned a full-blown trade war would weaken the global economy.

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### **Introduction:**

- The world needs to be united on the issue of terrorism and resolve contradiction.
- The brutal attacks on Easter Sunday in Sri Lanka, for which the Islamic State (IS) claimed responsibility, have reignited discussion on the global ‘War on Terror’.

- The attacks in Sri Lanka underline the many cracks in the concept of a global 'War on Terror', and raise questions on what it has achieved.

#### **The Global 'War on Terror':**

- The term was coined by former U.S. President George W. Bush after the September 11 attacks in 2001. It is an international military campaign that was launched by the US government after the 9/11 attacks.

#### **Issue:**

The original mission that the War on Terror was named for is floundering.

- Not only has the coalition of about 60 countries that sent troops and offered logistical support failed to end terrorism in Afghanistan, it appears it is preparing to hand the country back to the oppressive Taliban regime that it defeated in December 2001.
- This, despite the fact there is no guarantee that the terror groups living in safe havens in Pakistan will not also have the run of Afghanistan once the coalition pulls out.
- 46 nations joined to defeat Saddam Hussein in Iraq in 2003, and 19 were a part of a coalition that ousted Muammar Qaddafi from power in Libya in 2011.
- The U.S. and allied countries were sidetracked by the 'Arab Spring' in 2011, which led them to bolster anti-Bashar al-Assad groups in Syria.
- This eventually paved the way for the IS to establish a 'Caliphate' in territories in Syria and Iraq.
- The next coalition was formed to fight the terror of the IS. The number of global terror attacks per year went up from 1,000 in 2004 to 17,000 in 2014.

It is clear that the countries in question — Afghanistan, Syria, Libya and Iraq — are far from free of the spectre of terrorism. Rather than helping fight pan-Islamist terror groups, the War on Terror appears to help the IS and al-Qaeda more, giving them a footprint far bigger than their actual abilities. This helps them recruit and radicalise Muslim youth from around the globe, and allows them to own terrorists around the world as their own.

#### **Approaches to fighting terror:**

##### **Changing the narrative of a "fight for Islam" is required.**

- According to the Global Terrorism Database, of the 81 terror attacks in which more than 100 were killed (high casualty) since 2001, more than 70 were carried out in Islamic or Muslim-majority countries.
- The War on Terror thus appears to be a concept propagated mostly by pan-Islamist groups and extremists of other religions as a motive for terror attacks. Governments in countries affected by terrorism must not subscribe to this narrative blindly.

It is necessary for countries fighting terrorism to learn more closely from their differences, rather than try to generalise from experience.

### **Example 1:**

Comparing European states like the U.K., France and Belgium, where hundreds of immigrant Muslims have enlisted for the IS, to South Asian states like India, where Muslim populations are indigenous and only a few dozen are believed to have left for Syria, is akin to comparing apples and oranges.

The world community must address contradictions in the War on Terror. For 20 years, the world has failed to agree on a common definition of terrorism at the United Nations. This has held up the passage of the Indian-sponsored proposal for a Comprehensive Convention on International Terrorism.

### **Contradictions examples-**

**Example 1-** Despite the fact that Jaish-e-Mohammad chief Masood Azhar has been targeting Indians incessantly for years, China allowed his UN Security Council designation as a global terrorist only after mentions of his attacks in India were removed.

**Example 2-** The U.S. is focused on billing Iran the “world’s biggest state sponsor of terrorism”, while states like Saudi Arabia and Pakistan that have funded and sheltered Islamist terror groups are still treated as “frontline allies” on terror.

### **Conclusion:**

- Despite all their resources and expertise, the alliance of the U.S., the U.K., Canada, Australia and New Zealand that share global intelligence was unable to see the impending threat in Sri Lanka.
- Unless the world is truly united on the issue and resolves such contradictions, the global War on Terror will only be as strong as its weakest link.

### **Connecting the dots:**

- The world needs to be united on the issue of terrorism and resolve contradiction. Comment.

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[CTBTO invites India to be an observer](#)

**Part of:** GS Prelims and Mains II - International Organization

**In news:**

- The executive secretary of the Comprehensive Test Ban Treaty Organization (CTBTO) has invited India to be an observer in the CTBT.
- Being an observer would give India access to data from the International Monitoring System — a network which when complete will consist of 337 facilities (321 monitoring stations and 16 radionuclide labs) located in 89 countries.
- This system can detect even small nuclear explosions using seismology, hydroacoustics, infrasound and radionuclide technology.

**Important Value Additions:****Comprehensive Test Ban Treaty Organization (CTBTO)**

- CTBTO is the preparatory commission which establishes global verification regime to monitor compliance with the CTBT.
- The verification regime includes a global network of 330 plus monitoring facilities using seismic, hydroacoustic, infrasound and radionuclide technologies.
- Over 330 stations in 89 countries have been built to monitor for signs of nuclear explosions around the globe round the clock.

**International Monitoring System (IMS)**

- The International Monitoring System (IMS) monitors the Earth's crust, listens the atmosphere and oceans and sniffs the air for traces of radioactivity.
- The monitoring system produces data that have many applications, from disaster early warning to scientific research on the Earth's inner structures, climate change or meteors, to name just a few of the potential uses.
- It is also making contributions to the nuclear safety field. After the March 2011 Fukushima nuclear accident, CTBTO data provided timely information on the radioactive emissions from the crippled plant and their global dispersion.

**Revitalizing IBSA****Introduction:**

Foreign minister of India and South Africa and Brazil recently met in Kochi, India. The central goal was to develop a blueprint to rejuvenate IBSA, widely viewed as a unique voice for the Global South.

**Rise, fall and rise:**

- **Origin:**  
The idea of creating a grouping composed of major democracies of three continents, Asia, Africa and South America, emerged from the disarray at the end of the 20th century, and the perceived need for developing countries to forge decisive leadership. IBSA was launched through the Brasilia Declaration in 2003. Its summits, between 2006 and 2011, gave it a special global profile.
- **BRICS overshadowing IBSA:** 2011 onwards, BRICS, the larger group comprising IBSA countries, China and Russia, started to overshadow IBSA.
- **A new momentum:** A series of events marking its 15th anniversary, held during 2018-19, have imparted new momentum to the endeavour to revitalise IBSA.

**Recent successes:**

- The three Foreign Ministers have been meeting regularly to provide a coordinated leadership to the grouping.
- While the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund) is small in monetary terms, it has succeeded in implementing 31 development projects in diverse countries: Burundi, Guinea-Bissau, State of Palestine, Cambodia and Vietnam, among others.
- India has been running an innovative IBSA Visiting Fellows Programme through the Delhi-based think tank, RIS or Research and Information System for Developing Countries.

A strong case exists for expanding its reach. Both South Africa and Brazil should initiate their own editions of this programme, as an investment in building intellectual capital.

**Importance of IBSA:**

- IBSA is the true inheritor of solidarity among developing countries, which was nurtured from the Bandung Conference (1955) through UNCTAD and G-77 to the BAPA+40 Declaration (2018).
- It is the champion of South-South Cooperation, and the advocate of a coordinated response by developing economies to secure the Sustainable Development Goals (SDGs).
- The glue that binds IBSA countries together is their faith in democracy, diversity, plurality, inclusivity, human rights and rule of law.
- Notably IBSA remains determined to “step up advocacy for reforms of global governance institutions in multilateral fora”. In particular, it is strongly committed to the expansion of the UN Security Council.



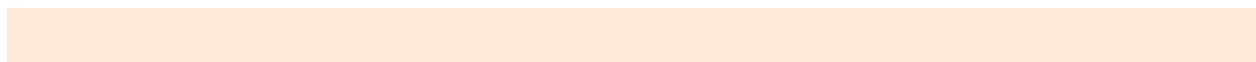
**Kochi Session:**

The IBSA Academic Forum, comprising independent experts, held its sixth session in Kochi after a hiatus of over seven years.

This forum hosted a comprehensive exchange of views on the continuing relevance of IBSA; the need for a strategy to secure SDGs and cement South-South Cooperation; expanding trade cooperation; and the shared goal of enhancing academic collaboration on issues relating directly to the needs of democratic societies.

**Conclusion:**

The idea of IBSA remains valid. The special responsibilities it bears cannot be discharged by BRICS. In fact, strengthening IBSA could increase the effectiveness of BRICS and encourage it to follow a more balanced approach on key issues of interest to India, Brazil and South Africa. The current endeavors to infuse greater dynamism in IBSA are well-timed. Support by the leaders will be crucial.



## INDIA AND THE WORLD

### Iranian oil dilemma for China, Turkey and India as US ends waiver

#### Context:

- Trump administration has announced that the US would not issue any additional **'Significant Reduction Exceptions'** to existing importers of Iranian oil who had received such exemptions before.
- It has declared that the objective is to bring Iranian oil exports to "zero".
- India, China and Turkey, the principal remaining oil importers from Iran, are expected to feel the greatest impact of this policy.

#### What end of the waivers mean to these countries?

##### China

- China, one of the largest importers of Iranian oil, is **likely to defy the American demand** because as a great power and potential challenger to U.S. hegemony it will not want to be seen as bowing to American pressure.
- Also China is firmly opposed to unilateral sanctions, as it fears that one day it may be subjected to similar treatment.

##### Turkey

- Turkey and Iran have overlapping strategic interests regarding Kurdish secessionism, the territorial integrity of Iraq, and shared antipathy towards Saudi Arabia.
- Iran is the second largest supplier of energy to Turkey and a leading trading partner as well.
- Turkey's relations with the U.S. are currently rocky over U.S. support to the Syrian Kurdish militia, the YPG, that Turkey considers a terrorist organisation.
- The threat of American sanctions on Turkey for its decision to buy S-400 missile defence systems from Russia has also contributed greatly to tensions between the two countries.
- Therefore, it is unlikely that Turkey will bend completely to American will although it may do so partially to placate its NATO ally.

##### India

- India is likely to comply with American demands, as India's relations with the U.S. in the economic sphere are very important to it.

- The U.S. is India's largest trading partner and a leading source of foreign investment.
- It has become increasingly important in the strategic arena as well because of the convergence of American and Indian interests regarding containing China in the Indo-Pacific region.
- The civil nuclear relationship with the U.S. is very important for India, as is American support for India's bid to enter the Nuclear Suppliers Group.

However, compliance with the US demands will cost India high as -

- India is heavily involved in building the Chabahar port in southern Iran.
- This port is expected to become a major access route for India to Iran, Afghanistan and Central Asia bypassing hostile Pakistani territory.
- Iran is also important in the context of Afghanistan as both are unequivocally opposed to the Pakistan-supported Taliban returning to power.

Therefore, India's decision to stop importing oil from Iran at America's behest could create gaps between New Delhi and Tehran that will be very difficult to repair and cost India strategically.

#### **What US want from Iran?**

- Iran should totally give up its right to enrich uranium and close down all nuclear facilities including those engaged in research for peaceful purposes.
- Iran should curtail and eradicate its ballistic missile programme and radically change its west-Asia policy to fall in line with American preferences in Syria, Iraq, Lebanon and Yemen.

However, Iran has stood up to unprecedented sanctions for four decades and remained unbowed.

The current American policy of forcing Tehran to cut its oil exports to zero will only aid Iranian hardliners and end up with Tehran adopting an even more virulent anti-American posture, further impeding the realisation of American strategic objectives in the region.

#### **Connecting the dots:**

- How can India ensure that its relations with the US and Iran, and particularly its energy interests are not affected? Suggest.
- How do global sanctions operate? How does it affect India's interests? Comment in the light of US sanctions against Iran.

## India-US ties face tough terrain

**Below are some of the major issues between India and US**

### **Issues in India-US trade**

#### **1. U.S.'s decision to not extend Iran sanctions waivers to India**

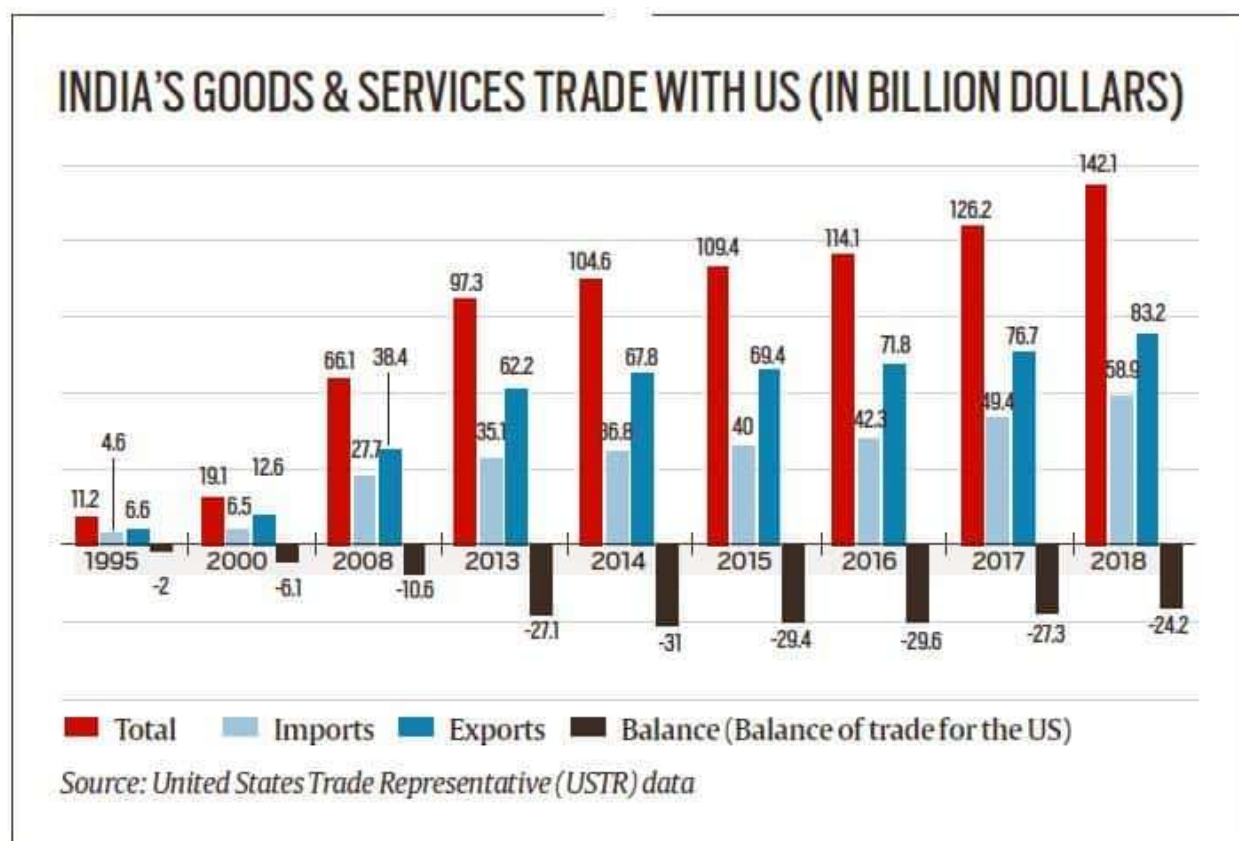
- This decision will have notable implications for India-U.S. relations, given the importance of New Delhi's energy relationship with Tehran.

#### **2. U.S.'s decision to withdraw GSP benefits for Indian exports**

- Trump administration decided to withdraw GSP benefits for Indian exports in retaliation for Indian tariffs that the U.S. deemed to be prohibitively high
- US has also expressed deep discontent over India's policies on e-commerce, intellectual property rights and data localisation.

#### **3. India's tariff structure**

- According to Trump administration, India was at number 13 in the list of US export markets because of its "overly restrictive market access barriers". India's average applied tariff rate was "the highest of any major world economy".
- According to World Trade Organisation (WTO) data, India's average applied tariff is now around 13.5% — and there are plans to move towards ASEAN tariff rates progressively (approximately 5% on average).
- Over the last five years, however, there has been a move by the government to increase duties on a number of items.



<https://images.indianexpress.com/2019/05/india-us-1.jpg?w=703&h=480&imflag=true>

#### 4. Disputes under the WTO

Seven disputes between India and US are at various stages of the Dispute Settlement Mechanism under the WTO. These pertain to –

- poultry and poultry products from the US
- countervailing duties against India's export of steel products
- measures against import of solar cells and modules under the National Solar Mission,
- the US's Sub-Federal Renewable Energy Programmes
- US measures concerning non-immigrant visas
- India's export promotion schemes and
- the US tariff hike on steel and aluminium products.

#### 5. Capping prices of cardiac stents and knee implants

- In 2017, India capped the prices of cardiac stents and knee implants, slashing prices by over 70% and 60% respectively.
- The move impacted US giants like Abbott, Medtronic and Boston Scientific.

## 6. Walmart issue and data localization

- Two other issues that the US side has specifically raised during the latest round of negotiations are the “treatment of Walmart after their acquisition of Flipkart”, and the problems on data localisation reportedly faced by companies such as MasterCard and Visa.

### Impact:

- India will scale up oil imports from other top producers
- GSP withdrawal will have minimal impact on India’s economy (we have covered comprehensively in previous month DNA articles)
- U.S.-India CEO Forum and the India-U.S. Commercial Dialogue is expected to ease tensions
- However, a full-fledged strategic partnership, which both countries endorse, will be difficult to achieve amid such multiple and long-standing disconnects on the trade and economic side.

### Conclusion:

- Bilateral ties should go beyond technology transfers, arms sales, joint exercises, and foundational agreements on defence in order to achieve a robust and multifaceted strategic partnership.
- India-U.S. relations have potential to extend well beyond security, especially initiatives ranging from clean energy to innovation.
- The U.S. and India have long struggled to agree on what a strategic partnership should look like. Any strategic partnership must be broad-based, with trust and cooperation present across a wide spectrum of issues and not just limited to close collaborations in the guns-and-bombs category.
- In this regard, a true strategic partnership remains, at least for now, elusive between India and the U.S.

### Connecting the dots:

- India’s “US” policy has seen both continuity and change. Comment.
- India and US share a strong strategic partnership in the changing global order. Critically analyse.
- Has the dynamics of Indo-US relations changed after the election of Donald Trump as the President? Critically evaluate.



### **In news:**

US Commerce Secretary recently visited India to raise the issue of supposedly high barriers to trade erected by India.

This visit was preceded by a series of measures announced by the US against India, including

- India was put on the Priority Watch List in its annual Special 301 Report.
- Termination of Iran's oil sanction waivers available to India along with other countries.
- Highlighting of data localisation requirements in India as a key barrier to digital trade in the USTR National Trade Estimate report.
- Announcement to terminate India's designation as a beneficiary developing country under the Generalized System of Preferences.
- Increase in H1B visa fee, which will affect Indian IT services exports to the US.

### **America's interests:**

The American tactic of announcing threatening measures is to hit economically hard and arm-twist India so as to bring it to the negotiating table, and compel India to accept the American demands of:

- Increased market access through reduced tariffs on dairy products, wheat and Harley-Davidson motorcycles.
- Removing the price caps fixed by the Indian government on medical devices of interest to US producers.
- Change in India's domestic IP laws for protecting windfall monopoly profits of the US IP holders, particularly in the pharmaceutical sector.
- No restrictions on cross-border data flows.
- Roll-back measures pertaining to data localisation in financial services taken by RBI.

### **India is not a 'tariff king':**

The US cherry-picked data to portray India as a highly protected country and described it as 'tariff king'. But it is contrary to the fact. The highest tariff in India is 150% on alcoholic beverages, whereas in the US the highest tariff is 350% on tobacco products. India's highest tariff is much lower than applied by many other countries such as South Korea, Japan, Australia, to name a few.

Even from the average tariff perspective, India's average applied tariff is 13.4%, much below its average bound tariff at the WTO.

**Issues at WTO:**

The US is also apparently unhappy with India's submission in the World Trade Organisation (WTO), cosponsored with the European Union and other WTO members on reforming the dispute settlement mechanism of the WTO. The suggested reforms in India's cosponsored paper widely differ from the position taken by the US on the functioning of the DSB and the reforms proposed by the US.

The US has been blocking new appointments to the Dispute Settlement Body (DSB), arguing over its role and leaving it with the bare minimum needed to function.

**Issue:**

- The US has earlier stated that India and some other developing countries had made great development strides over the years and hence should not be allowed to take benefits of the special and differential (S&D) provisions of the WTO.
- While there is no denial that India and other developing countries have made progress over the years, the development divide is still very much present between developed and developing countries, and hence the need for continuance of S&D provisions.

**Way ahead:**

The US is well aware that if there is any country after China that can challenge the hegemony of the US in the future, it is India. Therefore, the US is using these threatening and other tactics to suppress the rising stature of India in the global trading system, and to curtail the potential of the country to grow economically.

India should stand firm on most of the above issues in its dealings with the US bilaterally as well as at the WTO.

- The government response and policy formulation should be driven by domestic requirements and not by any dictate from the US.
- At the same time, track II economic diplomacy through chambers of commerce and industry lobby groups could be encouraged to make the US aware of the losses that will incur to both sides, if such posturing by the US against India continues.

**Connecting the dots:**

- The US has been suppressing India's rising stature in the global trading system.  
Comment.



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## US-China tariff war: An opportunity for India

### **Background:**

A year into the US-China tariff war, its implications for India are still unfolding. India is losing its surplus with the US. It is gaining exports, and hence, narrowing its deficit with China. India can take the space vacated by the warring partners.

### **India hasn't escaped unhurt:**

The simmering tensions between the world's two largest economies has wrought a knock-on effect, taking down global growth, disrupting trading arrangements and production systems and, above all, injecting uncertainty into the already fragile global environment and weakening investor sentiment.

- India's exports slowed to 5.5 per cent in the second half of fiscal 2019, compared with 12.7 per cent in the first half.
- Overall growth for the fiscal printed at 8.6 per cent on-year, lower than 10 per cent in the previous year.
- India's trade surplus with the US had increased significantly since fiscal 2012. However, this surplus started to shrink in fiscal 2019, as export growth slowed to 9.5 per cent from 13.4 per cent in fiscal 2018, while import growth rose sharply to 32.6 per cent from 19.3 per cent.
- Protectionist measures by the US were beginning to tell on India's exports. Key items hit by US tariffs last year were iron, steel, and aluminum.

### **Missed opportunity:**

The tariff actions by US and China have been one-on-one, making imports from each other expensive. It has resulted into improved relative competitiveness of other economies exporting the same products.

If this trade war continues over a longer horizon, it could even result in shift of production bases and restructuring of global supply chains. Chinese firms are already moving production to their plants in other countries. India also figures in the list of such probables. But such opportunities for growing exports have come and passed earlier too. Even before the trade war, low-end manufacturing (readymade garments, leather garments and footwear) had started moving out from China, as labour costs rose and it moved to more sophisticated manufacturing.

However, India fell behind countries like Vietnam and Bangladesh in capturing export share in these sectors because of higher costs and lower incentives.

**What hinders India from becoming an export powerhouse?**

- India lags in competitiveness. At 58, India still ranks below China (28) in World Economic Forum's Global Competitiveness Rankings for 2018. In World Bank's Logistics Performance Index 2018, it ranks 44, below China (26) and Vietnam (39).
- Land and labour reforms are still pending, hindering largescale investments in export sectors.
- India remains a tightly regulated market. Under the World Bank's Doing Business rankings, India ranks 77, compared with China at 46 and Vietnam at 69.
- India's slow progress in drafting trade agreements impacts its ability to participate in global value chains, affecting export growth.

**Conclusion:**

India must proactively address above mentioned concerns. Reaping every opportunity that presents itself has become more crucial now, given that the global environment is in for even more challenging times.

**Connecting the dots:**

- The ongoing US- China tariff war presents an opportunity for India to become an export house. Elucidate. Also mention the challenges involved.

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**India-Canada: Concerns and Potential****Introduction:**

- In recent times there has been resurgence in anti-India activities by emboldened Khalistani elements in Canada.
- India-Canada ties have deteriorated in recent years, especially given the view that the current Justin Trudeau administration is soft on individuals and organisations that support the demand for Khalistan, a separate Sikh homeland.
- India has been consistently accusing the Canadian government of giving safe refuge to Sikh separatists, even though the Khalistan movement has long fizzled out because of lack of mass support.

- Mr. Trudeau received the cold shoulder from Punjab Chief Minister during his India visit in February 2018, as their discussion was on the Khalistan issue, rather than on areas of mutual cooperation.
- Recently, Mr. Trudeau drew the ire of the Indian government when a report on terror threats avoided the words 'Khalistani extremism'.

**Concerns:**

- The Indian government is reportedly concerned over the unity of Sikhs in Britain, US, and Canada and their coming to positions of power which could, in turn, pose a threat by challenging the abuse of civil rights of the Sikhs in India.
- The Indian government has also raised concerns over the revival of Sikh militancy, however the same has been termed as an exaggeration by many.
- While so far there hasn't been any concerning act of separatism, the Indian elite remains alert as it sees the demands by Sikh as a sign of separatism.

**India-Canada cooperation: Potential**

Canada has truly been a land of opportunity for the Indian diaspora and higher education:

- They have earned the affection and respect of Canadians, who are very inclusive.
- Indian diaspora comprising 3.6% of the Canadian population is well-educated, affluent and politically suave.
- For the year 2017, Indian students received well over 25% (over 80,000) of the available study permits.
- In 2017, well over 40% of the 86,022 people who received invitations for permanent residency in Canada were Indians. During 2018, this rose by a staggering 13% to 41,000.

**Economic relations:**

- There has been a spike in investments by the well-endowed Canadian Pension Funds like CPPIB and CDPQ into India.
- Together, Canadian companies have pumped in some \$12-15 billion Canadian in India in sectors including real estate, financial services, distressed assets, modern logistics facilities and e-commerce.

**Conclusion:**

- There exists enough potential for stepping up cooperation in areas like information technology, science and technology, clean and green tech, aviation and outer space, cold-climate warfare, cybersecurity, counterterrorism and tourism.
- The need of the hour is to strengthen mutual trust and confidence, by taking a long-term view of the relationship.

- By focusing only on the Khalistan issue, India risks alienating the Sikh diaspora. India should instead reach out to the Sikh diaspora in a year when Sikhs and all other followers of Guru Nanak will be commemorating his 550th birth anniversary.

#### **Connecting the dots:**

- Discuss the potential of India-Canada relationship. Also analyze how Khalistan issue in recent times has impacted our bilateral ties.

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### **Way forward for RCEP**

#### **Introduction:**

Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and the six states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, South Korea and New Zealand)

#### **Do you know?**

- Talks have been under way for over six years now, with over 25 rounds of negotiations between all FTA partner countries.
- The 16 member countries have now set a deadline of end-2019 to conclude the negotiations.
- India is among the countries that will have to take a call at this point considering the seriousness of the situation.
- The negotiations, until now, have been fraught with difficulties, with India accused of being 'conservative' in its approach towards tariff negotiations.

#### **Concerns with respect to India and RCEP**

- India is the one country that doesn't have an FTA with China. The greater access Chinese goods will have to the Indian market, bigger the problem given India's massive trade deficit.
- To circumvent this, the government has proposed a "differential market access" strategy for China, which others are inclined to accept.
- Both Indian negotiators and the domestic industry have been vocal about their discomfort with respect to opening up of the domestic market to Chinese exports. This is because of the massive Chinese overcapacity in key manufacturing industries, and major support programmes in the form of financial, non-financial and trade measures

for the domestic industry, which give an edge to Chinese producers over other trade partners.

- There are also demands by other RCEP countries for lower customs duties on a number of products and greater access to the market than India has been willing to provide.
- The more developed RCEP countries such as Australia and Singapore have been unwilling to accommodate India's demands to liberalise their services regime and allow freer mobility of Indian workers.

#### The way ahead:

- India suggests for **appropriate safeguard clauses** need to be put in place within RCEP in case injury to domestic industry is found, resulting due to impacts of massive support that China offers its industries, leading to overcapacity and price undercutting.
- India suggests **introduction of clause on provisional safeguard measures**.
- Also, given the current state of Indian industry, **phased elimination of tariffs** is necessary, especially with respect to some key manufacturing industries that have long gestation periods until they start running on full capacity.
- Therefore, at least a **15-25 years' tariff elimination schedule** should be negotiated for key sectors like chemicals, metals, automobiles, machinery, food products and textiles, which individually contribute more than 5% to India's manufacturing GDP and employment, respectively. Phased elimination of few key manufacturing industries is absolutely essential with respect to China.
- Policymakers should be cognisant of the use of non- tariff barriers (NTBs) by China. Even though China has agreed to open almost 92% of their tariff lines, expecting India to reciprocate in the same manner, India's concerns over China's complex NTBs merit serious attention.

#### Conclusion:

- Indian negotiators bargain hard for an inclusive and balanced RCEP. However, domestically India must fiercely focus on problems plaguing manufacturing sector and exports.
- RCEP is an opportunity for India to play a greater role in Asia-Pacific, the fastest growing and developing region the globe.
- India must not take the easiest way out on the trade deal and walk out of talks, rather it should move forward and fill the vacuum being created by the protectionism of US.
- If negotiated well, the RCEP has the potential to be a game-changer for India.

#### Connecting the dots:

- India with RCEP, critically examine the challenges and opportunities ahead.
- Do you think RCEP is a must for India? Analyze.

## New points-based green card system

**Part of:** GS Prelims and Mains II - Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

### **In news:**

- U.S. President announces new points-based green card system
- Education, language skills to be rewarded in new proposal

### **Do you know?**

- The Green Card is an identification card indicating the holder's status to live and work in the USA permanently.
- The easiest way to get a Green Card is by participating in the Green Card Lottery.

### **About Green card:**

- Green Card is the unofficial nickname for the permit allowing immigrants to permanently live and work in the United States of America.
- The official name of the US Green Card is "Lawful Permanent Resident Card".
- Green Card holders are known as "Permanent Residents".
- Those who possess a Green Card are allowed to emigrate to the USA and stay there for as long as they like.
- Those with a Green Card do not need to apply for an ESTA (travel authorization) or any another type of visa to enter the USA.
- US Green Card holders are not automatically American citizens.
- Green Card holders have the possibility to become American citizens after living in the USA for five years.

### **Impact of new policy**

- Proposal includes significant changes to the way green cards are allocated, by dramatically reducing the number of family-based green cards.
- It moves towards a points-based ("merit-based") system that will reward, among other factors, education, skills and English language proficiency.
- The plan sought to boost border security and tighten asylum procedures.
- The new plan will dramatically increase the number of green cards that are given through the skills route versus the family-based route.
- Currently about 12% of those receiving green cards entered the U.S. based on skill-based visas (such as the H1B), while some 66% are family-based green cards.

## COMCASA

**Part of:** GS Prelims and Mains II: International Relations; India-US ties

**In news:**

- The foundational agreement, Communications Compatibility and Security Agreement (COMCASA), which India signed last year, would enable exchange of information on threats coming from sea.
- Pact will aid information exchange to fight terrorism

**Do you know?**

- India and the U.S. on September 6 signed the foundational or enabling agreement COMCASA on the side-lines of the inaugural 2+2 dialogue.
- COMCASA stands for Communications Compatibility and Security Agreement and is one of the four foundational agreements that the U.S. signs with allies and close partners to facilitate interoperability between militaries and sale of high end technology.
- India had signed the General Security Of Military Information Agreement (GSOMIA) in 2002 and the Logistics Exchange Memorandum of Agreement (LEMOA) in 2016.
- The last one remaining is the Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA).

**COMCASA**

- COMCASA is an India-specific version of the Communication and Information on Security Memorandum of Agreement (CISMOA).
- COMCASA allows India to procure transfer specialised equipment for encrypted communications for US origin military platforms like the C-17, C-130 and P-8Is.
- It will enable greater communications interoperability between the militaries of India and the US. Data acquired through such systems cannot be disclosed or transferred to any person or entity without India's consent.

## India intensifying its naval engagements in South Asia

**Introduction:**

India is setting a high tempo of naval operations in Asia.

Recent instances show the Indian Navy's resolve to preserve operational leverage in India's near seas.

- In April, in their biggest and most complex exercise, Indian and Australian warships held drills in the Bay of Bengal.
- Above was followed by a much-publicised anti-submarine exercise with the U.S. Navy near Diego Garcia.
- Recently, the Indian Navy held a joint exercise '**Varuna**' with the French Navy off the coast of Goa and Karwar.

### **Rapid expansion of China's naval footprint:**

The trigger for India's newfound zeal at sea is the rapid expansion of China's naval footprint in the Indian Ocean.

- Beyond commercial investments in Pakistan and Sri Lanka, China has established a military outpost in Djibouti, a key link in Beijing's Belt and Road Initiative (BRI).
- Reports suggest the People's Liberation Army (PLA) is planning an expansion of its logistics base for non-peacekeeping missions, raising the possibility of an operational overlap with the Indian Navy's areas of interest.

### **South Asian navies making their presence felt:**

- In a quest for regional prominence, Sri Lanka has positioned itself as a facilitator of joint regional endeavours, expanding engagement with Pacific powers which includes Australia and the U.S.
- With China's assistance, Pakistan too is becoming an increasingly potent actor in the northern Indian Ocean, a key region of Indian interest.
- Beijing has also been instrumental in strengthening the navies of Bangladesh and Myanmar, both increasingly active participants in regional security initiatives.

In these circumstances, India has had little option but to intensify its own naval engagements in South Asia.

### **India: Most capable regional maritime force**

- Widely acknowledged as the most capable regional maritime force, the Indian Navy has played a prominent role in the fight against non-traditional challenges in the Indian Ocean.
- Its contribution to the counter-piracy mission off the coast of Somalia, humanitarian assistance and disaster relief (including in cyclone-hit Mozambique) has been substantial.

### **Partnerships are key:**



- A paucity of assets and capacity has forced the Navy to seek partners willing to invest resources in joint security endeavours.
- Partnerships are vital to the Indian Navy's other key undertaking: deterring Chinese undersea deployments in South Asia.

#### **African focus:**

- Chinese investments in port infrastructure in Kenya, Sudan, Tanzania and Mozambique have grown at a steady pace.
- In response, India has moved to deepen its own regional engagement, seeking naval logistical access to French bases in Reunion and Djibouti, where the second phase of 'Varuna' will be held later this month.

#### **More needs to be done:**

Notwithstanding improvements in bilateral and trilateral naval engagements, India hasn't succeeded in leveraging partnerships for strategic gains.

- India's political leadership is still reluctant to militarise the Quadrilateral grouping or to expand naval operations in the Western Pacific. In such a scenario the power-equation with China remains skewed in favour of the latter.
- New Delhi is yet to take a stand on a 'rules-based order' in littoral-Asia despite its rhetoric surrounding the 'free and open Indo-Pacific',

India's engagements in the Indian Ocean reveal a tactically proactive but strategically defensive mindset. The limited approach to shape events in littoral-Asia needs a major transformation.

#### **Connecting the dots:**

- India is most capable regional maritime force in the South Asian sub-continent. However, partnerships are key to Indian Navy's key undertakings.

### **Setting up of Indo-Pacific wing in the MEA**

#### **Introduction:**

The Indo-Pacific wing was set up in the Ministry of External Affairs (MEA) in April 2019. This wing will provide a strategic coherence to the Prime Minister's Indo-Pacific vision, integrating the IORA, the ASEAN region and the Quad to the Indo-Pacific dynamic.

Given that the term Indo-Pacific has been gaining currency and how major regional actors are articulating their regional visions, it was becoming imperative for India to operationalise its Indo-Pacific policy.

### **Many mechanisms:**

India's Act East policy remains the bedrock of the national Indo-Pacific vision and the centrality of ASEAN is embedded in the Indian narrative.

- India has been an active participant in mechanisms like the Indian Ocean Rim Association (IORA), in ASEAN-led frameworks like the East Asia Summit, the ASEAN Defence Ministers' Meeting Plus, the ASEAN Regional Forum as well as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the Mekong-Ganga Economic Corridor.
- India has also been convening the Indian Ocean Naval Symposium, in which the navies of the Indian Ocean Region (IOR) participate.
- India has boosted its engagements with Australia and New Zealand and has deepened its cooperation with the Republic of Korea.
- Through the Forum for India-Pacific Islands Cooperation, India is stepping up its interactions with the Pacific Island countries.
- India's growing partnership with Africa can be seen through the convening of mechanisms like the India-Africa Forum Summits.
- India's multi-layered engagement with China as well as strategic partnership with Russia underlines its commitment to ensuring a stable, open, secure, inclusive and prosperous Indo-Pacific.

### **India's notion of Indo-Pacific:**

Prime Minister Narendra Modi in his keynote address at the Shangri-La Dialogue in June 2018 underscored that for India the geography of the Indo-Pacific stretches from the eastern coast of Africa to Oceania (from the shores of Africa to that of the Americas) which also includes in its fold the Pacific Island countries.

India views the Indo-Pacific as a geographic and strategic expanse, with the 10 ASEAN countries connecting the two great oceans. Inclusiveness, openness, and ASEAN centrality and unity, therefore, lie at the heart of the Indian notion of Indo-Pacific.

### **The term Indo-Pacific is gaining currency:**

- The renaming of the U.S. Pacific Command to U.S. Indo-Pacific Command as well as the Asia Reassurance Initiative Act in December 2018 showcase Washington's more serious engagement with the Indo-Pacific.
- The Free and Open Indo-Pacific concept was unveiled by Japanese Prime Minister Shinzo Abe in 2016.
- Australia released its Foreign Policy White Paper in 2017, which details Australia's Indo-Pacific vision centred around security, openness and prosperity.

### **Challenges ahead:**

India's bureaucratic shift is an important move to articulate its regional policy more coherently and with a renewed sense of purpose. There are still challenges for India, especially:

- Integrating the Quadrilateral initiative which got revived in 2017 with its larger Indo-Pacific approach.
- The new MEA division to move beyond security and political issues and articulate a more comprehensive policy towards the region.
- Commerce and connectivity in particular will have to be prioritised if India is to take advantage of a new opening for its regional engagement.
- While India has been consistently emphasising "inclusiveness" in the Indo-Pacific framework, it will be challenging to maintain a balance between the interests of all stakeholders. There are differences between India's vision and the U.S.'s strategy for the Indo-Pacific even as countries like China and Russia view the Indo-Pacific with suspicion.

Security in the region must be maintained through dialogue, a common rules-based order, freedom of navigation, unimpeded commerce and settlement of disputes in accordance with international law.

More connectivity initiatives impinging on respect for sovereignty, territorial integrity, consultation, good governance, transparency, viability and sustainability should be promoted.

### **Conclusion:**

As geopolitical tensions rise between China and the U.S., the MEA's new division will have its task cut out if India's long-term political and economic interests in the region are to be preserved.

A bureaucratic change was indeed needed, but going forward the challenge would be to see how effectively this change manifests itself in managing India's growing diplomatic footprint in the Indo-Pacific.

### **Connecting the dots:**

- The Indo-Pacific wing set up in the Ministry of External Affairs (MEA) recently was much needed. There are challenges which it needs to tackle. Comment.

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### Need to find a sustainable model of economic growth

#### **Background:**

Recent data from private sources on automobile sales and consumer durable sales suggest a worsening of the demand crisis despite some signs of inflation inching up.

It is unlikely that the long spell of rural distress is going to end in the near future. The other issue of unemployment, particularly among the youth, is real and again requires an immediate response.

The challenge is not just the need to respond to these immediate problems but also to find a sustainable model of economic growth and development for the country. The Indian economic model remains a model of crisis-driven responses rather than a coherent model based on a concrete assessment of the needs of a fast-changing economy.

#### **Crisis-driven responses:**

- The green revolution was an urgent intervention to tackle national food crisis in the mid-1960s.
- The 1991 reforms, which were a response to a fiscal and balance-of-payments crisis.
- The pro-poor economic strategy adopted after 2004, which was seen as a response to the rural crisis and farmer suicides between 1998 and 2004.

#### **Emanating rural crisis:**

The government as well as the opposition have proposed solutions of loan waivers and cash transfers. While these may provide some temporary relief, they are unlikely to prevent another crisis in the near future.

The pressure to do something would involve bearing a large fiscal cost, which will have an impact on long-term investments and the sustainability of farming in the economy.

#### **Issues:**

The recurrence of social and political unrest among disadvantaged and excluded groups may

force some immediate relief measures from the government, but is unlikely to force a rethink of the economic model itself.

- Political parties are unlikely to think long-term, with elections held almost every year at the state level.
- Institutions such as the NITI Aayog and Reserve Bank of India have failed to act as independent watchdogs. There is unlikely to be any independent assessment of the strengths and weaknesses of the economy if these institutions also start working at the behest of ruling political establishments.
- The statistical system also has come under criticism for compromising on its independence.

### **Conclusion:**

Whatever be the outcome of the general elections, the challenge for the new government is not just to restore the economy to its path of growth and development, but also plan for the long-term sustainability of the growth process in a just and inclusive manner.

A necessary condition for that is to restore the credibility of the existing institutions crucial to policymaking, and create new ones to cater to the needs of the new economy.

### **Connecting the dots:**

- The Indian economic model remains a model of crisis-driven responses rather than a coherent model based on a concrete assessment of the needs of a fast-changing economy. Comment.

### **Wednesday, 13 June 2018**

### **Background:**

- The new government in Delhi should put Taiwan on its diplomatic priority. It might offend Chinese political sensitivities. But productive engagement with Taiwan is not about abandoning India's "One-China" policy or playing some kind of a "card". India has been rather careful in respecting China's sovereignty and territorial integrity.
- In 2014, the then External Affairs Minister vented the frustration that Beijing does not reciprocate with a "One-India policy".
- Given the stakes in a sensible relationship with China, the government rightly chose to stay the course on the "One-China policy".

**Steady progress in the relationship:**

Since the establishment of formal channels of contact in the mid-1990s, there has been steady progress in the relationship.

- Annual bilateral trade has reached \$7 billion last year and the hope is to raise it to \$20 billion in the next few years.
- There has been a rise in Taiwan's investments in India and a steady growth in exchanges between the two societies.

During the last five years, the government has taken steps to enhance the relationship. These include:

- The upgradation of the bilateral investment agreement.
- Promotion of major Taiwanese investments.
- Expanding parliamentary exchanges.
- Facilitating track-two dialogues on regional issues.

**Need of engaging with Taiwan:**

Delhi should take a fresh look at Taiwan and replace its current incrementalism with a more ambitious policy.

**Geopolitical importance:**

- The delicate three-way political compromise between US, China and Taiwan crafted in the 1970s appears to be breaking down, thanks to rising China's regional assertiveness, the renewed threat of forceful reunification of Taiwan and Beijing's relentless pressure tactics against Taipei.
- In Washington, as part of the belated push-back against China under the Trump Administration, the "deep state" is determined to strengthen ties with Taiwan. In reinforcing its security commitment to Taiwan, the Trump Administration has begun to send its naval ships through the Taiwan Straits more frequently than before. Meanwhile, divisions within Taiwan on the future ties with Beijing have deepened.
- Great strategic significance of Taiwan as it straddles the sea lines of communication in the Western Pacific and is a stone's throw from China's mainland.

If there is one piece of real estate that holds the key to the geopolitics of East Asia, it is Taiwan. The unfolding dynamic around Taiwan will have significant consequences for India's Act East Policy and its emerging role in the Indo-Pacific Region.

**Geo-economic importance:**

- The unfolding trade war between the US and China is compelling Taiwan to accelerate its plans to move its large manufacturing bases away from China to Southeast Asia and India.
- Taiwan announced the “New Southbound Policy” in 2016. The objective is to strengthen ties with the 10 countries of the ASEAN as well as Australia, New Zealand and India.
- As the structure of industrial production in East Asia undergoes a profound transformation, amidst the prospect of an economic decoupling between the US and China, India has once-in-a-generation opportunity to boost its own manufacturing sector.

For the government’s agenda of promoting industrial production and creating jobs in India, the Taiwan connection with its impressive small and medium enterprises is more than opportune.

**Talent and technology:**

- Taiwan has embarked on a big mission to attract skilled workers. With a declining birth rate and growing emigration, Taiwan’s industry, education, and technology development could do with Indian engineers and scientists. At present, there are barely 2,000 Indians working in Taiwan.
- There is no shortage of ideas for the transformation of India’s relations with Taiwan. An agreement on comprehensive economic cooperation is one of those. The synergy in human resources provides the basis for massive collaborations between the universities, research institutions and technology enclaves in the two countries.

**Way ahead:**

The bilateral relationship now needs a high-level political attention in Delhi to make things happen and quickly.

Expanding the engagement with Taiwan should be an important part of Delhi’s effort to come to terms with all corners of Greater China that looms so large over India’s future.

**Conclusion:**

Most major nations have significant cooperation with Taiwan without extending it diplomatic recognition. India, however, has too many self-imposed constraints on its Taiwan policy. It is now time to lift many of them.

Taiwan's GDP is about \$600 billion and twice the size of Pakistan's economy. And few entities in the international system are today as eager and capable of boosting Modi's domestic economic agenda. Prioritizing Taiwan in our international policies is thus a need of the hour

### **Connecting the dots:**

- Productive engagement with Taiwan without abandoning India's "One-China" policy is the need of the hour. Comment.

## **India-Japan Strengthening relationships**

### **Introduction:**

Japan and India are already blessed with warm friendship and solid trust. With the continuation of the Modi administration, Japan and India have been given a valuable chance to elevate the relationship to "greater heights", as Prime Minister Modi assured Prime Minister Shinzo Abe.

### **Focus areas:**

- Japan and India has teamed up for India's economic and social development through combination of Japan's official development assistance (ODA) and private sector engagement.  
Japan has been the largest supporter of India in terms of ODA. Big infrastructure projects such as Mumbai-Ahmedabad High Speed Rail as well as metros in Delhi, Mumbai, Kolkata, Chennai, Ahmedabad and Bengaluru are few examples.
- Bettering the lives of Indian people, including at the grass roots level: Under Swachh Bharat Mission, Japan is assisting efforts to clean the Ganga, to construct sewage treatment plants, and to ensure better sanitation through reliable and affordable toilets.  
Japan is also determined to support projects related to rural development, sustainable forest conservation and disaster risk reduction.
- A vibrant private sector is an indispensable ingredient to collaboration. Japan is already one of the largest investors in India and more Japanese companies are expected to invest and operate.  
The Indian government needs to continue its economic reform efforts to make the Indian market more investment and business friendly. The window of business collaboration is wide open along with manufacturing for digital, IT, AI and telecommunications. India's incredible IT talents complement Japan's technological vigour.



- The partnership between Japan and India carries increasing weight for the peace and prosperity of a wider region. The Special Strategic and Global Partnership is special as it is supported by shared values such as democracy, freedom, and the rule of law. Working with other like-minded countries, including the US, ASEAN members and Australia, Japan and India for this direction is important.
- Japan and India are collaborating on development projects in countries, in regions as diverse as South Asia and Africa, to translate this vision into a reality. Quality infrastructure holds the key to enhancing connectivity in the region, providing long-term and sustainable benefits. The most recent effort includes a joint collaboration with Sri Lanka to develop the Colombo South Port and make it a shipping hub of the Indian Ocean. Japan's commitment to the development of and better connectivity in India's Northeast is a part of joint efforts for regional stability and prosperity.
- Japan and India can be true partners on the global stage, closely collaborating in such areas as the SDGs, United Nations reform, including Security Council reform, global warming mitigation and free and open multilateral trading systems. A meaningful conclusion of the RCEP negotiations by the end of this year will be helpful.

#### **Conclusion:**

India could become the most populous country in the world by the end of the new government's tenure, with its economy on a steady ascent. Japanese Prime Minister Abe stresses that "A strong India is in Japan's interest, and a strong Japan is in India's interest". In a world where uncertainties and unpredictability are pervasive, a firm Japan-India relationship exemplifies a strong force that promises stability.

#### **Connecting the dots:**

- A strong India is in Japan's interest, and a strong Japan is in India's interest. Critically analyse.



## ECONOMY

### [For a simpler GST](#)

#### **Introduction:**

- The collections from the Goods and Services Tax (GST) in April for economic activity in March scaled a new high.
- The GST inflows of ₹1,13,865 crore in April are the highest recorded since the tax regime was introduced in July 2017.
- This is the second consecutive month of GST mop-up topping Rs 1 lakh crore-mark and 10 per cent higher than Rs 1.03 lakh crore collected in April 2018.

However, the unorganised sectors, especially the small traders and producers, are the ones facing adverse impacts.

The large and medium-scale producers who are expected to benefit the most from GST are confused since hundreds of changes have been announced from the time it was launched.

Even chartered accountants and lawyers who are to help businesses cope with GST are often left befuddled.

More and more cases are being filed in courts due to lack of clarity and varying interpretations.

#### **Do you know?**

- The government suspended the more difficult parts of the GST provisions — like e-way bill, GSTR2 form — for a while.
- Government recently raised the limit for registration under GST from Rs 20 lakh to Rs 40 lakh and for the composition scheme from Rs 75 lakh to Rs 1.5 crore to exempt most small businesses.

Many tax rates have been brought down. But the problems persist because they are structural and not just a result of poor implementation.

#### **The way ahead:**

The proponents of GST believe that the problems are temporary and that structural changes take time to give dividends. GST is the biggest reform in India, no matter what the difficulties, they maintain that eventually all will be well.

GST needs a structural change with effective implementation.

In order to encourage greater compliance, there must be efforts to make it easier for small firms to remain in the tax net by cutting down the time and energy required to fill myriad tax returns.

### **Connecting the dots:**

- How will GST impact the economy of India in short term. Critically analyse.
- Do you think the present GST tariff structure addresses the generally regressive nature of indirect taxes? Critically examine.
- Enumerate the salient features of proposed new GST law. Discuss the challenges to be faced due to GST implementation.

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### **In news: FCRA**

**Part of:** GS Prelims and Mains III - Economy

#### **In news:**

- The Union Home Ministry de-registered the Infosys Foundation from the Foreign Contribution (Regulation) Act (FCRA), 2010, after a request in June 2016 following an amendment to the Act.
- In May 2016, the Government amended the FCRA Act with retrospective effect from 2010.

#### **Do you know?**

- The Foreign Contribution Regulations Act or FCRA is a law enacted by Parliament to regulate foreign contribution (especially monetary donation) provided by certain individuals or associations to NGOs and others within India.
- The act, in its consolidating form, was originally passed in 1976 and majorly modified in 2010.
- The government has used the act over the years to freeze bank accounts of certain NGOs who it found were affecting India's national interest for wrong purposes.
- The Home ministry cancelled the registration of several US-based NGOs after it was found that they were diverting the money received into funding protests at Tamil Nadu's Kudankulam against a nuclear power plant, an Indo-Russian joint venture.

#### **Impact:**

- As per the FCRA Act 2010, all NGOs are required to be registered under the Act to receive foreign funding.
- According to terms stipulated in the FCRA, an organisation cannot receive foreign funding unless it is registered under the 2010 Act, except when it gets government approval for a specific project.

### The risk of India slipping into a middle-income trap

#### **Context:**

The warning by Rathin Roy, a member of an economic panel advising Prime Minister Narendra Modi, that India could be headed for a “structural crisis” has sparked a debate on whether the economy’s days of high single-digit growth rates are a thing of the past.

#### **The “middle-income trap”:**

It is a scenario where middle-income groups in an economy who have been shouldering the domestic consumption story so far by purchasing cars, automobiles and air-conditioners, etc., gradually stop doing so on account of loss of confidence or fear of income loss.

India’s growth has mostly been driven by demand generated by 100 million-odd people at the top of the country’s socio-economic pyramid. But that demand has begun to exhaust itself, and so India could slip into a “middle-income trap”. This is a risk that emerging economies are said to be vulnerable to.

- As a country runs out of new sources of growth after an initial burst of rapid expansion, it finds itself unable to break into a higher-income league.  
In India right now, the relatively weak offtake of everything, from cars and apartments to suds and toothbrushes, points to a slowdown in consumption.
- Fall in private consumption, muted rise in fixed investment and sluggish exports have led to slowdown in the economy
- The World Bank's lower middle income range for countries is defined as per capita gross national income (GNI) of between \$996 and \$3,895.
- As per 2017 figures, the income of an average Indian was in the vicinity of \$1,795, which placed the country well below the halfway mark.

The risk runs deeper; the possibility that India will remain stuck at the middle income range has now started appearing more real.

**Reason behind:**

Wealth inequality and the hierarchical distribution of income in developing countries has long been identified as a growth barrier. The greater the gaps between strata, by this analysis, the slower the upward mobility of families that are at lower levels.

Such economies typically experience lopsided expansion, with the positive fallout of an economic boom on top often failing to reach those below.

Sustaining growth requires the mass mobilization of financial as well as human resources, and if inequality is acute, the latter tend to come up short. This phenomenon is exemplified by Brazil and South Africa, among a few others. These countries increased their economic output at a fast clip for several years at a stretch, but large sections of their population did not see their lives get better. They got left behind. India appears to have undergone something similar.

**Way ahead:**

- The best insurance against the risk of slipping into a middle-income trap, however, would be to address mobility restraints at lower levels of the socio-economic pyramid. Improving the quality of healthcare, education and skill development for the deprived masses is much required.
- Policymakers must not use the trap story as an excuse for poor near-term growth. The country should do all it can for a badly needed uptick.

**Conclusion:**

Not taking action now would mean India will never be another China or South Korea but could begin replicating basket cases like South Africa or Brazil where large swathes of poor population are powering not growth, but crime. Failure at this stage could leave India stagnant in a lower middle-income bracket. If this is to be an "Asian century", India must stay in the reckoning.

**Connecting the dots:**

- What do you understand by the term 'middle income trap'? Do you think the risk of India slipping into the trap is real? Highlight the reasons behind.

**Resolving the NPA Crisis**

**Background:**

Non-performing assets (NPAs) at commercial banks amounted to 11.2% of advances, in March 2018. The ratio of gross NPA to advances in PSBs was 14.6%. These are levels typically associated with a banking crisis.

**Origin of the NPA crisis**

During the credit boom period of the years 2004-05 to 2008-09 commercial credit (or what is called 'non-food credit') doubled. It was a period in which the world economy as well as the Indian economy were booming.

Indian firms borrowed heavily in order to avail of the growth opportunities they saw coming. Most of the investment went into infrastructure and related areas — telecom, power, roads, aviation, steel. Businessmen were overcome with exuberance, partly rational and partly irrational.

Thereafter, as the Economic Survey of 2016-17 notes, many things began to go wrong.

- Due to problems in acquiring land and getting environmental clearances, several projects got stalled. Their costs soared.
- With the onset of the global financial crisis in 2007-08 and the slowdown in growth after 2011-12, revenues fell well short of forecasts.
- Financing costs rose as policy rates were tightened in India in response to the financial crisis. The depreciation of the rupee meant higher outflows for companies that had borrowed in foreign currency. This combination of adverse factors made it difficult for companies to service their loans to Indian banks.

As per the process of provisioning the banks estimate that a particular borrower may not be able to pay back the loan in full and hence make a provision of the amount they could lose (as in that won't be paid back to banks). Banks start creating provisions on a loan given when the borrower starts defaulting on his repayment installments.

Higher NPAs mean higher provisions on the part of banks. Provisions rose to a level where banks, especially PSBs, started making losses. Their capital got eroded as a result. Without adequate capital, bank credit cannot grow.

**Privatisation of PSBs is not the right solution:**

Since the problem of NPAs is more concentrated in PSBs, some have argued that public ownership must be the problem stating that public ownership of banks is beset with corruption

and incompetence. The solution, therefore, is to privatise the PSBs, at least the weaker ones. There are problems with this formulation. There are wide variations within each ownership category. In 2018, the State Bank of India's (SBI's) gross NPA/gross advances ratio was 10.9%. This was not much higher than that of the second largest private bank, ICICI Bank, 9.9%. The ratio at a foreign bank, Standard Chartered Bank, 11.7%, was higher than that of SBI.

### **Explanation:**

PSBs had a higher exposure to the five most affected sectors — mining, iron and steel, textiles, infrastructure and aviation. These sectors were impacted by factors beyond the control of bank management- Infrastructure projects were impacted by the global financial crisis and environmental and land acquisition issues. In addition, mining and telecom were impacted by adverse court judgments. Steel was impacted by dumping from China.

### **Plans to prevent such crises:**

Wholesale privatisation of PSBs is not the answer to the complex problem. We need a broad set of actions, some immediate and others over the medium-term and aimed at preventing the recurrence of such crises.

### **Resolving the NPAs.**

- Banks have to accept losses on loans (or 'haircuts'). They should be able to do so without any fear of harassment by the investigative agencies. The Indian Banks' Association has set up a six-member panel to oversee resolution plans of lead lenders. To expedite resolution, more such panels may be required. An alternative is to set up a Loan Resolution Authority, if necessary through an Act of Parliament.
- The government must infuse additional capital needed to recapitalise banks.
- Over the medium term, the RBI needs to develop better mechanisms for monitoring macro-prudential indicators. It especially needs to look out for credit bubbles.

### **Strengthening the functioning of PSBs:**

1. Actions needs to be taken to strengthen the functioning of banks in general and, more particularly, PSBs. Governance at PSBs, meaning the functioning of PSB boards, can certainly improve.

One important lesson from the past decade's experience with NPAs is that management of concentration risk — that is, excessive exposure to any business group, sector, geography, etc. — is too important to be left entirely to bank boards.

2. Overall risk management at PSBs needs to be taken to a higher level. This certainly requires strengthening of PSB boards. We need to induct more high-quality professionals on PSB boards and compensate them better.



3. Succession planning at PSBs also needs to improve. Despite the constitution of the Banks Board Bureau to advise on selection of top management, the appointment of Managing Directors and Executive Directors continues to be plagued by long delays. This must end.

**Conclusion:**

The task of accelerating economic growth is urgent and acceleration in economic growth is not possible without addressing the problem of non-performing assets. There is ample scope for improving performance within the framework of public ownership. The above suggested solutions should be focused upon.

**Connecting the dots:**

- Wholesale privatisation of public sector banks is not the right solution to the issue of NPAs. Comment.

**Resolving NPA Crisis: II****Introduction:**

In order to put the slowing economy back on track economic reforms needs to be taken. Reforms in banking must surely be top priority.

- Banks were forced by the RBI and the central government<sup>2</sup> to disclose evergreened loans and provision for them.
- A new Bankruptcy Code was legislated to allow lenders to take charge of the resolution process.

**Issues remain:**

- Operational issues at public sector banks (PSBs).
- Putting in tax payers' money to keep them afloat.
- Investors and depositors have very little assurance that a similar NPA crisis will not recur in future.

**Going forward:**

To prevent repetition of the NPA crisis, structural reforms at PSBs are imperative on three counts.

**Poor credit appraisal and risk management systems:**

It led banks concentrating their loans in a handful of borrowers. This needs drastic overhaul. RBI recently imposed tighter curbs on the group-level and firm-level exposures of banks, capping them at 40 per cent and 20 per cent respectively of Tier-1 capital. But such limits cannot substitute for the PSBs' lack of in-house talent in credit and project appraisal, which needs urgent fixing.

RBI needs to work on internal early warning systems and leverage analytics to head off credit bubbles too.

### **Increasing accountability:**

While mis-judgement can be condoned, strict enforcement action needs to be taken against bankers who willingly colluded with corporate borrowers to evergreen loans.

There's also need for a thorough overhaul of recruitment policies at PSBs, greater accountability from their top managements and Boards and performance-linked compensation.

### **Governance reforms:**

Political interference has played an egregious role in diverting bank funds to crony capitalists. Fixing this issue requires deep-rooted governance reforms that distance the management and Boards of PSBs from their promoter — the Central government.

A roadmap for the transfer and gradual dilution of the government shareholding in PSBs is now critical, as is the strengthening of the toothless Bank Boards Bureau. RBI on its part needs to work through recent setbacks to the IBC process to put it back on its feet.

### **Conclusion:**

Resolving NPA crisis would help bring back the Indian public's and depositors' confidence in banks.

### **Connecting the dots:**

- In order to put the slowing economy back on reforms in banking must surely be top priority. Comment.

**Also read: Resolving the NPA crisis**  
<https://iasbaba.com/2019/05/daily-current-affairs-ias-upsc-prelims-and-mains-exam-15th-may-2019/>

## Geography of industrial growth in a federal polity

### **Introduction:**

Just six states—Tamil Nadu, Maharashtra, undivided Andhra Pradesh, Gujarat, Uttar Pradesh, and Bengal—account for close to two-thirds of all factories in the organized sector (64.3%) and a similar share of workers in the sector (62.2%). These states also account for over 63% of establishments and 59% of workers in the informal sector. Industrial establishments and workers are thus highly concentrated in these six states that constitute the core of industrial India.

### **What accounts for such concentration?**

Differences in transport costs, economies of scale, factor mobility and market size, collectively described as “the economies of agglomeration”, lead to concentrated patterns of industrial location.

India is not an exception in this. Industrial agglomeration is the global norm.

### **The pattern of industrial growth across Indian states:**

Industries were scattered across several states at the time of Independence, the cities of Kolkata and Mumbai alone accounted for 50% of total manufacturing output. By 1961, manufacturing industry had spread to 89 industrial districts located mostly in Bengal, Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh and undivided Andhra. At the turn of the century, the same six were still the leading industrialized states, as noted earlier.

However, Bengal had by now slipped to the fifth rank in share of organized sector factories and employment. Meanwhile, three new states had appeared as new industrial states with rising shares of factories and employment both in the organized and unorganized sectors—Karnataka, Haryana and Punjab.

### **How government policy affects industrial growth?**

- As the capital of the British empire in India, Kolkata and its hinterland emerged as a pre-eminent industrial hub in the late 19th and early 20th century. The shift of the capital to Delhi and political independence triggered Bengal’s gradual decline.

The freight equalization policy of the new national government deprived the entire

eastern region of its locational comparative advantage in mineral-based industries. Then the collapse of public investment, especially in railways, killed the state's engineering industry.

In the 1960s turbulence arising from militant political movements led to a massive flight of capital, from which the state is yet to recover. Similar stories of industrial decline could be recounted for Uttar Pradesh and Bihar.

- At the same time, aggressive industrial development programmes pursued by state governments led to further industrial agglomeration in the old industrial states of Maharashtra, Tamil Nadu, Gujarat and undivided Andhra alongside the emergence of new industrial states such as Karnataka, Punjab and Haryana.

### **Agglomeration and deglomeration:**

With increasing concentration of industries in a hub, competition drives up the cost of labour and, especially, the price of land. Crowding, traffic snarls and demand for utilities drive up congestion costs in the core of the conurbation.

Beyond a point, the negative "backwash effects" outstrip the positive "spread" effects and deglomeration sets in. Industrial units progressively relocate to the periphery and eventually move to a new location altogether.

### **Way ahead:**

- The Union government will play a critical role. Its spatial allocation of investment in infrastructure and its guidance to public sector financial institutions that dominate the allocation of capital among the states will be important drivers.
- At the same time it needs to be ensured that the Union government maintains neutrality, without tilting the playing field in favour of one state or another. One way of preserving Union government neutrality is to empower the Inter-State Council as a federal institution to oversee and ensure that financial resources flow to states transparently in accordance with reasonable criteria. The states can collectively push for its re-invention as a powerful federal body, like the GST Council.

### **Conclusion:**

The political alignments that emerge after recent general elections will be an important determinant of the future geography of India's industrial growth.

### **Connecting the dots:**

- Industrial establishments and workers are highly concentrated in just a few states in India. The phenomenon of the negative “backwash effects” outstripping the positive “spread” effects hasn’t worked. Comment.


[ay](#)

### Context:

- India is digitising faster than almost every other country.
- Roti, kapda, makaan ... and internet – is now the updated version of an Indian’s bare necessities of life
- Supreme Court even granted Indians the internet as a fundamental right.

### India’s digital future

- 40% growth in internet users expected in the next five years
- Absence of connectivity for 65% of the country
- Worrisome challenges on infrastructure readiness and shortcomings in policy approaches
- Inadequate progress to implement the policy items

There is much to be done – India needs humongous investments and critical infrastructure to realise our true potential as future leaders in digital communications.

### Concerns

- India’s mobile broadband speeds are only about one-third the global average of 23.6 Mbps (EY).
- With regard to fixed broadband speeds, India ranks a low 67 in the world (according to Speedtest Global Index).
- High broadband speeds are required to extract maximum economic benefits from broadband and reduce the quality issues that plague us.
- Only 7% of our country has internet through fixed-line connections (TRAI). The world average is 46%.
- Top quality downloads at high speeds with minimum delay need fixed-line internet. Mobile internet cannot shoulder this burden alone.
- India’s mobile broadband is crunched at over 90% utilisation. The international best practice is 60-70% to ensure a high quality with next-generation services.
- India has to augment resources to enhance its mobile broadband capacity. One reason for the capacity crunch is the limited broadband spectrum allocation.

- As much as 40% of unused spectrum is lying idle at unrealistically high reserve prices that inhibit spectrum take-up. Enormous value loss to the economy.
- Consumers, businesses and individuals only get limited access to high-quality, high-speed fixed-line internet, thus hindering productivity. If reformed, we can create 60-65 million jobs across sectors by 2025 (according to McKinsey).

#### Measures taken or needed:

- **National Digital Communications Policy (NDCP 2018)** gazette-notified recently has outlined a clear way forward with goals to fiberise India, improve spectrum usage and satellite communications, and get 5G-ready. (Need effective implementation)
- There is a need to improve broadband speed and capacity to enhance economic benefits.
- While fiberising India is imperative, we need to upgrade the quality of our fibre networks, and provide fibre-to-home services.
- It is difficult to envisage digital leadership without domestic manufacturing capacity growing concurrently with foreign players in India. Both customer-facing equipment like smartphones and the digital network infrastructure need to be fully developed and operational.
- India has more than 150 domestic units producing mobile phones, but a closer look reveals that these are mere assembly units and the value added is in single digits. We need to move up the value chain rapidly or else India will continue to slide behind its global peers.
- Ensuring a digital future does not come cheap. India needs an investment of Rs 4.2 lakh crore just to get India 5G-ready (EY). Added to this the costs of smart cities, fiberisation, satcom modernisation and digital skill-building. India would be needing nearly Rs 1 lakh crore over the next five years.

#### Significance of high-speed broadband

- It will help the IT, BPM, digital communications services, and electronics manufacturing sectors to double their GDP contribution to \$435 billion in the five years.
- Newer sectors are digitising at a rapid pace and can accelerate productivity.
- Agriculture, education, energy, financial services, healthcare, logistics, retail, government services and labour markets could create \$10-150 billion of incremental economic value.

#### Do you know?

- Indian telecom service providers (TSPs) offer lowest user tariffs but are laden with some of the highest levies in the world.

- Licence fees and 12% levies of revenue, GST and exorbitant spectrum auction reserve prices make it prohibitive for the businesses to operate.
- In most countries, such regulatory fees are negligible. A reduction in levies and duties will allow TSPs to compete freely, embrace innovations, and invest in infrastructure to move forward.
- India's overwhelming percentage of data usage is video—which is mostly entertainment. Policies should focus to proactively boost the amount of digital business-to-business, financial, industrial and other data transactions.
- We need government initiatives to educate and bring awareness about the benefits of digitising to the agriculture, healthcare, public safety, logistics management and other sectors. Only then will we see strong benefits across sectors.

### **Connecting the dots:**

- Discuss the significance of improving broadband speed and capacity in India.
- Can a digitally backward India ensure financial inclusion? Examine.



### **Background:**

India is taking a great digital leap. Having reaped substantial rewards from building up its core digital sectors, such as information technology and business process management, the country is now seizing new digital opportunities in many more sectors, such as agriculture, education, energy, financial services, health care, and logistics. These opportunities could deliver up to \$500 billion of economic value by 2025.

### **Fast Digitisation facilitated by both Public & Private sectors:**

India's digitisation process has been the second-fastest among the 17 mature and emerging economies we studied. In the last five years alone, the number of Internet subscribers has almost doubled, reaching 560 million.

Both the public and private sectors have played an important role in driving digitization.

- Many public services are now accessible only when linked to the government's Aadhaar biometric digital-identification program, in which over 1.2 billion people are now enrolled. Aadhaar has thus helped to propel the development of many other digital services. About 80% of Indians now have digital bank accounts, with the vast majority of government benefits paid directly into Aadhaar-linked accounts.

- The Goods and Services Tax Network—a government platform for taxing wholesale and retail sales—has likewise created a powerful incentive for businesses to digitize their operations.
- The private sector has facilitated this process, as competition has helped to reduce data costs by 95% from 2013 to 2017 and to make smartphones affordable.
- Together with rapid growth in telecom infrastructure, lower costs have also helped to reduce the digital divide: in the last four and a half years, India's middle- and low-income states have accounted for 45% of the 293 million new Internet subscribers.

### **Huge potential:**

Some of the sectors where the most value stands to be created—such as financial services, agriculture, health care, logistics, education, and energy—have not traditionally had technology at their core. Each of these sectors could create between \$10 billion and \$150 billion of incremental economic value in 2025.

- In financial services, the surge in digital payments is already enabling flow-based lending, whereby actual patterns of receipts and payments are used to evaluate potential borrowers.

State Bank of India has recorded a 50% increase in lending to small and medium-size enterprises since switching to an automated flow-based system.

- In agriculture, farmers are not only seizing the credit opportunities created by digital financial services; they are also using digital applications to gain specialised knowhow on, say, optimizing fertilizer and pesticide inputs.

Moreover, farmers are increasingly selling their produce in online marketplaces, which offer better prices. One such platform, the government's electronic National Agriculture Market (eNAM), is available in 585 locations in 16 states, and could increase the prices realized by farmers by 15%.

- In health care, companies like Apollo Hospitals are using telemedicine to improve access in rural areas, where doctors are often few and far between. Telemedicine could eventually account for half of all outpatient consultations in India, giving rural citizens access to more qualified practitioners than they would be able to reach in person.
- In logistics, online freight-forwarding platforms are offering services like instant pricing and booking, cargo tracking, and centralized documentation. Such platforms are already reducing costs and boosting efficiency in what has historically been a highly inefficient sector.

### **Way forward:**



- The benefits of digitisation may also extend to workers. This will require retraining, skills upgrading, and redeployment in many cases. By 2025, technology could eliminate between 40-45 million mostly routine jobs in areas such as clerical services and data entry. But it will also help to create some 60-65 million higher-quality jobs. Workers will need to be ready to make the shift.
- The government should continue to use digital technology to improve public services, while working with the private sector to develop further the country's digital infrastructure.
- Making data available to entrepreneurs creating useful apps and services would also help.
- Enacting legal provisions for data privacy and consent-based frameworks.
- Improving consumer literacy regarding the risks and benefits of digital technologies.

**Conclusion:**

Between its huge and growing Internet-consumer base and its eagerness to innovate, India seems well positioned to unleash the dynamism of a truly digital economy. In order to tap the full potential of digitisation the government and the business must work in unison.

**Connecting the dots:**

- India in recent times has undergone the process of digitisation at a very fast pace. This has been facilitated by both public and private sectors. Comment.

**India needs an Industrial policy****Introduction:**

The contribution of manufacturing to GDP in 2017 was only about 16%, a stagnation since the economic reforms began in 1991.

The contrast with the major Asian economies is significant. For example, Malaysia roughly tripled its share of manufacturing in GDP to 24%, while Thailand's share increased from 13% to 33% (1960-2014).

**Manufacturing is core to growth:**

No major country managed to reduce poverty or sustain growth without manufacturing driving economic growth.

- Productivity levels in industry (and manufacturing) are much higher than in either agriculture or services.
- Manufacturing is an engine of economic growth because it offers economies of scale, embodies technological progress and generates forward and backward linkages that create positive spillover effects in the economy.
- Manufacturing will create jobs. Its share in total employment fell from 12.8% to 11.5% over 2012 to 2016.

### **India still has no manufacturing policy:**

The United Nations Conference on Trade and Development or UNCTAD finds that over 100 countries have, within the last decade, articulated industrial policies. However, India still has no manufacturing policy.

Focusing (as “Make in India” does) on increasing foreign direct investment and ease of doing business, important though they may be, does not constitute an industrial policy.

### **Why have an industrial policy in India now?**

- The need to coordinate complementary investments when there are significant economies of scale and capital market imperfections (for example, as envisaged in a Visakhapatnam-Chennai Industrial Corridor).
- To address learning externalities such as subsidies for industrial training. A lack of human capital has been a major constraint upon India being able to attract foreign investment.
- The state can play the role of organiser of domestic firms into cartels in their negotiations with foreign firms or governments — a role particularly relevant in the 21st century.
- To avoid competing investments in a capital-scarce environment. Excess capacity leads to price wars, adversely affecting profits of firms — either leading to bankruptcy of firms or slowing down investment, both happening often in India (witnessed in the aviation sector). Similar is the case with the telecom sector.
- To ensure that the industrial capacity installed is as close to the minimum efficient scale as possible. Choosing too small a scale of capacity can mean a 30-50% reduction in production capacity. The missing middle among Indian enterprises is nothing short of a failure of industrial strategy. Contributing to the missing middle phenomenon is the reservation of products exclusively for production in the small-scale and cottage industries (SSI) sector (with large firms excluded) from India’s 1956 Industrial Policy Resolution onwards.
- When structural change is needed, industrial policy can facilitate that process.

**The East Asian story:**

The East Asian miracle was very much founded upon export-oriented manufacturing, employ surplus labour released by agriculture, thus raising wages and reducing poverty rapidly. This outcome came from a conscious, deliberately planned strategy (with Five Year Plans). The growing participation of East Asian countries in global value chains (GVCs), graduating beyond simple, manufactured consumer goods to more technology- and skill-intensive manufactures for export, was a natural corollary to the industrial policy. India has been practically left out of GVCs.

Increasing export of manufactures is another rationale for an industrial policy, even though India has to focus more on “make for India”. From 2014 to 2018 there has been an absolute fall in dollar terms in merchandise exports.

**Lessons from IT taking root:**

If evidence is still needed that the state’s role will be critical to manufacturing growth in India, the state’s role in the success story of India’s IT industry must be put on record.

- The government invested in creating high-speed Internet connectivity for IT software parks enabling integration of the Indian IT industry into the U.S. market.
- The government allowed the IT industry to import duty-free both hardware and software.
- The IT industry was able to function under the Shops and Establishment Act; hence not subject to the 45 laws relating to labour and the onerous regulatory burden these impose.
- The IT sector has the benefit of low-cost, high-value human capital created by public investments earlier in technical education.

Without these, the IT success story would not have occurred. These offer insights to the potential for industrial policy.

**Conclusion:**

No major country has managed to reduce poverty or sustain economic growth without a robust manufacturing sector. It is high time India gets a robust industrial policy.

**Connecting the dots:**

- No major country managed to reduce poverty or sustain growth without manufacturing driving economic growth. In this background highlight the need of a robust Industrial policy in India.

## Focusing on fundamental reforms

### **Introduction:**

India's economy is facing a slowdown. The new government needs to focus on fundamental reforms.

### **Reforms in past:**

While the bankruptcy code, shift in the indirect tax regime and inflation-control brief to the central bank qualified as moves in that direction, other measures seemed to betray a lack of conviction.

Import tariffs rose, disinvestment made questionable progress, and fiscal consolidation did not result in expected outcomes.

### **Way ahead:**

The need of the hour is to focus on fundamental reforms.

- Easing land acquisition and labour rules could attract new business projects, revive mass recruitment and lift the economy's growth capacity to a new level.
- A reliable social security net would help bring down resistance to relaxing rules that deter companies from multiplying their payrolls. With added assurances of state support, a relatively flexible labour market could be achieved.
- Less risky but more complex would be capital market reforms. On these, the government should start with the banking sector, which remains overly state-dominated and needs market oversight to stop good money from being thrown after bad. The state needs to either withdraw from other fields of business or turn public sector enterprises uniformly profitable.
- The autonomy of institutions, such as the Reserve Bank of India and Election Commission, should be guaranteed via devices that are open to public scrutiny. Independent regulation would assure all participants fair treatment and check legislative and market forces that could imperil the economy and our democracy.

### **Conclusion:**

Modi's scale of victory is the largest in three decades. The government can push ahead with politically difficult reforms. A state-led economic model has yielded poor results in the past. Market reforms should be given another chance.

**Connecting the dots:**

- India's economy is facing a slowdown. The new government needs to focus on fundamental reforms. Comment.
- 

**Structural Reforms in various sectors****Introduction:**

The strong mandate received by the new government grants the new government an opportunity to focus on a structural, as opposed to a project-based, economic agenda. Here are the priorities it must go after.

**Statistics:**

The government must commit to making India's economic statistics modern, world-class and immune to political interference.

The first thing about "fixing" the economy is to measure it right and without "bias". India is home to many truly world-class statisticians, and this is one area where we could use significant lateral entry to upgrade our talent.

**Steps taken:**

The ministry of statistics has recently announced the merger of the Central Statistics Office and National Sample Survey Office into a single entity, the National Statistical Office (NSO).

**Going forward:**

The NSO should report to Parliament in order to de-politicize economic statistics. An apolitical, high-quality NSO will serve as a strong foundation as we go about necessary structural reforms.

**Employment:**

Jobs are the most significant economic and political priority for the coming decade.

- The two major foundational pillars for job growth for the medium and long term are - An industrial-strength apprentice and vocational training system in India and a quantum jump in the quality of our school education.
- India's vocational streaming and training system delivered primarily through a chain of Industrial Training Institutes (ITI) is broken.
- Revamping this broken system—from streaming high-school youth into the vocational path to improving the quality and relevance of vocational education, and also creating an apprentice supply chain from these institutes into the workforce- will help.

- Beyond this long-term fix, it is time for India's "Green New Deal". This New Deal should focus on employment generation for environmentally sustainable infrastructure projects funded by the government.
- Resources for this New Deal can only come from higher productivity and structural GDP growth, so undertaking structural reforms can become a self-fulfilling project.

**Banking reform:**

Structural reforms require three forms of capital—talent/governance, equity and debt.

The government cannot fully fix the problems of public sector banks with capital if it is not accompanied by governance reforms.

- The government must immediately transfer its ownership in public sector banks to an empowered agency in the form of an exchange traded fund (ETF). This new agency must be empowered to delink these banks from all forms of governmental interference.
- The government must fully privatize IDBI Bank—the only public sector bank set up as a private limited company.
- With the advantage of time and an electoral majority, the centre should insist on accountability in the governance of all public sector banks.

**Agriculture reform:**

For decades, Indian governments have largely failed in their attempt to improve agricultural productivity and provide alternative occupational paths for rural households.

- Focus should be on structural fixes that include access to better seeds and technology, drip irrigation and crop planning for the farmer, an easier path from farms to markets for products, a steadier offtake of farm products and a reduction in middleman costs.
- A direct cash transfer to the marginal farmer can and should cushion this reform process.

**Conclusion:**

The new government has an unprecedented mandate to transform India into a middle-income country with widely inclusive prosperity. It is time the opportunity is seized.

**Connecting the dots:**

- Structural reforms are required to boost employment, agricultural and banking sector.  
Comment.

## Merger of NSSO with CSO: Integrity of data

### **In news:**

The government has recently decided to merge the National Sample Survey Office (NSSO) into and under the Central Statistics Office (CSO).

### **About NSSO:**

- The National Sample Survey Office (NSSO) headed by a Director General is responsible for conduct of large-scale sample surveys in diverse fields on All India basis.
- Primarily data are collected through nation-wide household surveys on various socio-economic subjects, Annual Survey of Industries (ASI), etc.
- Besides these surveys, NSSO collects data on rural and urban prices and plays a significant role in the improvement of crop statistics through supervision of the area enumeration and crop estimation surveys of the State agencies.
- Budget allocations and personnel of the NSSO have always been under the Department of Statistics.

### **The present system:**

- Every year various departments of government send a list of subjects that they would like to be investigated by the NSSO.
- The requests are sent to the National Statistical Commission (NSC).
- The proposals are discussed at length keeping in view the budget allocations, availability of trained field staff and supervisors.
- The tasks of sampling design, the scope and content of information to be collected, design of schedules and protocols of field work are left to be decided by special working groups. These groups are chaired by experts from academia, and senior officials of the CSO and the NSSO, State government representatives as well as select non-official experts.
- Once the field work is over, the groups decide the detailed tabulation programme, and the tables to be prepared for publication. The tabulated results are discussed in detail by the NSC and are published after its approval.

### **Importance of NSSO data and reports:**

The government decided some years back to put all tabulations and the primary data on open access, especially to academic and other interested users.

- This stimulated and facilitated the use of these data for intensive analyses by numerous researchers.

- They have been used extensively for monitoring of trends and critical assessment of several important aspects of the economy and society, such as poverty and inequality, consumption patterns, employment, household savings and investment, and health-seeking behaviour.
- They have spawned intense as well as creative controversies over survey methodology, quality of data, and interpretation of structure and trends. These have played an important role in shaping policy and in improving the surveys.

#### **Issue:**

- The NSSO surveys command wide respect among academics, State governments and NGOs as the most reliable and comparable basis for discussions in the public, policy and even political arenas. This is based on their well-earned reputation for professionalism, independence and integrity.
- The existing institutional arrangement in which the NSC, as a professional body independent of government, has not only functioned smoothly but also commands confidence and respect both within the country and abroad must be maintained.
- Widespread apprehensions that the proposed absorption of NSSO into the CSO could compromise the surveys by subjecting their review and publication to government approval must therefore be addressed.

#### **Scope for improvement:**

It is widely recognised that there is scope for improvement in the functioning of the NSSO and the way data are collected. Following problems are well known:

- The NSSO doesn't have adequate budgetary allocations.
- There is an acute shortage of trained field staff.
- The scale of surveys is un-manageably large mainly because the users demand a degree of detail in content and regional disaggregation of estimates.

The solutions call for action by the institutions responsible for gathering data by investing in continuing research on improving sampling design, field survey methods and validation of data. Correcting these deficiencies is entirely in the domain of government.

#### **Conclusion:**

Increasing the role of CSO officials in running the NSSO will not solve the above mentioned problems, but they can help by providing funds for specialised research on survey design and methodology. The necessity and importance of such research calls for far greater attention and resources than they receive at present.

#### **Connecting the dots:**



- In light of recent merger of NSSO with CSO, explain the importance of maintaining the integrity of NSSO and hence of data.

## Measuring Employment in India

### **Introduction:**

Modi 2.0 presents a new window of opportunity to usher in some fundamental reforms for the Indian economy. A modern dynamic economy requires a robust statistical system to provide precise and real time estimates of several critical indicators.

One of these is unemployment — which has been at the heart of prolonged acrimonious public debate in India for several years. Now is the time to move beyond the politics of unemployment to the real and pressing issue of measurement of unemployment.

### **Way ahead:**

- Measurement of economic indicators, for example the unemployment rate, is an apolitical issue that requires statistical expertise of the highest standards. Before the release of any figure, it is imperative to discuss, debate and deliberate the methodological issues around the measurement.

For example, to measure the unemployment rate, it is practically impossible to conduct a periodic census of all citizens above 15 years. Therefore, we have to rely on the second-best option of conducting sample surveys, and the natural question is then about the size of the sample survey.

Therefore, there can be no credible discussion on changes in unemployment from one period to another in the absence of a paper that outlines in detail the underlying sampling methodology.

- Even if the sample size issue is addressed to minimise what statisticians call sampling errors (the sample size might not be large enough to address the question of interest), there are issues relating to non-sampling errors.

For example, suppose there is a job boom in the economy and the employed overwhelmingly refuse to participate in such surveys or do not answer all questions, then it is possible for the survey to indicate high unemployment. Therefore, non-participation is an important issue and methodological rigour requires for a survey to have transparent strategies to prevent or minimise these errors.

- Having local and real time socio-economic indicators: India is a large, complex and diverse economy that is undergoing structural

transformation. Hence, we are moving towards precision policy-making which requires local and real time socio-economic indicators.

The nature and incidence of unemployment, for example, differs from state to state. This requires local measures of unemployment so that economic policies can be tailored depending on local conditions.

For instance, unemployment is a rural phenomenon in several states, while in others it is concentrated in urban areas.

- Involving state governments:

The state governments will have to participate along with the central government to have comparable uniform measures of periodic unemployment. Unfortunately, at present, several state governments do not have the capacity to conduct regular surveys. Robust statistical systems will require that we begin to create such local capabilities urgently. It is time to move beyond one-size-fits-all solutions to more inclusive solutions that take into account local conditions.

### **Conclusion:**

Any figure should be accompanied with a wise and reasoned account of its liability to systematic and fluctuating errors. For a figure as important as the employment-unemployment data, which is to serve as the basis of many important decision, the accompanying account becomes important than the figure itself.

To enhance India's statistical capabilities, India move beyond the politics of it and focus on measuring with precision.

### **Connecting the dots:**

- There is neither credible evidence of a job crisis in India, nor credible evidence of the absence of it. The problem requires a serious effort by the government to address issues of measurement. Comment.

## AGRICULTURE



### Background:

- In 2016, the government set a target of doubling farmers' real incomes by 2022-23. At that time, the timeframe for that task was seven years and it required a growth rate of 10.4 per cent per annum.
- Three years have passed and one does not see any acceleration in farmers' incomes compared to the trend line of 3.7 per cent during 2002-03 to 2015-16.
- So, in the remaining four years, the new government has to increase the farmers' real incomes by 13 to 15 per cent per annum.
- Agri-marketing reforms, therefore, should be the top priority in the government's agriculture agenda.

### Way ahead:

- Ensuring that the Model Agricultural Produce and Livestocks Marketing Act of 2017 is implemented by all the states, in letter and spirit. Recent attempts to implement the Act in Maharashtra show how strong the opposition to it is by mandi commission agents and other vested interests.
- Setting up an Agri-marketing Reforms Council (AMRC), on the lines of the GST Council, to carry out agri-marketing reforms in states in a synchronised manner. This council will also have to review and prune the Essential Commodities Act of 1955, revamp the livestock marketing and the warehouse receipt systems and revitalise the agri-futures markets. The AMRC should be led by the Union agriculture minister, who should be supported by the chief ministers of the agriculturally-important states. The experience gained in implementing the GST reforms should be tapped.
- The agri-vision for New India should be based on building competitive and inclusive value chains for several products, on the lines of AMUL's model for milk. Food processors, organised retailers and agri-exporters should be encouraged to bypass the mandi system and buy directly from farmers' groups.
- The agriculture portfolio should be given to someone who is well respected for his understanding of farm-related matters and can also carry his voice in the Cabinet.
- The only sustainable and efficient way to ensure remunerative prices for farmers is through structural reforms in agri-marketing. The path of higher minimum support prices (MSPs) has serious limitations because it

bypasses the demand side of the equation. The grain stock with the Food Corporation of India and NAFED is already higher than the buffer stock norms of these commodities.

**Lessons from China:**

- After 2008, China increased the MSPs of key commodities such as rice, wheat, corn and cotton significantly. China's list of MSP commodities is smaller than ours (we have 23 commodities under MSP). The stocks of grain with the government system in China touched almost 300 million tonnes, leading to massive inefficiency.
- From 2016 onwards, China set out to reform its agri-pricing support system.
- First, the MSP support for corn was withdrawn, then the government's cotton procurement was reduced and now the MSP for wheat has been reduced. Interestingly, and simultaneously, China moved from price support operations to direct income support on a per acre basis.
- In 2016-17 alone, China gave direct income support of 21 billion dollars to its farmers.

**Conclusion:**

The recent move by the government towards a direct income support scheme for farmers is a step in the right direction. Ensuring that the shift is one from price policy to income policy and reforms the current agri-marketing system, it will effect a fundamental structural reform in agriculture with high pay offs in the years to come.

**Connecting the dots:**

- Achieving the target of doubling farmers' real incomes by 2022-23 needs structural overhaul in agri-marketing reforms. Comment.

## ENVIRONMENT/POLLUTION

### Only 10 of 100 Ganga sewage projects completed

**Part of:** GS Prelims and Mains III – Environment and Biodiversity; Conservation; Pollution; Government schemes and programmes; Governance issues

**In news:**

- The NDA government has only finished 10 of the 100 sewage infrastructure projects commissioned after 2015 under the Namami Gange mission, according to records.
- Nearly ₹23,000 crore has been sanctioned of the ₹28,000 crore outlay for sewage management work.
- Commissioning of sewage treatment plants (STP) and laying sewer lines are at the heart of the mission to clean the Ganga. However, river-front development, cleaning ghats and removing trash from the river, which are just the cosmetic side of the mission make up about for ₹1,200 crore of the mission outlay.

**Do you know?**

- The bulk of the projects completed were those commissioned before the Ganga mission began work in earnest under programmes such as the Ganga Action Plan-1 and Ganga Action Plan-2, which began in 1987 and 1996 respectively.

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### Conservation minus the people?

**Introduction:**

- In February, India, one of the world's 17 megadiverse countries, issued a court order which stood to evict more than a million forest-dwelling people from their homes.
- But, India, a state that supports about 8% of global species diversity and over 100 million forest-dwellers, did not even put up a legal defence before its top court.
- However, this court order was subsequently stayed temporarily.
- The above incident provides valuable insights into India's conservation objectives and approaches.
- Given the country's size and biodiversity-richness, a decision of this nature has consequences for global natural heritage.

## **International and Domestic laws that deals with involving communities living in and around natural resource-rich areas**

Involving communities living in and around natural resource-rich areas in the management and use of these resources is an effective tool of conservation that has been recognised across the world.

### **International conventions –**

1. 1980 World Conservation Strategy of IUCN
2. Earth Summit's 1992 Statement of Forest Principles and Convention on Biological Diversity
3. IUCN's Policy Statement on Sustainable Use of Wild Living Resources in 2000
4. Convention on Biological Diversity's 2004 Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity.

### **Domestic legislations –**

1. Indian Forest Act, 1927
2. Wildlife Protection Act, 1972
3. 1988 National Forest Policy
4. 1990 Joint Forest Management Guidelines (JFM)
5. 1992 National Conservation Strategy
6. National Environment Policy of 2006 and 2006 Forest Rights Act
7. 2007 Biosphere Reserves Guidelines

### **Concerns:**

India has been a vocal member of above conventions. But at home, things operate rather differently, despite there were a number of policies that mirrored the global shift towards inclusive conservation.

For instance,

- India's different laws **Indian Forest Act, 1927** and the **Wildlife Protection Act, 1972** create different types and grades of protected areas, and contain provisions to restrict or outlaw local use of natural resources and landscapes.
- **1990 Joint Forest Management Guidelines (JFM)** created community institutions for co-management, in collaboration with the forest bureaucracy. Although it initially registered some success stories in certain parts of the country, **JFM committees are widely critiqued as being bureaucracy-heavy, with little real devolution of powers** to local communities.
- **2006 Forest Rights Act** went beyond sanctioning local usage, to conferring rights to local communities over forest land and produce. The Ministry of Tribal Affairs was mandated

with operationalising the Act, while conservation remained under the domain of the Ministry of Environment, Forest and Climate Change. However, given a hostile bureaucratic environment, the legislation faltered, except in certain pockets.

- The **Third National Wildlife Action Plan**, introduced in 2017, is categorically of the view that locals hinder conservation. Where communities are to be involved, it distinctly avoids the attribution of rights and instead frames usage within a bureaucracy-controlled format.
- The **2018 Draft National Forest Policy** left little room for communities.
- The **Supreme Court's order in early 2019** mandated the eviction of those forest-dwellers whose claims under the Forest Rights Act have been rejected, in disregard of the bureaucratic violations, lapses and technical constraints that have played a part in such rejections.
- In March **2019, amendment to Indian Forest Act** was proposed for extinguishing rights granted under the Forest Rights Act. Further, it grants the forest bureaucracy unprecedented powers to enter and search the premises of forest-dwellers on suspicion, arrest without warrant and use firearms to meet conservation goals.

#### **Conclusion:**

- India's conservation policies and legislation over the years reveal a dichotomy of intent and action.
- While other countries are recognising the value of community-involved conservation models, India is stridently and steadfastly moving in the opposite direction.
- Certain progressive policy documents are put in place on lines of international commitments. However, a wholly different picture emerges during the course of its operation on the ground.

#### **Connecting the dots:**

- Do you think unlike the rest of the world, India is stridently moving away from community-involved conservation models? Substantiate.
- India's conservation policies and legislation over the years reveal a dichotomy of intent and action. Elucidate.
- "Conservation is best achieved by those who know the forest". In the light of the statement, critically discuss the present status and issues related with Forest Right Act.

## Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)

**Part of:** GS Mains III – Environment and Ecology; Human impact on biodiversity and ecosystem

### **In news:**

According to global assessment report of the (IPBES) –

- Human beings have aggressively exploited nature.
- Species belonging to a quarter of all studied animal and plant groups on earth are gravely threatened (due to human impact).
- Ecosystem losses have accelerated over the past five decades universally
- Any devastation to tropical areas, which are endowed with greater biodiversity than other regions, is worrisome.
- If the world continues to pursue the current model of economic growth without factoring in environmental costs, one million species could go extinct, many in a matter of decades.

### **Concerns:**

Catastrophic erosion of ecosystems is being driven by –

- unsustainable use of land and water
- direct harvesting of species
- climate change
- pollution and
- release of alien plants and animals in new habitats

The global rate of species extinction is at least tens to hundreds of times higher today than the average rate over the past 10 million years, and it is accelerating alarmingly.

Marine plastic pollution has increased tenfold since 1980, affecting at least 267 species, including 86% of marine turtles, 44% of seabirds and 43% of marine mammals.

Ecological economists have always warned about ever-increasing consumption which courts modifying terrestrial, marine and freshwater ecosystems to suit immediate needs, such as raising agricultural and food output and extracting materials.

Such modifications severely affect other functions such as water availability, pollination, maintenance of wild variants of domesticated plants and climate regulation.



## The Politics of the Climate

### Introduction:

- The atmosphere now has concentrations of over 415 parts per million (ppm) of carbon dioxide, compared to 280 ppm in pre-industrial times.
- Policies and commitments being made by the governments to tackle climate crises shows that most governments and businesses are not interested in dealing with the crises.

### In news:

- A recent paper in the Proceedings of the National Academy of Sciences of the U.S.A. shows that global warming during the past half century has contributed to a differential change in income across countries.
- More recently, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services has reported that, worldwide, the abundance of species has reduced by at least one-fifth, about a million species are under threat of extinction in the next few decades and 85% of wetlands have been lost.

### Ignorance of the challenge:

- The manifestos of the political parties contesting the Indian general election barely took note of questions relating to climate and environment. Instead, it is “business as usual” or “life as usual”.
- The Economic Advisory Council to the Prime Minister did not hold an emergency meeting to discuss the loss of economic output because of climate change or the effects from loss of biodiversity in India.

### Instances of collusion:

- There have been instances of elite networks taking advantage of the situation to consolidate their control. These networks often involve governments colluding with fossil fuel companies, agro-industrial elites, financial elites and other big businesses that are ignoring climate change and making a fast buck.
- Fossil fuel companies and politicians have funded misinformation regarding climate directly. The documentary film Merchants of Doubt describes how a handful of scientists have obscured the truth on global warming so that business profits can continue to flow. The fossil fuel industry has also funded politicians, so their words and laws are already bought.

- The International Monetary Fund estimates in a recent working paper that fossil fuel subsidies were \$4.7 trillion in 2015 and estimated to be \$5.2 trillion in 2017. Efficient fossil fuel pricing would have reduced global carbon emissions by 28%.
- The Arctic is melting rapidly and the recent discussions among Arctic countries suggests that even as increasing glacier melt is responsible for opening up shipping in the area, superpowers are angling to access wealth from the oil, gas, uranium and precious metals in the region.

It is the poorest and those without access to power who become victims of the fallout from these situations.

Example- The draft Indian Forest Act of 2019 enhances the political and police power of the forest department and curtails the rights of millions of forest dwellers.

### People's movement:

A large-scale movement for "planet emergency", climate and ecology is being witnessed.

- **Greta Thunberg** has been leading this among school-going children. She is a Swedish schoolgirl who, at age 15, began protesting about the need for immediate action to combat climate change outside the Swedish parliament and has since become an outspoken climate activist. She is known for having initiated the school strike for climate movement.
- **Extinction Rebellion** is a socio-political movement which uses nonviolent resistance to protest against climate breakdown, biodiversity loss, and the risk of human extinction and ecological collapse. It been organising "die-ins" in many parts of Europe and now in Asia.

People's movements, whether made up of students or adults, cannot be ignored for long and governments will have to pay attention.

### Conclusion:

- The planet is well past that point where small fixes can help take us on a long path to zero carbon earth. We are now at a stage where we need major overhaul of our lifestyles and patterns of consumption.
- The U.K. Parliament became the first recently to declare a climate emergency. It remains to be seen if appropriate actions will follow this declaration. The politics of the climate crisis must undergo a radical transformation.

### Connecting the dots:

- Policies and commitments being made by the governments to tackle climate crises shows that they are not interested in dealing with the crises. In such a scenario people's movement is the ray of hope. Comment.

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## & Environment

**Part of:** GS Prelims and Mains III – Environment and Ecology

**In news:**

- The extremely severe cyclone Fani has created four new mouths in Chilika Lake connecting to the Bay of Bengal.
- Chilika Lake is considered to be Asia's largest brackish water lake.
- Chilika Development Authority (CDA) officials have started studying the impact of saline ingression into the lake.

**Do you know?**

- Rise in salinity would alter Chilika's ecosystem, as it will lead to increase in productivity.

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## Gujarat facing massive water crisis

**Part of:** GS Prelims and Mains III – Environment and Ecology; Conservation


**In news:**

- Gujarat is facing a massive water crisis due to rising mercury levels and severe heat wave.
- Water scarcity is acute especially in Saurashtra region, Kutch, North Gujarat and parts of tribal pockets in central and South Gujarat.
- Gujarat is in the midst of a major water shortage. Except river Narmada, all other water bodies and dams have negligible water.

- **561** villages getting water through tankers, which make **1,581** trips daily
- Demands made by around a dozen legislators to increase tanker water supply coverage of villages and number of trips. In a week, more than **1,000** villages will need water through tankers

## Dry State

**Gujarat's water crisis is set to get worse**



- The government has cut water supply to industries by **50%**
- Last year, the State received only **73.87%** of average rainfall

- The State authorities have deployed police along Narmada canals to ensure that water is lifted through pumps by farmers

[https://d39gegkjaqduz9.cloudfront.net/TH/2019/05/10/DEL/Delhi/TH/5\\_06/204f71d3\\_2927607\\_101\\_mr.jpg](https://d39gegkjaqduz9.cloudfront.net/TH/2019/05/10/DEL/Delhi/TH/5_06/204f71d3_2927607_101_mr.jpg)

## Protecting forest fringes

### Context:

- India is among the fastest urbanising major countries and forest-rich nations of the world.
- The current trend of fast-paced, spatial urban expansion will pose a severe sustainability challenge in coming years, as the proximity between forests and the cities is increasing.
- Across India, many more critical wildlife habitats and biodiversity areas are going to face a direct impact from cities in the near term.

### Do you know?

- In major cities such as Gurugram, Mumbai, Hyderabad, Jaipur and Bengaluru, forests have already faced the brunt of encroachments, roads and highways, local extinction of wildlife, contamination of water bodies, and disturbances originating from the urban neighbourhoods.
- Dense neighbourhoods have expanded up to the fringe of the forest – for example, Sanjay Gandhi National Park in Mumbai, Bannerghatta in Bengaluru, and the Guindy National Park in Chennai.

### How to address these challenges?

- Effective implementation of urban programmes such as 'Smart Cities'.
- The policy makers should include some of the below provisions to tackle such challenges in the new draft Forest Policy, 2018.
- City-forest cooperation and notifying eco-sensitive zones (ESZ) around protected areas.
- Inter-departmental collaboration of the forest departments, urban bodies and civil society.
- Urban masterplans must recognise land use at forest fringes, according to ESZ guidelines.
- Cities should secure wildlife corridors and 'green belts' that connect urban forests with a wider natural landscape.
- Most importantly, urban residents need to create social fences by strongly advocating for forests in their cities.

**Conclusion:**

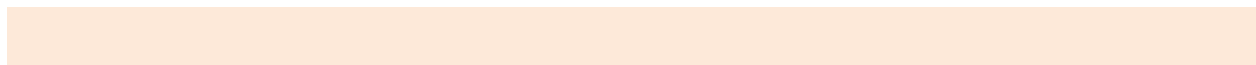
Urban planners and city administrators have ignored the fact that forests are natural shock-absorbers that provide green relief to our grey cities, shield them from the effects of climate change, and aid in urban issues such as air pollution, scarcity of drinking water, flood control and 'heat islands'.

Prioritising forest-city proximity will put the onus on cities to incorporate nature in their design.

Integrating forests with urban planning and governance provides an opportunity to shape cities that not only cater to citizens, but also have the citizens actively involved in shaping the city's future.

**Connecting the dots:**

- Many critical wildlife habitats and biodiversity areas are facing direct impact from cities and fast-paced, spatial urban expansion. Suggest and discuss what measures are necessary to address such sustainability challenges.



## ANIMALS/NATIONAL PARKS IN NEWS

### Tiger Reserve in news: Rajaji Tiger Reserve, Uttarakhand

**Part of:** GS Prelims and Mains III – Environment and Conservation; Protected areas

#### **Why in news?**

- NGT constituted a committee to provide it a factual report on alleged illegal construction of a road for use by commercial vehicles in the ecologically sensitive Rajaji Tiger Reserve in Uttarakhand.
- Petitioner has alleged that road is being built in the tiger reserve without statutory clearances and requisite safeguards. And the construction of the road may potentially damage the biological diversity and resources of the reserve.

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### Animal in news: grizzled giant squirrel

**Part of:** GS Prelims and Mains III – Environment and Conservation of Animals; Protected areas

#### **In news:**

- For the first time, researchers have sighted as many as 363 nests of the grizzled giant squirrel at **Pakkamalai Reserve Forests** near Gingee in the **Eastern Ghats**.
- Several diverse and endangered species including the Golden Gecko, Bamboo Pit Viper and Mouse Deer have also been spotted in the Pakkamalai Reserve Forests.
- Conservationists argue that the government should immediately declare the forests as a sanctuary for the grizzled giant squirrel.

#### **About grizzled giant squirrel**

- It is an endangered species listed under Schedule I of the Wildlife Protection Act, 1972.
  - The grizzled giant squirrel is usually known to nest in the **Western Ghats** in **Southern India** ranging from Chinnar Wildlife sanctuary in Kerala to Anamalai Tiger Reserve and Palani hills in Tamil Nadu.
  - Owing to habitat loss and poaching, the species has been categorised as near threatened by the Red List and listed under Schedule II of CITES. **(IUCN Status: near threatened)**
-

## 1 million species at risk of extinction: UN

**Part of:** GS Prelims and Mains III – Environment and Biodiversity; Climate change

**In news:**

According to UN report –

- Relentless pursuit of economic growth and impact of climate change has put an “unprecedented” one million species at risk of extinction.
- This loss is a direct result of human activity and constitutes a direct threat to human well-being in all regions of the world.
- The report said that the world may need to embrace a new “post-growth” form of economics if it is to avert the existential risks posed by the mutually-reinforcing consequences of pollution, habitat destruction and carbon emissions.
- Profound economic and social changes would be needed to curb greenhouse gases quickly enough to avert the most devastating consequences of a warming world.



## Question of survival

A 1,800-page Global Assessment Report, compiled by a UN agency from more than 1,500 academic papers, says that the world's life support systems are in trouble. Here are the report's key findings:



### Extinction

**1 million** species face the risk of extinction – many within decades

**5,00,000** plants and animals currently have “insufficient habitat for long-term survival”

**40%** of amphibian species are threatened with extinction, along with **33%** of reef-forming corals and **33%** of marine mammals

▪ Loss of pollinators caused by intensive farming is putting **\$235-\$577** billion worth of annual crop output at risk



### Consumption

**1/3rd** of all land is used to make food

▪ Food cultivation uses **75%** of all fresh water on Earth

**25%** of man-made emissions come from agriculture, the vast majority of them from meat production

**50%** of all new agricultural land is taken from forests

**93%** of marine fish stocks are either overfished or fished to the limit of sustainability

One-third of all fishing is said to be illegal or unreported



### Pollution

▪ Humans dump up to **400 million tonnes** of heavy metals, toxic sludge and other waste into oceans and rivers each year

**75%** of land, **40%** of oceans and **50%** of rivers “manifest severe impacts of degradation” from human activity

▪ Plastic production has increased **10-fold** since 1990

▪ Pollution from fertilizers has led to the formation of **400** low-oxygen ‘dead zones’ in coastal waters, covering more than **2,45,000 sq km**



### Climate

**5%** of Earth's species are at risk of extinction if the temperature rises just **2°Celsius** – still within the targets of the Paris climate deal

▪ Business as usual is predicted to warm Earth **4.3°Celsius by 2100**. Were that to happen, one-sixth of all species could be wiped out

▪ Many of the policies that scientists hope could limit temperature rise by 2100 to **1.5°Celsius** would also help human beings to preserve biodiversity



Source: AFP, Reuters

[https://d39gegkjaqduz9.cloudfront.net/TH/2019/05/07/DEL/Delhi/TH/5\\_12/7458af30\\_2920807\\_101\\_mr.jpg](https://d39gegkjaqduz9.cloudfront.net/TH/2019/05/07/DEL/Delhi/TH/5_12/7458af30_2920807_101_mr.jpg)

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### DNA database coming up for Indian rhino

**Part of:** GS Prelims and Mains III - Environment and Biodiversity; Conservation of Animals

**In news:**

- The Union Environment Ministry has embarked on a project to create DNA profiles of all rhinos in the country.
- By 2021, the project's deadline, the Indian rhino could be the first wild animal species in India to have all its members DNA-sequenced.
- The project's proponents include World Wide Fund for Nature-India (WWF-India) and the Centre-funded Wildlife Institute of India (WII).
- The exercise would be useful in curbing poaching and gathering evidence in wildlife crimes involving rhinos.

**Do you know?**

- There are about 2,600 rhinos in India, with more than 90% of the population concentrated in Assam's Kaziranga National Park.
- The project is a subset of the Centre's larger, ongoing rhino conservation programme.
- Since the 1980s, the government has been trying to move a significant number of rhinos out of Kaziranga in the interest of the species' conservation, threats from poaching and challenges to their habitat.
- Outside Kaziranga, there are about 200 rhinos in West Bengal, 40 in Uttar Pradesh and 1 in Bihar.
- There are three species of rhinos, of which only one — the Indian rhino — is found in the country.
- The rhinos were once abundant and well-distributed in the country. However poaching reduced its numbers to about "200 wild animals by the end of the 20th century".

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### Wildlife Sanctuary in news: Balukhand-Konark

**Part of:** GS Prelims and Mains III – Bio-diversity and Environment; Protected Areas

**In news:**

- Nearly 55 lakh trees in Balukhand-Konark sanctuary were damaged by Cyclone Fani.
- The effective area of the sanctuary has shrunk further due to human encroachments and ever growing anthropogenic pressures.
- Several institutions (educational) and small industries having come up all around this sanctuary more biotic pressure is being put on the sanctuary precincts.
- On an average more than 2000 people daily go inside the sanctuary for sustaining their livelihood, which results in habitat loss and degradation for the fauna residing.
- The animals stray into the fields of villagers in search of food by crossing the sanctuary limits which results in Man-animal conflict and road kills.
- The greatest threat to fauna residing in that place is the national highway connecting Puri and Konark which passes through the sanctuary.

### Do you know?

#### Balukhand-Konark sanctuary

- The area under consideration is the marine-land mass interface belt in the Konark-Puri transition area in Odisha.
- The sanctuary was established on the sandy tract covered by plantation of casuarina and cashew trees, along the coast between Puri and Konark.
- Spotted-deer were found abound in the area but the star attraction is the rare Black-buck.
- Two rivers, namely the Nuanai and the Kushabhadra, which are subject to tidal influences, pass through the sanctuary and the river mouths are part of the sanctuary area.
- This sanctuary is stretched along the coast of Puri –Konark and is well known for spotted- deer and other wildlife.
- The other species found here are Black-Buck, Hare, Olive Ridley, Jackal, hyenas, Jungle cat, Monitor lizards, etc

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#### [Animal in news: Slender Loris](#)

#### [Scorching heat forces animals out](#)

**Part of:** GS Prelims and Mains III – Bio-diversity and Environment; Impact of climate change; Animal conservation

#### In news:

- Scorching heat forces animals out of **Seshachalam biosphere reserve**. (Andhra Pradesh)

- With water and food depleting, even shy and critically endangered species are foraging into human habitations.

### Do you know?

- The summer heat touching 45 degree Celsius, wild animals in the Seshachalam biosphere spread over Chittoor and Kadapa districts are having a torrid time.
- The phenomenon, which is preceded by deficit rainfall in the region, is forcing the animals to enter forest fringe villages to quench their thirst.
- The intensity of heat this year is said to be the highest in the biosphere.
- Even shy and critically endangered species such as the pangolin and the slender loris (devanga pilli) are venturing out of their habitats.

### Slender Loris

- Commonly found in the tropical scrub and deciduous forests as well as the dense hedgerow plantations bordering farmlands of Southern India and Sri Lanka.
- The Slender Loris is a small, nocturnal primate.
- It prefers to inhabit thick, thorny bushes and bamboo clumps where it can evade predators and also find insects, which is the main diet.
- IUCN status: Endangered
- They are listed under the Schedule I of the Wildlife (Protection) Act of India, 1972, according them the highest level of legal protection.
- WWF-India is working to protect the habitats of the Slender Loris through its wider conservation work in the Western Ghats - Nilgiris Landscape.



## INFRASTRUCTURE/ENERGY

### EVs are an idea whose time is yet to come

#### **Introduction:**

- Electric vehicles (EVs) are hailed as the future of mobility, considering its important role in containing carbon emissions and hold off global warming.
- India has an EV conversion policy in place. Last month, the Indian government announced the second phase of its Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles (**FAME-2**) scheme, aimed at weaning various modes of public transport off fossil fuels.

#### **About FAME India Scheme and 1<sup>st</sup> phase of FAME**

- FAME India Scheme [Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India] was implemented with the objective to support hybrid/electric vehicles market development and Manufacturing eco-system.
- The phase-I of the scheme was designed for a period of 2 years i.e. FY 2015-16 and FY 2016-17 commencing from 1st April 2015.
- However, the scheme, which was initially upto 31st April 2017, was extended upto 31st March, 2019 or till Notification of FAME-II, whichever is earlier.
- Department of Heavy Industry implemented FAME-1.
- The Phase-II of the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME-India) Scheme proposes to give a push to electric vehicles (EVs) in public transport and seeks to encourage adoption of EVs by way of market creation and demand aggregation.
- Total outlay of Phase-I of the FAME-India Scheme was enhanced from Rs. 795 Crore to Rs. 895 Crore. However, Fund allocated was 580 crores.

#### **FAME-2**

- Under FAME-2, incentives are offered to manufacturers of three-wheelers, four-wheelers and buses that run on electric power.
- Department of Heavy Industry to implemented FAME-2.

#### **Do you know?**

- The latest guidelines issued by the department of heavy industries insist that to avail of the benefits under the scheme – Half of all EV components (especially, lithium batteries and charging units) must be manufactured within the country. (to boost domestic production)

- However, for local companies, it remains risky to invest a lot of money in plants to make such products without clarity on the specifications that are likely to become industry standards across the world.
- This is an emerging industry even for western countries or China. The Chinese government has provided generous tax incentives and subsidies to car makers and consumers alike to make things happen. It also restricted the sale of fossil-fuel cars. Its EV industry is set to boom.

### **India's position**

- India has no major firm making controllers, batteries or magnet motors; nor has sufficient lithium reserves. Therefore, EV success is hard and calls for an entirely new strategy.
- EVs are still too costly to replace fossil fuel vehicles in the broad consumer market.
- Local EV makers would be better off waiting for component standardization and then forging tie-ups with successful foreign players to achieve volumes and the viability granted by economies of scale.
- Instead of an incentive scheme that tries to electrify public transport systems and prod the local manufacturing of parts, Indian policy would achieve more by assessing the global state of play, working out which battery and motor designs will come to dominate, and then setting up a grid to support a market switchover bit by bit as EV costs fall.
- Also interchangeable batteries would ease the process, as would a reliable network of charging stations where drained batteries could be swapped with fully-charged ones in a jiffy, as a plug-in-and-wait model would demand too much patience.

Indian policy should finely calibrate interplay of regulatory and market forces. Premature electrification is best avoided. As of now, India's goal of clearing its city streets of fumes looks a distant dream.

### **Connecting the dots:**

- Discuss in brief how vehicular pollution can be controlled by adopting a strategic roadmap. Also suggest measures to boost hybrid/electric vehicles in India.
- India's automotive industry is headed for an inflection point. To make India an EV hub setting up the required infrastructure is most crucial. Discuss.

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### Empowering Indian Cities

**Background:**

The scale of the challenge in fixing Indian cities is massive whether we look at the availability of clean drinking water, unpolluted air, quality of public transport, traffic management and parking, integrated planning of transport and land use, law and order, management and safe disposal of solid waste that is generated, treatment of waste water and effluents, and affordable housing.

In short, the state of public service delivery in our cities is abysmal and the cities are financially broke and cannot address these problems on their own.

UN projections suggest that India's urban population will increase from 461 million in 2018 to 877 million in 2050, with India contributing the largest share of global urban population growth from 2018 to 2050.

**Cities as drivers of economic growth:**

Rapid economic growth in any country is associated with a decline in the share of agriculture and increase in the shares of manufacturing and services in its GDP, and this involves greater urbanisation.

India's experience in the last two decades has been no different, except that the urbanisation associated with rapid growth has been largely unplanned.

Going forward, as we try to achieve rapid growth which is necessary to provide growing employment opportunities for our young work-force, we need to position our cities as drivers of the structural transformation of the Indian economy.

**Present system:**

In our federal system, a state government has the power to notify when an area is to have a statutory urban local government and what form it would take — a municipal corporation, a municipal council or a nagar panchayat (when an area is in transition from rural to urban).

The 74th Constitutional Amendment of 1992 gives the state governments the power to transfer a set of 18 legitimate municipal functions to the municipal governments and also devolve finances to them to enable them to perform these functions and organise the delivery of the public services.

State governments devolved most, though not all, of the 18 functions to the urban local governments.

Action on devolution of funds to urban local governments has been unpredictable and hopelessly inadequate.

**Issue:**

- In fiscal devolution, the talk of cooperative federalism stops at the level of the state government. Over the years, the state governments have claimed and successfully obtained a larger share in the joint revenues of the Centre and the states. The Fourteenth Finance Commission increased the share of states in the revenue pool from 32 per cent to 42 per cent. By contrast, municipal revenues/expenditures in India have been stagnating at around 1 per cent of GDP for over a decade. This is much lower, for example, than the municipal revenues/expenditures in Brazil which account for 7.4 per cent of GDP and 6 per cent in South Africa.
- A major failing of the national missions (JNNURM, PMAY, AMRUT, Smart Cities Mission, Housing for All) has been that they have not addressed the issues of empowerment and devolution to the third tier.

**Following needs to be done:**

State governments have the principal responsibility for urban development. But in order to deliver, they can and should ensure that city governments are sufficiently empowered to get the job done.

- Our cities will have to provide much better quality of life if we want to create a climate which will attract investment. For this, we not only need more and better urban infrastructure but also significantly better institutions, which can manage the infrastructure and deliver public services of high quality.
- This requires strengthening the finances of city governments, building their capacity to take on the new challenges that urbanisation brings, and providing an enabling environment through legislative and administrative support.

**Way ahead:**

- Introducing an incentive grant system whereby states which devolve funds to some desired degree get to top up the financial grant from the Centre. This should be limited to second-tier cities, which are crucial to a new urbanisation thrust.
- Prime Minister Modi at the present juncture is in a unique position of having to work with a large number of BJP-controlled state governments. It is a valuable opportunity to get the states to go for empowerment of the third tier and also strengthen their finances through assured devolution.

Essentially, co-operative federalism needs to go deeper, below the state level.

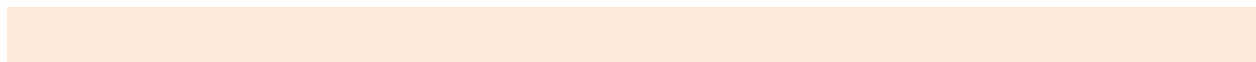


**Conclusion:**

There are no shortcuts to improving the state of our cities. The state governments need to decentralise, devolve and empower the cities.

**Connecting the dots:**

- The state of public service delivery in our cities is abysmal and the cities are financially broke and cannot address these problems on their own. The state governments need to decentralise, devolve and empower the cities. Comment.
- 



## SCIENCE AND TECHNOLOGY



-2

### In news:

- India's much-delayed second lunar mission, Chandrayaan-2, has got yet another launch window.
- The mission is now set to be launched any time between July 5 and July 16 this year.
- According to the ISRO, the moon landing is likely to be around September 6, 2019, nearly two months after the launch, close to the lunar South Pole.

### Do you know?

- The lunar South Pole is believed to contain ice and other minerals.
- NASA is planning to land astronauts there by 2024, while China reportedly plans to build a scientific research station on the lunar South Pole within the next decade.

### About Chandrayaan-2

- It is a fully-indigenous mission that comprises three modules — an Orbiter, a Lander named 'Vikram', and a Rover named 'Pragyan' — and will be launched on board a GSLV-MkIII rocket.
- The GSLV-MkIII is a three-stage heavy lift launch vehicle that has been designed to carry four-tonne class satellites into Geosynchronous Transfer Orbit (GTO).
- The Chandrayaan-2 weighs around 3,290 kg, according to ISRO. It would orbit around the moon and carry out remote sensing of the moon.
- The Chandrayaan-1 mission was launched on board a PSLV.

### Chandrayaan-2 will carry 14 payloads from India

**Part of:** GS Prelims and Mains III – Science and Technology; Space Missions

### In news:

According to ISRO –

- Chandrayaan-2, the lunar lander mission planned to be launched during July 9-16, will have 14 Indian payloads or study devices.
- The 3,800-kg spacecraft includes an orbiter which will circle the moon at 100 km; a five-legged lander called Vikram that will descend on the moon on or around September 6; and a robotic rover, Pragyan, that will probe the lunar terrain around it.

- ISRO has chosen a landing area at the hitherto unexplored lunar south pole, making it the first agency to touch down at the south pole if it succeeds in its first landing attempt.

### Do you know?

- Chandrayaan-2 will be India's second outing to the moon.
- ISRO will send the mission on its heavy lift booster, the MkIII, from Sriharikota.

## On the moon

Chandrayaan-2, a fully-indigenous mission, has three modules – an orbiter, a Lander named 'Vikram' & a Rover called 'Pragyan'



**Payloads:** 14 Indian payloads: 8 on Orbiter, 4 on Lander and 2 on Rover

▪ Chandrayaan-2 will be launched on board a GSLV-MkIII rocket. Chandrayaan-1 was launched on board a PSLV

**Target launch:** July 2019

▪ The Pragyan Rover will be used mostly for insitu experiments

**Mission:** Weighing around 3,290 kg, Chandrayaan-2 would orbit around the moon to collect scientific information on lunar topography, mineralogy, elemental abundance, lunar exosphere and signatures of hydroxyl and water-ice

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**Part of:** GS Prelims and Mains III - Science and Technology

**In news:**

- The Department of Biotechnology (DBT) launched 'MANAV: Human Atlas Initiative', a project for mapping every tissue of the human body to help understand better the roles of tissues and cells linked to various diseases.
- The Human Atlas Initiative aims at creating a database network of all tissues in the human body from the available scientific literature.
- The student community, who will be the backbone on assimilating the information, will be trained and imparted with skills to perform annotation and curation of information that will ultimately form the online network.

### Do you know?

- DBT has invested Rs 13 crore shared between two institutions in Pune – National Centre for Cell Science (NCCS) and Indian Institute of Science, Education and Research (IISER), Pune.
- Besides, Persistent Systems Limited has co-funded the project and is developing the platform, and has contributed Rs 7 crore.
- It is a project that involves scientific skill development for annotation, science outreach along with handling big data. The programme will involve gaining better biological insights through physiological and molecular mapping, develop disease models through predictive computing and have a wholistic analysis and finally drug discovery.

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## Artificial Intelligence and its disastrous consequences

### Introduction:

Artificial Intelligence (AI) or AI-powered robots are going to take over our lives one day. They are going to run our factories, diagnose our illnesses, drive our cars, provide enjoyable company and even sex for the lonely, and replace large numbers of us in our jobs.

But if these AI gigs mess up, whom can we sue and ask for damages?

### Case study 1: Stock investment AI program

- Hong Kong tycoon Samathur Li Kin-kan is suing the man who sold him on a stock investment AI program that lost Li a lot of money.
- A supercomputer, K1, would search real-time news and social media to gauge investor sentiment and predict US stock futures, then instruct a broker to execute trades.
- Li is now suing Tyndaris Company for allegedly exaggerating what the supercomputer could do. However, Tyndaris denies the charges.
- Several global fund management companies have started using AI in the last few years.

- However, there can also be totally out-of-the-blue incidents. Markets are often irrational, and move on the basis of rumours or “market sentiment”.
- AI programs make their decisions by studying history, past patterns and expect these to continue. If there are no obvious similar events in their databases, they would be stumped.

### **Case study 2: AI in healthcare**

- In 2018, a major healthcare AI vendor's internal documents were leaked. It revealed that the computer's algorithms had produced erroneous and unsafe cancer treatment recommendations in multiple cases.
- Increasingly, doctors are relying on sophisticated algorithms to make healthcare recommendations—a practice dubbed “black box medicine.”
- But even the most advanced artificial intelligence (AI) can get it wrong. Machine-learning algorithms are designed by humans, after all, and trained on data sets that have been collected and selected by humans, who are capable of bias and mistakes.
- In healthcare, those mistakes can be costly—and even fatal.

### **Conclusion:**

AI is set to make deep inroads to every field. AI is now an independent decision-making entity, much like a person whose parents have only paid for a basic education and lifetime unlimited internet access.

It has a ton of legal implications. Even regulation raises a whole set of serious issues. How can governments regulate and ensure the quality of medical AI? For sure, human laws are currently ill-equipped to handle.

### **Connecting the dots:**

- “With great power comes great responsibility. Technology is in itself just a tool; what matters is how we use it.” Discuss in the context of AI.
- Can Artificial Intelligence become a potential threat to economy? Examine.
- What do you mean by Artificial Intelligence? Discuss its potential benefits and associated risks. Also highlight the challenges in adoption of AI in Indian context.

## DISASTER MANAGEMENT

### Cyclone Fani: Odisha evacuates over 11 lakh

**Part of:** GS Prelims and Mains I and III – Geography; Natural Hazards; Disaster Management

**In news:**

- Odisha state government evacuated over 11 lakh people from low-lying areas in 15 districts.
- The administration of coastal states of Odisha, Andhra Pradesh, West Bengal and Tamil Nadu are bracing up to tackle the "extremely severe cyclone".

**Have you been wondering how do Cyclones get their names?**

- World Meteorological Organisation (WMO) has a process in which countries give a list of name suggestions from time to time.
- Countries like India, Sri Lanka, Bangladesh, Maldives, Myanmar, Oman, Pakistan and Thailand submit a list of names to the regional tropical cyclone committee for the cyclones developing in the North Indian Ocean.
- All the eight countries have suggested eight names for naming future cyclones.
- The name Fani for this cyclone was suggested by Bangladesh. Fani means snake.

**Do you know?**

- Cyclone Titli which caused damage in Andhra Pradesh and parts of Odisha last year was named by Pakistan. Cyclone Ockhi hit Kerala and parts of Tamil Nadu in 2017. It was named by Bangladesh.

## DEFENCE/INTERNAL SECURITY/SECURITY

### U.N. listing of Azhar

**Part of:** GS Mains II and III – Role of UNSC, international organization; Security/Terrorism related issues

**In news:**

- China indicated that it was willing to change its decade-old stand opposing the move to list Pakistan-based Jaish-e-Mohammad chief Masood Azhar as a terrorist at the UN Security Council.
- Azhar could be placed on the UNSC's 1267 Committee's list of sanctioned individuals and entities soon.

CHANGE IN STANCE	
<ul style="list-style-type: none"> <li>▪ The U.S., the U.K. and France moved a proposal on February 27 to list <b>Masood Azhar</b> under the UNSC 1267 Sanctions Committee as a designated terrorist</li> </ul>	<p>stepped up pressure, threatening to take the proposal to the full UNSC, rather than the 1267 committee, to force a public vote after the last meeting on April 23</p>
<ul style="list-style-type: none"> <li>▪ China placed a hold on the listing on March 13, the fourth such veto in the past decade on proposals to ban Azhar at the UNSC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Visit by Foreign Secretary Vijay Gokhale to Beijing on April 22-23, where he shared details on Azhar's terror links including to the Pulwama attack, said to be crucial</li> </ul>



**On the listing issue, China is still working with the relevant parties and we are in contact with all relevant parties within the 1267 Committee and I believe with the joint efforts of all parties, this will be properly resolved**

- **GENG SHUANG**, Chinese Foreign Ministry spokesman

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**Do you know?**

- The listing of Azhar, who's organisation JeM was listed in 2001, has been pending for more than a decade.

- This is the fourth attempt by countries at the UNSC and India to bring Azhar under UN sanctions.
- China had vetoed each of the previous proposals citing it had not received enough evidence against Azhar, who was released in 1999 during the IC-814 hijacking in exchange for hostages.

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### UN Security Council designates Masood Azhar as global terrorist

**Part of:** GS Mains II and III – Role of UNSC, international organization; Security/Terrorism related issues

**In news:**

- Jaish-e-Mohammad chief **Masood Azhar** was listed as a designated terrorist by the **UN Security Council 1267 Committee**.
- The listing would mean a travel ban, arms embargo and asset freeze on Azhar.
- The listing is a victory for India in a decade-old diplomatic battle waged primarily by it and supported by its friends at the UNSC.

**Do you know?**

- U.S. circulated a draft resolution (to sanction Azhar) among the UNSC members, i.e., outside the 1267 Committee, presumably to pressure China into either supporting the listing or having to take a stand in open proceedings and risk being seen as supporting terror.



## Terror listed

The terror list prepared by the 1267 Sanctions Committee of the United Nations, includes **262 individuals** and **83 entities**

### Individuals listed apart from Masood Azhar:

▪ <b>Ayman Al-Zawahari:</b> al-Qaeda leader	▪ <b>Sidi Mohamed Arhali:</b> linked to al-Qaeda
▪ <b>Abu Bakr al-Baghdadi:</b> Islamic State leader	▪ <b>Ibrahim Hassan Tali Asiri:</b> Chief bomb-maker for al-Qaeda
▪ <b>Aamir Ali Chaudary:</b> Tehreek-e-Taliban Pakistan (TTP) explosives expert	▪ <b>Othman al-Ghamdi:</b> Commander of al-Qaeda
▪ <b>Maulana Fazlullah:</b> TTP leader (died last year)	▪ <b>Ghalib Abdallah al-Zaydi:</b> Leader of al-Qaeda
▪ <b>Abdul Rehman al-Sindhi:</b> al-Qaeda operative	▪ <b>Ali Musa al-Shawagh:</b> Islamic State leader
	▪ <b>Hamza bin Laden:</b> Son of Osama bin Laden



Masood Azhar

• Pic:

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## Lost lives: on Gadchiroli naxal attack

### Introduction:

- The death of 15 security personnel in a landmine attack in Gadchiroli, Maharashtra, is another grim reminder of the Indian state's continued failure to crush naxalism.
- Less than a month ago, a legislator and some security personnel lost their lives in a similar attack in the neighbouring State of Chhattisgarh ahead of polling.
- The Gadchiroli incident shows not only the audacity of the perpetrators but also the unpreparedness of the security forces.
- The attack comes a year after Maharashtra police gunned down 40 suspected Maoists in the same region. Clearly, the Maoists want to send out a message that they still possess the firepower to take on the security forces and establish territorial dominance.
- The Gadchiroli attack makes it clear that Maoists continue to pose a significant challenge to the country's internal security.

**Do you know?**

- The Maoist movement or CPI (Maoist), born out of splits in the communist movement in the 1960s, has reinvented itself many times to become an influential militarist political group.
- Its cadre base too has shifted from peasants in the 1960s to tribals in the 1990s and thereafter.
- However, a decade since the then prime minister, Manmohan Singh, described them as the gravest internal security threat, the ultra-left political movement is now restricted to pockets of Central India.
- A focussed and co-ordinated effort by security agencies could further limit its footprint and finally end its violent run. That's both a political and administrative challenge.

In the **Arthashastra**, **Kautilya** wrote that a state could be at risk from four types of threats –

1. internal,
2. external,
3. externally-aided internal, and
4. internally-aided external

He advised that of these four types, **'internal threats' should be taken care of immediately.**

According to him, "internal troubles, like the fear of the lurking snake, are far more serious than external threats. The **most dangerous enemy is the enemy within**".

#### **Conclusion:**

- Synergy is essential to deal with India's complex internal security operations.
- We need a comprehensive centre-state strategy to deal with different insurgencies.
- It should include broad-based domains of national and state policies including accelerated economic development and social justice, security and media policies.
- Most importantly, it should address dedicated and effective governance through good administration, prompt and fair judiciary and a law and order machinery that inspires public confidence.

#### **Connecting the dots:**

- [What are the current strategies to deal with the problem of naxalism? How effective have they been? Examine.](#)
- What is the threat perception of naxalism in India? Why naxalism has succeeded to widen its reach?

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#### [India, U.K. in talks to build a naval super-carrier](#)

#### **In news:**

- India and U.K. to build a new state-of-the-art aircraft carrier along the lines of **Britain's HMS Queen Elizabeth** as part of the ongoing 'Make in India' negotiations.
- The talks are under way for the Indian Navy to buy detailed plans for the 65,000-ton British warship to build a so-called "copycat supercarrier" to be named **INS Vishal** in 2022.

### Do you know?

- Second supercarrier, **HMS Prince of Wales**, is now being built at Rosyth dockyard in Scotland where HMS Queen Elizabeth was assembled.
- The new naval carrier would serve alongside India's 45,000-ton carrier INS Vikramaditya — bought from Russia in 2004 — and the currently under-construction 40,000-ton INS Vikrant, and could give India a larger carrier fleet than Britain.



**Part of:** GS Prelims and Mains II – International affairs; Defence/Security issues

### In news:

According to think-tank Stockholm International Peace Research Institute (SIPRI) –

- Total world military expenditure rose to \$1,822 billion in 2018, representing an increase of 2.6% from 2017.
- The five biggest spenders in 2018 were the United States, China, Saudi Arabia, India and France, which together accounted for 60% of global military spending.
- Military spending by the US increased for the first time since 2010, while spending by China grew for the 24th consecutive year.
- In 2018, India increased its military spending by 3.1% to \$66.5 billion while military expenditure by Pakistan grew by 11% (the same level of growth as in 2017), to reach \$11.4 billion in 2018.

## TOP 5 DEFENCE SPENDERS IN 2018

Country	Spending (\$ bn)	Change 2009-18	Spending as % of GDP		World share 2018
	2018		2009	2018	
US	649	-17%	3.2%	4.6%	36%
China	[250]	83%	[1.9%]	[2.1%]	[14%]
Saudi	[67.6]	28%	[8.8%]	9.6%	[3.7%]
India	66.5	29%	2.4%	2.9%	3.7%
France	63.8%	1.6%	2.3%	2.5%	3.5%

Figures within square brackets [...] are SIPRI estimates

<https://images.indianexpress.com/2019/05/defence.jpg>

### [Navy joins exercises in South China Sea](#)

**Part of:** GS Prelims and Mains II and III – International affairs; Security/Defence

#### In news:

- Navy ships **INS Kolkata** and **Shakti** carried out **Group Sail** with the naval ships of Japan, the Philippines and the U.S. in the South China Sea (SCS) from May 3-9.
- The **Group Sail** exercise showcased India's commitment to operating with like-minded nations to ensure safe maritime environment through enhanced interoperability.
- The coordinated "group sail" included Indian guided missile destroyer INS Kolkata and fleet tanker INS Shakti, American destroyer USS Williams P Lawrence, Japanese helicopter carrier JMSDF Izumo and destroyer JMSDF Murasame and Philippines frigate BRP Andres Bonifaci.

#### Do you know?

- Indian Navy warships INS Kolkata and tanker INS Shakti had took part in the Chinese **international fleet review**. (was held at **Qingdao, China** on April 23)
- They later took part in the Phase I of the maritime security field training exercise under the aegis of the **ASEAN Defence Ministers' Meeting Plus (ADMM-Plus)** from May 1 to 3 off **South Korea**.

## PERSON IN NEWS


Person in news	Description
1. Swami Atmabodhanand	<b>Why in news?</b> <ul style="list-style-type: none"> <li>Swami Atmabodhanand, a 27-year-old hermit in Haridwar, has broken his 194-day fast in protest against sand mining and the upcoming dams on key rivers that feed the Ganga.</li> <li>Atmabodhanand had begun fasting days after G.D. Agrawal, 86, a former professor and hermit, died of a heart attack on October 11 after a 111-day fast.</li> <li>The fasting activists had demanded that all hydroelectric projects along the Alaknanda, Dhaul Ganga, Mandakini and Pindar rivers be stopped and legislation to protect the Ganga be enacted.</li> </ul>
2. Subhash Kapoor  (ASI identifies rare Indian artefacts seized from smuggler)	<b>In news:</b> <ul style="list-style-type: none"> <li>A range of Indian antiquities and artefacts that were smuggled by Subhash Kapoor have been identified by the Archaeological Survey of India (ASI) during a team's recent visit to the United States.</li> <li>Idols dating back to the Gupta period (5th-6th Century AD) to terracotta objects of the Harappan culture were seized by the Immigration and Customs Enforcement of U.S. Department of Homeland Security from the storage of Kapoor.</li> <li>The smuggler was extradited to India and is currently in the custody of Tamil Nadu police, the ASI said.</li> </ul>

## MISCELLANEOUS

In News	Description
1. Army claims climbers sight Yeti footprints	<b>In news:</b> <ul style="list-style-type: none"> <li>The Indian Army has claimed that one of its mountaineering teams had sighted <b>footprints of a Yeti</b>, a mythical creature that is believed to reside in the Himalayas.</li> <li>Yeti is a <b>mythical creature</b> believed to exist in the Himalayan ranges in Nepal and Tibet. The existence of the creature, which</li> </ul>

	<p>has been an issue of debate since the last century, again resurfaced when the Indian Army claimed it had discovered fresh “mysterious footprints” of Yeti during an Army expedition to Mount Makalu, Nepal.</p> <p><b>Do you know?</b></p> <ul style="list-style-type: none"> <li>• The term Yeti comes from the Nepali dictionary and means ‘abominable snowman’. It is also called Meh-Teh in the Tibetan folklore.</li> <li>• According to urban legends, Yeti is a two-legged white, shaggy ape-like animal and is described to be 10-20 feet tall. It is believed to reside in the Himalayas, Central Asia and Siberia.</li> <li>• The footsteps found by the Army had measured 32×15 inches, clearly suggesting that they did not belong to a human.</li> </ul> <p><b>Background:</b></p> <ul style="list-style-type: none"> <li>• The first account of Yeti dates back to 1921 when British explorer Charles Howard-Bury found the footsteps of Yeti near Lakhpa La pass while on an expedition in the Himalayas.</li> <li>• In 1951, noted English Himalayan explorer Eric Shipton caught on camera footprints left behind by the Yeti, which showed a thumb-like impression instead of a toe.</li> <li>• Sir Edmund Hillary, in 1960, brought back what he thought was the Yeti’s scalp, shaped like a helmet, but it was later proved to be from a serow, a goat-like animal.</li> <li>• In 2010, Chinese hunters caught a hairless, four-legged animal which they said was the Yeti, but was identified as a civet that had lost its hair after suffering from a disease.</li> <li>• In 2011, researchers claimed they had found the Yeti’s finger; but its DNA proved to be from a human.</li> <li>• In 2013, the National Geographic released a documentary on the legend of Yeti in the Himalayas.</li> </ul> <p>Despite no authentic evidence of its existence, Yeti became a popular figure in folklore and cartoons. From Tintin and Scooby Doo to Monsters Inc, Yeti has been recreated several times in popular culture.</p>
2. Iraq remains top oil supplier to India	<p><b>In news:</b></p> <ul style="list-style-type: none"> <li>• Iraq has, for the second year in a row, become India’s top crude oil supplier.</li> </ul>

	<ul style="list-style-type: none"> <li>• Saudi Arabia has traditionally been India's top oil source, but it was for the first time dethroned by Iraq in 2017-18 fiscal year.</li> <li>• The Persian Gulf nation, Iran, was the third largest crude oil supplier to India.</li> <li>• The U.S., which began selling crude oil to India in 2017, is fast becoming a major source.</li> </ul>
3. Anti-dumping duty put on saccharine	<p><b>In news:</b></p> <ul style="list-style-type: none"> <li>• Finance Ministry has imposed an anti-dumping duty of \$1,633.17 per tonne on the import of saccharine from Indonesia.</li> <li>• Saccharine is a compound most commonly used in sugar-substitute sweeteners.</li> <li>• Indonesia, until recently, accounted for a large chunk of India's saccharine imports.</li> <li>• The product under consideration has been exported to India from subject country below their normal values and consequently, the domestic industry has suffered material injury.</li> </ul>
4. Amazon unveils space vision, moon lander	<p><b>In news:</b></p> <ul style="list-style-type: none"> <li>• Jeff Bezos, who heads both Amazon and space company Blue Origin, unveiled a lunar lander that he said would be used to transport equipment, and possibly human beings, to the south pole of the moon by 2024.</li> <li>• Space agencies prepare to return humans to the moon and top engineers are racing to design a tunnel boring machine capable of digging underground colonies for the first lunar inhabitants.</li> <li>• Harsh conditions on the surface of the moon mean that, once up there, humans need to be shielded from radiation and freezing temperatures in structures which maintain atmospheric pressure in a vacuum.</li> </ul>

	
5. India to add 3 million tech jobs by 2023	<p><b>In news:</b></p> <p>According to Indian Staffing Federation (ISF), the apex body for the 'flexi' working industry –</p> <ul style="list-style-type: none"> <li>Indian tech industry will add another three million new jobs in the next five years.</li> <li>With the additions, the size of the country's tech army will be 7 million by 2023.</li> <li>All these new jobs would come up in digital technology areas such as artificial intelligence (AI), machine learning, Internet of things (IOT), data science, analytics, big data, blockchain and augmented reality.</li> <li>Jobs would also be created in newer technology areas that are presently unknown but are expected to emerge and evolve in the next few years.</li> </ul>
6. In news: Strait of Hormuz	<ul style="list-style-type: none"> <li>It is a strait between the Persian Gulf and the Gulf of Oman.</li> <li>It provides the only sea passage from the Persian Gulf to the open ocean and is one of the world's most strategically important choke points.</li> <li>On the north coast lies Iran, and on the south coast the United Arab Emirates and Musandam, an exclave of Oman.</li> </ul>
7. International Maritime Defence Exhibition (IMDEX)	<ul style="list-style-type: none"> <li>Three-day Asia-Pacific naval and maritime event, <b>International Maritime Defence Exhibition (IMDEX)</b> happened in Singapore.</li> <li>Two warships, INS Kolkata and INS Shakti, are participating in IMDEX as also several Indian engineering and ship-building firms, including the Larsen &amp; Toubro and the BrahMos aerospace corporation.</li> <li>After IMDEX, the Indian ships along with a Navy P-8I long range maritime surveillance aircraft will participate in the 26th edition of</li> </ul>



	<p>the <b>Singapore India Maritime Bilateral Exercise (SIMBEX)</b> scheduled from May 16 to 22.</p> <ul style="list-style-type: none"><li>• SIMBEX is the longest uninterrupted naval exercise that India has with any other country.</li></ul>
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## (TEST YOUR KNOWLEDGE)

Model questions: (Answers are provided at the end)

**Q.1) Consider the following statements**

1. The Parliament can make laws on any subject of the three lists (including the State List) for the union territories.
2. The legislative assembly of Puducherry and Delhi can make laws on any subject of the State List.

**Select the correct statement/s**

- a) Only 1
- b) Only 2
- c) Both
- d) None

**Q.2) 4,000-year-old burial sites found in Sanauli is located in**

- a) Haryana
- b) Gujarat
- c) Punjab
- d) Uttar Pradesh

**Q.3) Consider the statements regarding the new ₹ 200 denomination banknote introduced by RBI**

1. It has a motif of Hampi with Chariot on it
2. For visually impaired people, it has raised Identification mark H with micro-text ₹ 200 and five angular bleed lines with two circles in between the lines both on the right and left sides

**Which of the given statements is/are correct?**

- a) 1 only
- b) 2 only
- c) Both
- d) None

**Q.4) Consider the below statements:**

1. Hampi is situated on the banks of the Tungabhadra River in the eastern part of central Karnataka.
2. It is a UNESCO World Heritage Site.

**Which of the statements given above is/are correct?**

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

**Q.5) Consider the following statements about Regional Comprehensive Economic Partnership (RCEP)**

1. It is associated with ASEAN
2. All the members of RCEP are members of Indian Ocean Rim Association (IORA)
3. Cambodia is the only land-locked country among RCEP members

**Select the INCORRECT statements**

- a) 1 and 2
- b) 2 and 3
- c) 1 and 3
- d) Only 2

**Q.6) Which of the following countries is NOT a part of Regional Comprehensive Economic Partnership (RCEP)?**

- a) Myanmar
- b) Japan
- c) Bangladesh
- d) Singapore

**Q.7) Which of the following countries is/are NOT a part of RCEP?**

- 1. India
- 2. Russia
- 3. China
- 4. Japan

**Select the appropriate option using the code below**

- a) 2 only
- b) 1 and 4 only
- c) 2 and 3 only
- d) 2 and 4 only

**Q.8) Rajaji Tiger Reserve is located in**

- a) Rajasthan
- b) Uttar Pradesh
- c) Madhya Pradesh
- d) Uttarakhand

**Q.9) Pattachitra is**

- a) A cloth-based scroll painting of Odisha
- b) A traditional dance form of Odisha
- c) Block painting of Buddhism faith
- d) Paintings done on dry leaves and preserved

**Q.10) With regard to 'Pattachitra' consider the following statements**

- 1. These are paintings based on Hindu mythology and specially inspired by Jagannath and Vaishnava sect.
- 2. Pattachitra is registered under the identity of Odisha Pattachitra (GI tag).

**Which of the above statements is/are correct?**

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) None

### 2019 MAY MONTH CURRENT AFFAIRS MCQs SOLUTIONS

- |    |   |
|----|---|
| 1  | d |
| 2  | d |
| 3  | c |
| 4  | c |
| 5  | b |
| 6  | c |
| 7  | a |
| 8  | d |
| 9  | a |
| 10 | c |