

1. Do you think soaring petrol and diesel prices pose threat to India's economic recovery? Substantiate your views.**Approach**

The question demands candidate to introduce with recent soaring of crude prices. In next part write in brief the reasons for its rise and what threats it poses to Indian economy which is already in recession. In conclusion make an argument for reduction in taxes for the benefit of people and economy at large.

Introduction

Recently, the price of Brent crude crossed the USD 75 per barrel mark after over a year. The rise in prices is because of production cuts by oil-producing countries and expectations of improvements in global demand as the Covid-19 vaccine is rolled out across the world. This rise the RBI has said is not good for the faster recovery of Indian economy as India imports 80% of its oil consumption. This dependence on import hurts not only the macroeconomic elements of fiscal deficit, currency flow and investment but also has impact on individuals, middle classes which affects the overall demand in the economy.

Body

Reasons for Present Price Hike:

- Major oil-producing countries had cut oil production last year amid a sharp fall in demand due to the Covid-19 pandemic.
- Saudi Arabia pledged extra supply cuts in February and March 2020 following reductions by other members of the Organization of the Petroleum Exporting Countries (OPEC) and its allies.
- In early January 2021, the OPEC and Russia (as OPEC+) agreed to cut back on oil production to increase prices.
- The production and rollout of vaccines for Covid-19 and the rising consumption post the Covid lockdowns last year have both led to a revival in international crude oil prices.
- Increase in excise duty by government when the crude was at historic low but have not be decreased now due to need of funds for development especially in light of Covid-19 induced financial disruption.

Effect of rise in crude oil prices on Indian recovery

- Adverse impact on fiscal deficit: India imports 1.5 billion barrels of crude oil each year. This comes up to around 80% of its annual crude oil requirement. So, the surge in crude oil prices could increase India's expenditure, thus adversely affecting India's fiscal deficit. A rise in fiscal deficit could negatively affect the economy as well as markets. The fall in crude oil prices was a major contributing factor in the reduction of India's fiscal deficit between 2014 and 2016, according to a report by Livemint.

- Impact on the rupee: The rise in crude oil prices has a clear impact on the Indian rupee. This is seen by recent depreciation of rupee which is now at 74 rupee to dollar exchange rate. In addition, if crude oil prices remain at these high levels, the rupee is further expected to depreciate by the year end. Rupee depreciation has a reverberating effect on the Indian economy and even the stock market.
- Impact on Current Account Deficit (CAD): India's dependency on crude oil imports has only been increasing over the past few years. The dependency rose from 77.3% in FY2014 to 83.7% in FY2018. The rise in crude oil price has a big impact on the Indian Current Account Deficit (CAD). CAD essentially indicates how much India owes the world in foreign currency.
- Impact on stocks: A lot of Indian companies depend on healthy crude oil prices. This includes tyre, lubricants, footwear, refining and airline companies. The profitability of these companies is adversely affected due to higher input costs. This could negatively impact stock prices in the near term.
- Impact on inflation: Oil is a very important commodity and it is required to meet domestic fuel needs. And in addition to that, it is a necessary raw material used in a number of industries. An increase in the price of crude oil means that would increase the cost of producing goods. This price rise would finally be passed on to consumers resulting in inflation. Experts believe that an increase of \$10/barrel in crude oil prices could raise inflation by 10 basis points (0.1%).

Therefore the rise in fiscal deficit and inflation has negative impact on overall investment due to crowding out effect in the economy which leads to less investment in capital by private companies. On other hand rise in inflation affects the overall consumption patterns of families which decreases the aggregate demand in the economy. This overall hurts the sectors such as tourism, hospitality, FMGC, new purchases of machinery and appliance which can lead to a slowdown.

Conclusion

Therefore though there are some positive benefits with rise in crude oil prices, such as domestic oil companies will make better profit and lead to new discoveries and help government to achieve the targets of disinvestment and climate change. But the cumulative effects of inflation, fiscal deficit and reduction in aggregate demand can lead to negative outcomes such as job loss, poverty, and degradation of socioeconomic indicators such as gender parity and nutrition. Therefore the government should take active measures to reduce the burden of taxes on public through crude oil to avoid hurting Indian recovery which is already battered by the Covid induced economic recession.

2. What is the Deep Ocean Mission? What are its objectives and key features?**Approach**

First mention what is Deep ocean mission as it was recently in news. In next part write what are its key objectives. Try to explain in brief each objective and its relevance to India. In conclusion try to link it with blue economy target of India.

Introduction

Recently, the Cabinet Committee on Economic Affairs gave its approval for the Deep Ocean Mission proposal submitted by the Ministry of Earth Sciences (MoES). The mission is expected to explore the deep ocean for resources and at the same time, develop deep sea technologies that can be used for sustainable use of ocean resources. The move comes after the United Nations (UN) declared the upcoming ten years (2021-2030) as the Decade of Ocean Science for Sustainable Development.

Body**Importance of Deep Ocean Mission**

- Around 95 per cent of the deep ocean remains unexplored. In the case of India, the country is surrounded by the ocean on three sides and has around 30 per cent of its population living in coastal areas. Therefore, the ocean is a major economic factor that supports fisheries and aquaculture, livelihoods, tourism, and blue trade, the government said in a statement.
- Apart from this, oceans are also a storehouse of energy, food, medicines, minerals, modulator of weather and climate and underpin life on Earth. Also, according to the government, India has a unique maritime position and there is a need to consider the importance of the oceans on sustainability.
- The government is envisioning the new India by 2030 where the focus is also on the Blue Economy. To be sure, the Blue Economy can simply be known as economic opportunities that are related to marine ecosystems and oceans.

The Deep Ocean Mission consists of the following six major components:

1. Development of Technologies for Deep Sea Mining, and Manned Submersible.
 - A manned submersible will be developed to carry three people to a depth of 6000 metres in the ocean with suite of scientific sensors and tools. Only a very few countries have acquired this capability.
 - An Integrated Mining System will be also developed for mining Polymetallic Nodules from 6000 m depth in the central Indian Ocean.
 - The exploration studies of minerals will pave way for the commercial exploitation in the near future, as and when commercial exploitation code is evolved by the International Seabed Authority, an UN organization. This component will help the Blue Economy priority area of exploring and harnessing of deep sea minerals and energy.
2. Development of Ocean Climate Change Advisory Services.

- A suite of observations and models will be developed to understand and provide future projections of important climate variables on seasonal to decadal time scales under this proof of concept component. This component will support the Blue Economy priority area of coastal tourism.
3. Technological innovations for exploration and conservation of deep-sea biodiversity.
 - Bio-prospecting of deep sea flora and fauna including microbes and studies on sustainable utilization of deep sea bio-resources will be the main focus. This component will support the Blue Economy priority area of Marine Fisheries and allied services.
 4. Deep Ocean Survey and Exploration.
 - The primary objective of this component is to explore and identify potential sites of multi-metal Hydrothermal Sulphides mineralization along the Indian Ocean mid-oceanic ridges. This component will additionally support the Blue Economy priority area of deep sea exploration of ocean resources.
 5. Energy and freshwater from the Ocean
 - Studies and detailed engineering design for offshore Ocean Thermal Energy Conversion (OTEC) powered desalination plant are envisaged in this proof of concept proposal. This component will support the Blue Economy priority area of off-shore energy development.
 6. Advanced Marine Station for Ocean Biology.
 - This component is aimed as development of human capacity and enterprise in ocean biology and engineering. This component will translate research into industrial application and product development through on-site business incubator facilities. This component will support the Blue Economy priority area of Marine Biology, Blue trade and Blue manufacturing.

Conclusion

India has a unique maritime position. Its 7517 km long coastline is home to nine coastal states and 1382 islands. The Government of India's Vision of New India by 2030 enunciated in February 2019 highlighted the Blue Economy as one of the ten core dimensions of growth. Therefore the Deep ocean mission is an important mission for India from the perspective of geopolitics, energy security, economic development and scientific advancement which will achieve targets of both blue economy and New India by 2030.

3. What are the challenges to regulating Big Tech in India? Analyse.

Approach

The question is straightforward. First address what are the big techs here which are being referred. Then write what are the issues concerning which has raised the issue of regulations and in the end write what are the challenges and suggest some possible reforms.

Introduction

Big Tech, also known as the Tech Giants or the Big Five is a name given to the five largest and most dominant companies in the information technology industry of the United States—namely Google, Apple, Facebook, Amazon and Microsoft. Recently there has been concern in World and India around the monopolistic practices, arbitrary action, anti-competition practices and lack of transparency in its working. This has raised the issue of regulations of big tech in India where they have a great influence from sharing of information to businesses and entertainment and election outcomes.

Body

Issues with Big tech companies

- Conflict of interest: Many of the big tech companies are not, as they claimed, mere platforms. This is because they began to curate and generate their own content, creating possible conflicts of interest.
- Monopoly powers: There is a suspicion that big tech companies were acquiring more monopoly power leading to lack of free competition. There is a conjunction of technology and finance here. The more companies were valued, the more they needed monopoly rent extraction to be able to justify those valuations.
- Lack of accountability in algorithms: There was an irony in an opaque algorithm being the instrument of a free, open and equitable society. For example in India there have been recent take down of different contents which are not in compliance of Indian IT rules.
- Mixed implications for distribution of wealth: While the companies had immense economic impact, their distributive implications were more mixed. They empowered new players, but they also seem to destroy lots of businesses. These companies themselves became the symbol of inequality of economic and political power.
- Lack of accountability and standards in regulating free speech: Big tech companies set themselves up almost as a sovereign power. This was most evident in the way they regulated speech, posing as arbiters of permissible speech without any real accountability or consistency of standards. The prospect of a CEO exercising almost untrammelled authority over an elected president only served to highlight the inordinate power these companies

could exercise. For example the account of Donald Trump the president of United States at that time was permanently disabled by Facebook.

- Effects of big tech on democracy and democratisation: The social legitimacy of California Libertarianism came from the promise of a new age of democratic empowerment. But as democracies became more polarised, free speech more weaponised, and the information order more manipulated, greater suspicion was going to be cast on this model. All democracies are grappling with this dilemma.

Challenges in regulating big techs:

- First, smartphones and the Internet of Things (IoT) have become a major driver for the growth of big tech companies in the last decade. India is currently witnessing a massive growth in smartphone usage and IoT. India is also witnessing increase in the population of users who are coming online for the first time. So regulating Big Techs strictly will leave the consumer with no other alternative. Hence, it is important to cater to the needs of people.
- Second, everyday life is dependent on various apps and technologies. Nowadays technology is linked with remote working and studying, public transport, shopping, telemedicine, on-demand music, and video streaming, etc. Tech giants with their presence in digital space created a monopoly in essential services.
- Third, the essential nature of the services provided by them. These tech giants provide Freedom of Expression to individual and also made billions of people to depend on their services. Like, Google on the internet, Amazon on e-commerce etc.
- Fourth, the challenge of cross-platform connectivity: Users of Facebook and Google can sign in and access services over food, grocery delivery, and various other companies. This can be used to mine the accounts of users. This creates a challenge to regulate the tech giants alone. To get a proper desired output, one need to regulate the entire ecosystem. But it is not feasible.
- Fifth, these companies are largely operating from different countries and especially belong to USA which leads to some times friction in diplomatic circles when it comes to regulation as happened with blackberry in past.

Suggestions to regulate Big Techs:

- It is essential to strengthen the Competition Law. In this regard, the Competition Law Review committee has recommended the following:
- First, an introduction of a 'Green Channel': This is to enable fast-paced regulatory approvals for the vast majority of mergers and acquisitions that have no concerns regarding adverse effects on competition.
- Second, introducing a dedicated bench in NCLAT (National Company Law Appellate Tribunal) to hear appeals under the Competition Act.
- Third, opening up of CCI offices at the regional level: This will help to carry out non-adjudicatory functions and interaction with State Governments in controlling the Big Techs.

Recently in the US also House of Representatives panel submitted the report of a bipartisan investigation into the working of Big Techs. They recommended,

- First, the Structural separations of the big techs: By breaking big tech's companies into many smaller ones. This will reduce their undue influence over the digital market space.
- Second, to prohibit mergers and acquisitions : putting a “presumptive prohibition” against big tech companies.
- Third, companies should be prohibited from operating in an “adjacent line of business”.

Conclusion

Government has brought recently the new IT rules to make these Big techs more transparent and accountable with appointments of grievances and compliance officers and revoking the safe harbour provisions under section 69A of IT act if they fail to act on governments directive. This is a welcome step from past but as we have seen the issue is far more complicated with respect to freedom of speech, data mining ,competition and copyrights. Therefore the government needs to bring a comprehensive statutory act which will address all the concerns as been mooted in European union and USA.

