

**1. While rate cuts and moratorium on loan repayments are welcome steps, revival of production and demand is the most effective solution to boost the economy. Comment. (GS Paper 3, Economy)**

**Demand of the question:**

It expects students to write about the relief provided by rate cuts and moratorium on loan repayments and criticality of revival of production and demand to boost economy.

**Introduction:**

The Indian economy had already been showing signs of distress much before the arrival of the pandemic. Any attempts of reviving the economy have only become more difficult as the effects of a lockdown have intensified the downward pressures on the economy.

**Body:**

India's current economic situation:

- As per the estimates of the UN and World Bank, the growth rate of the world economy will remain sluggish in 2021. India's growth rate will slip to 1.9 per cent or become negative in 2021.
- Indicators of economic activity such as automobile sales and production have been reflecting a very pessimistic outlook, with major producers in the automobile sector downsizing their existing capacities or reporting a steep decline in their growth figures.
- Additionally, in the last two months the manufacturing Purchasing Managers index (PMI) has also experienced its sharpest decline, and was among the lowest globally.
- Surprisingly, despite several service sector activities continuing amidst the nationwide lockdown, the decline in the services PMI was even more extreme (falling to 5.4 in April from 49.3 in March) caused by a negative expectation of future business prospects, and thus dampening the likelihood of a services-led revival of the Indian economy.
- Furthermore, the growth rates related to gross fixed capital formation dipped to -0.61% in the year 2019-20, implying negative investments.

Relief due to rate cuts and moratorium on loan repayments:

- The repo rate cut may not lead to incremental loans immediately as now few people would want to or be able to either buy a house, a vehicle or anything of high value. But it will definitely help existing borrowers who have taken loans after October 2019.
- Repo rate cut will help the banks infuse liquidity faster.

- The step to extend the moratorium period has been welcomed by the industry and is being considered as a big respite for the borrowers during this challenging time.
- The extension of the moratorium and improved terms will provide a breather to industry and household borrowers alike.

Criticality of revival of production and demand to boost economy:

- The problem today is of effective demand. As such, stimulus packages must focus on reviving demand. Although the government has announced an additional package aimed at infusing liquidity into the economy, its efficacy is dependent on the stimulation of demand.
- With the aspirational class and the lower segments of society exhibiting higher propensities to consume, it is necessary to boost their income and/or income earning opportunities.
- Country like India cannot afford to focus excessively on fiscal discipline especially at a time when unemployment is at a high and economy is in turmoil. Undoubtedly, there are macroeconomic impacts of a high fiscal deficit, but they can be circumvented if government expenditure is incurred in developmental activities that underpin future demand.
- Greater demand will also encourage private investors, ultimately leading to what may be termed as a “crowding-in” effect of government expenditure. It is only then that the monetary policies pursued by the RBI may complement the fiscal policy.
- Additionally, the banking and finance institutions have been wary of lending, consequently lower repo rates have not translated into lower PLRs (prime lending rate). Furthermore, this unwillingness is ratified by the quantum of cheap funds being made available being more or less the same as the increase in the amount being deposited back in the RBI. But the current credit support scheme might address this gap to some extent.
- Nonetheless, even if the PLRs go down, there is no actual demand for credit in the market owing to the uncertainties. Thus, even for a monetary policy to work its magic in reviving the economy, a large fiscal stimulus, aimed at generating employment and demand, is necessary.
- Revival of production will increase employment again will pave way for increased consumer expenditure especially in rural area with special focus on construction sector and schemes like MGNREGA.

**Conclusion:**

Increased fiscal spending to create demand revive production will provide income opportunities for individuals and business and at the same time alleviate long-term bottlenecks, which eventually improve consumer expenditure and will generate demand to boost economy.

**2. What are the current irritants in Indo-Chinese relations? How is India handling them? How is it impacting India's overall interests and image globally? Analyse. (GS Paper 2, IR)**

**Demand of the question:**

It expects students to write about current irritants in Indo-Chinese relations, Indian response to the situation along with the impact on the Indian interests and image globally.

**Introduction:**

The Line of Actual Control (LAC) is once again on the boil with border clashes between the militaries of India and China seemingly at their highest since 2015. Talks to resolve tensions peacefully have been going on at both diplomatic and military level since the situation flared up in early May. Recently both sides called situation on the border is stable and controllable.

**Body:**

The India-China border dispute covers the 3,488-km-long Line of Actual Control. Both sides have been asserting that pending the final resolution of the boundary issue, it is necessary to maintain peace and tranquility in the border areas.

Current irritants in Indo-Chinese relation:

- India-China border tensions flared up in Ladakh and Sikkim as army personnel from both sides clashed at the Pangong Tso lake area and in a separate incident face-off near Nathu La Pass in the Sikkim sector.
- The Chinese military has enhanced its troop presence in areas around Pangong Tso lake and Galwan valley along the LAC in Ladakh amidst growing Indian pushback. China has accused the Indian Army of trespassing into its territory, claiming that it was an attempt to unilaterally change the status of the LAC in Sikkim and Ladakh.
- While New Delhi has asserted that India has always taken a very responsible approach towards border management and that it's the Chinese military hindering normal patrolling by its troops. A number of meetings at the level of local commanders over the last few days have failed to defuse tensions.
- India has wrought a qualitative change in the area by completing the Durbuk-Shyok-Daulat Beg Oldi road in April 2019. This is also known as the Sub Sector North road and has strengthened India's posture in this strategic area greatly. The current stand-off was apparently triggered by India trying to build a branch of this road up to its own side of the LAC in the Galwan Valley.
- New Delhi has challenged Beijing on a number of fronts in recent months – it has tightened its FDI laws, it supported the group of nations who have called for an independent enquiry into the origins of the corona virus and two Indian MPs even virtually attended the swearing-in ceremony of Taiwan

President Tsai Ing-wen. Raising tensions on the border is may be Beijing's way of messaging about its red lines.

- China might be addressing domestic audience by adopting strong expansionist outlook to build nationalistic sentiment considering global backlash against china due to mishandling of pandemic situation.
- Some believe it might be summer time patrol rush or Chinese response to the changed constitutional status of Jammu and Kashmir.

Indian response to border situation:

- India has focussed on peaceful resolution of border clashes through diplomatic and military channels.
- India-china conducted flag meetings at designated locations on the LAC at brigadier level.
- There have been significant formal channels to talk between India-China which might have extensively used. Initiative of Indian Prime minister to indulge in informal talk and strategic address to armed forces to maintain peace and tranquillity on the border had limited success.
- Indian Defence minister Rajnath Singh's expressed resolve that India will not allow its dignity to be harmed on the border issue.
- India refused to blink and continued border infrastructure upgradation on the Indian side of LAC.
- India in recent time increased proximity with countries who are vocal about China's assertive and expansionist tendencies. Joining of Quad-Quadrilateral Security dialogue, joint demonstration of naval exercise with US in South China Sea as China has refused to show sensitivity to 'core concerns of India'.

Impact on India's interests and image:

- India is the only country in the world with unsettled border dispute with two nuclear armed hostile nations. India remains committed to manage border issues with China peacefully.
- Strong national character: In recent times, India is also only country which stood firmly face to face on ground against Chinese aggression in doklam, whereas even US avoided direct face-off with China in disputed south china.
- Economic competition: Economic reforms in India might attract flying foreign capital and industries from china but border instability affects image of India as attractive investment destination.
- Soft power: India being democratic country with free press has been more open to international community as compared to China. Given the Chinese humiliation at international level, India might garner support from international community. India continues to posture itself as benign power exemplified in the pandemic outreach of Prime minister to international community.
- Multilateral framework: India being regional power with strategic relationship in Indian Ocean with Australia, Japan, France and US continues to be forbidden force against China.

- Present border clashes have provided opportunity for India to show world naked ambitions of expansionist china for territory and market are nothing but symbol of medieval mindset.

However, despite of repeated outreach to United States, response from US President on the present border situation was not like special strategic partner of India, which remains eye-opener for Indian policy makers. India's resolve to build capacity to face two front aggressions with improved infrastructure in Himalayas and increased presence in Indian Ocean has elevated India's global standing.

### **Conclusion:**

Chinese belligerence towards India is a function of its own global ambitions and domestic insecurities. The best that India can do is to build deterrence capabilities vis-a-vis its more powerful northern neighbour. Standing firm on its own red-lines is the first step for a nation in enhancing its deterrent credibility.

### **3. What are the institutional arrangements in place to tackle epidemics in India? What are the most serious gaps in this arrangement? Examine. (GS paper 3, Disaster Management)**

#### **Demand of the question:**

It expects students to write about the institutional arrangements in place to tackle epidemics in India. Students should also write about the gaps in such arrangement and recourse needed to take in coming times.

#### **Introduction:**

The ongoing pandemic of COVID-19 caused by the novel corona virus or SARS-CoV-2 has exposed glaring gaps in institutional arrangements in India and world. Rationally structured legislation with sound legal architecture is need of time to deal more effectively with outbreaks of infectious diseases, especially pandemics of the scale of COVID-19 in future.

#### **Body:**

Institutional arrangement in India to tackle epidemics like COVID-19:

- Legal instruments that provide legal support to implement the containment plan are Disaster Management Act (2005), Epidemic Diseases Act (1897), CrPC provisions and State Specific Public Health Act.
- Under Disaster Management Act, 2005, Home ministry can delegate powers to Secretary Health and Family Welfare to act in such a way to contain or control the outbreak.
- States may invoke the provisions under Disaster Management Act, 2005 or under the Epidemic Diseases Act, 1897 to delegate powers to identified authority to act in such a manner to control or contain the outbreak.

- Indian Penal Code under sections 270 provides power to act against those indulging in spread of disease. Section 144 of the Code of Criminal Procedure, when invoked, prohibits gathering of people.
- At the Union Government level, The Group of Ministers (GoM) under the Chairmanship of Union Health Minister acts as the apex body to take policy decisions.
- The Union Health Minister has an advisory Group that advice him on way forward. The Public Health Working Group under Secretary (H) and Joint Monitoring Group under DGHS provide technical inputs.
- At the national level, the Cabinet Secretary/ National Crisis Management Committee (NCMC) / Committee of Secretaries (CoS) reviews the situation across the country and continue to direct the concerned Ministries to implement its directions.

At the State level:

- The Concerned State can activate State Crisis Management Committee or the State Disaster Management Authority, as the case may be to manage the clusters of COVID-19.
- District Collector would be the nodal person for all preparedness and response activities within his jurisdiction. District Collector have to hold regular meetings with health functionaries, DDMA, Revenue, PWD, Forest, Education and Panchayati Raj/ Local Self Governance Departments where the containment plan will be finalized and operationalized.

Gaps in institutional arrangement:

- Archaic law: The colonial-era Epidemic Diseases Act (EDA) of 1987 fails to define “dangerous”, “infectious”, or “contagious diseases”, let alone an “epidemic”. There is no elaboration in the Act on the extant rules and procedures for arriving at a benchmark to determine that a particular disease needs to be declared as an epidemic.
- The law is silent on the steps to categorise an epidemic as “dangerous” based on variables like the scale of the disease, the distribution of the affected population across age groups, the possible international spread, the severity of the malady, or the absence of a known cure.
- Lack of focus on prevention: No provisions on the sequestering and the sequencing required for dissemination of drugs/vaccines, and the quarantine measures and other preventive steps that need to be taken.
- Ignorance of human rights: There is no underlying delineation of the fundamental principles of human rights that need to be observed during the implementation of emergency measures in an epidemic.
- The Act emphasises only the powers of the central and state governments during the epidemic, but it does not describe the government’s duties in preventing and controlling the epidemic, nor does it explicitly state the rights of the citizens during the event of a significant disease outbreak.
- Updation delayed: Over the years, no standard or Model Rules and Regulations have been prescribed as a corollary to the law.

- Siloed approach: It does not help that the country's existing healthcare apparatus is highly regimented, with separate institutions in-charge of primary, secondary, and tertiary health care. Such a siloed approach is a serious impediment to the country's efforts at tackling any epidemic such as the current COVID-19.
- Health state subject: In the past, there have been attempts to draft statutes predicated on community health such as the Model Public Health Act of 1955 updated in 1987. The Union government, however, has been unable to convince states to adopt the law since health is a State subject.
- Disaster Management Act of 2005 was never designed to cater to health emergencies. This is evident from the definition of "Disaster" which does not allude to a medical emergency, except perhaps by a loose interpretation. Similarly, the two sections of the said Act under which notifications have been issued are both supplemental sections to the substantive provisions of this Act.

Need to bring holistic arrangement:

- The key pillar of a national epidemic law must be equal access to healthcare services.
- The obligations of healthcare professionals and other workers, juxtaposed with their rights and the safety standards that they would be entitled to, also need to be delineated, along with the responsibilities of civil society during such a crisis.
- There is need of supplemental personnel by creating a reserve corps of healthcare workers on the lines of reserve police force.
- State laws should be in coherence with the central laws regarding health care emergencies.
- United Kingdom, India's earlier colonial master brought The Public Health (Control of Disease) Act of 1984 with the aim of creating specific functions for different authorities in response to a national health emergency. This Act provides for a clear hierarchical chain in which the primary, secondary and tertiary responders need to operate when dealing with a health challenge. Responsibilities from the local level up till the national level are clearly defined in the Act. Not only does England have laws in place to deal with an outbreak of the magnitude of COVID-19, but it is updating these laws to adapt to current challenges.

Parliamentary debate in India debated anomaly in legal-institutional arrangements to handle pandemic of COVID-19 recently.

### **Conclusion:**

Once the COVID-19 crisis abates, the country's lawmakers should use this opportunity to repeal the colonial law and pave the way for a new holistic coherent institutional arrangement that can better address health emergencies that India might face in the future.