



CURRENT AFFAIRS

9TH – 15TH JULY, 2021

MAINS FOCUS

INDEX

- **India Out campaign in Maldives**
- **Right to Repair**
- **UP's New Population Policy**
- **Reforms in Sugar Industry**
- **Empowering Local Bodies**

Q.) Two-pillar plan by OECD-G20 to reform international taxation rules is considered as landmark agreement in international financial coordination. Critically Analyse.

- OECD, on July 1, issued a statement indicating consensus amongst 130 nations (out of 139 participants) on a “two-pillar plan to reform international taxation rules.”
 - The signatories of the plan amounted to 130 countries and jurisdictions representing more than 90% of global GDP.
- **Pillar One**
 - It will ensure a **fairer distribution of profits and taxing rights** among countries with respect to the largest MNEs, including digital companies.
 - It would re-allocate some taxing rights over MNEs from their home countries to the markets where they have business activities and earn profits, regardless of whether firms have a physical presence there.
- **Pillar Two**
 - It seeks to put a floor on competition over corporate income tax, through the introduction of a **global minimum corporate tax rate** that countries can use to protect their tax bases.

Implications of Two Pillar proposals

- It will provide much-needed **revenue support** to governments.
- Increased revenues enable governments to invest in essential public services, infrastructure and the measures necessary to help optimize the strength and the quality of the **post-COVID recovery**
- The new framework seeks to address the tax challenges arising from the **digitalisation of economies**.
- It seeks to address concerns over cross-border profit shifting and bring in subject-to-tax rule to **stop treaty shopping**.
- It is aligned with India's stand which had strongly advocated **greater taxing rights** to source or market jurisdictions
- Given the insights Indian policy-makers have gained from participating in these deliberations, it is expected that the law-makers will **unveil a refined and nuanced direct taxation law**.

Concerns

- **Design of the two pillars:** The complex rules presuppose applying formulas to data relating to global business revenue of the MNE group. This has made experts sceptical on the pragmatic success of these proposals
- **Need for real-time information sharing:** Furthermore, its application requires real-time information sharing and conjoint implementation by the tax-authorities across the globe. There are doubts if such shared tax-assessment can be achieved in practice.
- **Limited 'scope' of these pillars:** By design, the two pillars cover a small class of taxpayers—MNEs which have a global turnover above 20 billion euros and net profitability above 10% for Pillar One.
- **Domestic Laws under pressure:** India accepting the two-pillar solution implies it being under pressure to undo its new international tax measures, particularly the equalisation levy.

- **North-South Politics:** There are genuine doubts on how far the developed countries will be sympathetic to allow market economies greater taxation rights, which is the crux of the ongoing negotiations.
- **The outcome appears to be uncertain** given no economist has been able to precisely estimate the revenue figures for each jurisdiction or for India.
- Conclusion

RIGHT TO REPAIR

- Context: In recent years, countries around the world have been attempting to pass effective 'right to repair' laws.
- **What is right to repair movement?**
- When electronic appliances become old or face issues, consumers are left at the mercy of manufacturers who make repairs inaccessible for most, by dictating who can fix your device and making it an **inordinately expensive affair**.
 - The tech giant has long been criticised for allowing **repairs of its devices only by authorised technicians and** not providing spare parts or manuals on how to fix its products

- Also, Corporates are promoting the culture '**planned obsolescence**' — which means that devices are designed specifically to last a limited amount of time and to be replaced
- In this backdrop, activists and organisations around the world have been advocating for the **right of consumers** to be able to repair their own electronics and other products as part of the 'right to repair' movement.
- The movement traces its roots back to the very dawn of the computer era in the 1950s.
- The goal of the movement is to get **companies to make spare parts, tools and information on how to repair devices** available to customers and repair shops to increase the lifespan of products and to keep them from ending up in landfills.

- The Right to Repair electronics refers to government **legislation that is intended to allow consumers the ability to repair and modify their own consumer electronic devices**, where otherwise the manufacturer of such devices require the consumer to use only their offered services.
- **Benefits of Right to Repair**
- **Avoids wastage of resources:** Without Right to Repair, there will be wastage of natural resources causing immense pressure on the environment. It will help reduce the vast mountain of electrical waste (e-waste) that piles up each year on the continent.
- **Boosts Local Economy:** Right to repair advocates also argue that this will help boost business for small repair shops, which are an important part of local economies.

- **Reduces Prices of Repair:** If a manufacturer has monopoly on repairs, then prices rise exponentially and quality tends to drop. Repair manual in the market will bring down the cost of offering such a service.
- **Circular Economy:** It will contribute to circular economy objectives by improving the life span, maintenance, re-use, upgrade, recyclability and waste handling of appliances.
- **Durable devices:** Some believe manufacturers of electronic devices may even start making their products more durable and long lasting.

Large tech companies, including Apple, Microsoft, Amazon and Tesla, have been **lobbying against the right to repair.**

- **Misuse & compromise on safety:** Their argument is that opening up their intellectual property to third party repair services or amateur repairers could lead to exploitation and impact the safety and security of their devices.
- Tesla, for instance, has fought against right to repair advocacy, stating that such initiatives threaten **data security and cyber security.**
- These companies are constantly claiming that they are **working towards greater durability themselves**, hence there is no need of such legislations.

Do You Know?

- Earlier this month, the UK government introduced right-to-repair rules with the aim of extending the lifespan of products by up to 10 years.
- Manufacturers of products like washing machines, TVs and refrigerators are required to make spare parts available to people purchasing electrical appliances.
- The new legislation gives manufacturers a two-year window to make the necessary changes to abide by the new legislation.
- However, it does not cover all electrical appliances. It includes dishwashers, washing machines, refrigeration appliances and televisions. **Smartphones and laptops, however, have been excluded.**

UP'S POPULATION POLICY



UP's Population Policy aims at:

- Decreasing the total fertility rate from 2.7 to 2.1 by 2026 and 1.7 by 2030.
- Increase modern contraceptive prevalence rate from 31.7% to 45% by 2026 and 52% by 2030.
- Increase male methods of contraception use from 10.8% to 15.1% by 2026 and 16.4% by 2030.
- Decrease **maternal mortality rate** from 197 to 150 to 98, and infant mortality rate from 43 to 32 to 22, and under 5 infant mortality rate from 47 to 35 to 25.
- The State's policy also aims at increasing the life expectancy from 64.3 to 69 by 2030 and child sex ratio (0-6 years) from 899 to 919 by 2030.

- To achieve this, a new piece of legislation has been drafted.
- **Key Provisions of the Bill are**
- **Incentives to govt. employee:**
 - Upon voluntary sterilisation of self or spouse after the second child, a government servant can receive two additional increments during the period of service, subsidy on property purchase from government bodies, housing loans at softer terms, rebates on utility charges, maternity/paternity leave of 12 months, 3% additional contribution from govt. to NPS.
 - For sterilisation post one-child, there is free healthcare and insurance for the child, free education up to graduation, scholarship if the child is a girl, etc.

- **Incentive to non-govt. persons:** For those who are not government employees and still contribute towards keeping the population in check, benefits like rebates in taxes on water, housing, home loans etc. will be provided.
- **Financial Incentive:** BPL couples adopting the one-child policy will get lumpsum money from the government.
- **Disincentives:** A person who breaches the two-child norm will be debarred from securing the benefit of any government-sponsored welfare scheme and will be disqualified from applying to any State government job.
- **Election Qualification Norm:** It proposes that any citizen who “violates” a two-child policy be barred from contesting local bodies polls
- **Awareness:** State government to introduce population control as compulsory subject in all secondary schools. Awareness and extensive programmes would be held among those communities, cadres and geographical areas that have a higher fertility rate

- **Applicability:** The provision of this legislation shall apply to a married couple where the boy is not less than 21 years of age and the girl is not less than 18.
- **Non-Coercive:** The policy will be voluntary – it will not be enforced upon anyone
- **Dedicated Fund:** The Uttar Pradesh government plans to set up a state population fund to implement the measures.
- **Concerns**
 - These recommendations are rooted in a culture of coercion because making **welfare conditional is a form of coercion**

- A policy or law that arms governments with more powers over citizens is erroneous for a fundamental reason: India is not being threatened by a “population explosion”. Rather, **India is naturally witnessing Population decline.**
 - TFR has declined from 3.4 in 1994 to 2.2 in 2015. Even in populous UP, the TFR has fallen an impressive 1.1 points to 2.7 in the span of a decade — without the state’s coercive measures
- An already **skewed sex ratio** may be compounded by families aborting a daughter in the hope of having a son with a view to conforming to the two-child norm.
- Coercion to have certain number of children can lead to **demographic distortion.**

- **Right to Privacy** among other things also includes liberty over intimate personal choices such as those governing reproduction.

Conclusion

- The **success of India's southern states** in containing population growth indicates that economic growth as well as attention to **education, health and empowerment of women** work far better to disincentivise larger families than punitive measures.
- Government must go beyond demographic targets and focus instead on guaranteeing a **right to reproductive freedom**, as enunciated in International Conference on Population and Development Programme of Action, 1994

INDIA OUT CAMPAIGN IN MALDIVES

- **Context:** The Indian High Commission in the Maldives has sought government action and greater security following what it calls “recurring articles and social media posts **attacking the dignity of the High Commission**” and diplomats posted in the country.
 - ‘India Out’ campaign in Maldives had started sometime last year as on-ground protests in the Maldives and later **widely spread across social media platforms** under the same hashtag.
 - It is **not related to people-to-people conflict** (Indian diaspora) but is discontent on close relationship between Maldivian government & India.

- **What factors have led to such anti-India sentiments in Maldives?**

1. Domestic Politics

- The anti-India sentiment didn't just sprout overnight last year, but is nearly a decade old and can be traced back to when Abdulla Yameen Abdul Gayoom became president in 2013.
- He used anti-India sentiments for his political mobilization and started tilting China.
- India-Maldives relations deteriorated during Yameen's rule from 2013-18.
- Ibrahim Mohamed Solih who became President in 2018 has restored Maldives close ties with India.

2. Controversy over India's helicopter gift

- Two Dhruv Advanced Light Helicopters (ALF) that were given by India to the Maldives in 2010 and in 2015,
- Both of these were used for ocean search-and-rescue operations, maritime weather surveillance and for airlifting patients between islands.
- Yameen's party PPM tried to portray that by gifting these helicopters, India was creating military presence in the country because they were military choppers.
- This twisting of situation by political party further whipped up anti-India sentiments as Maldives Citizens considered it as affront to their Sovereignty.
- However, Ibrahim Mohamed Solih after he assumed office in 2018 extended the stay and use of these choppers in the country.

3.Opaqueness in India-Maldives relationship

- A recurring complaint in Social Media is the lack of transparency in agreements being signed between the Ibrahim Solih government and India.
- Most of the 'India Out' campaign wouldn't have arisen had these bilateral agreements been publicly discussed in the Maldives Parliament.
- But the ruling government and the defence ministry saying that these agreements are confidential has further led to suspicions fuelling India Out Campaign

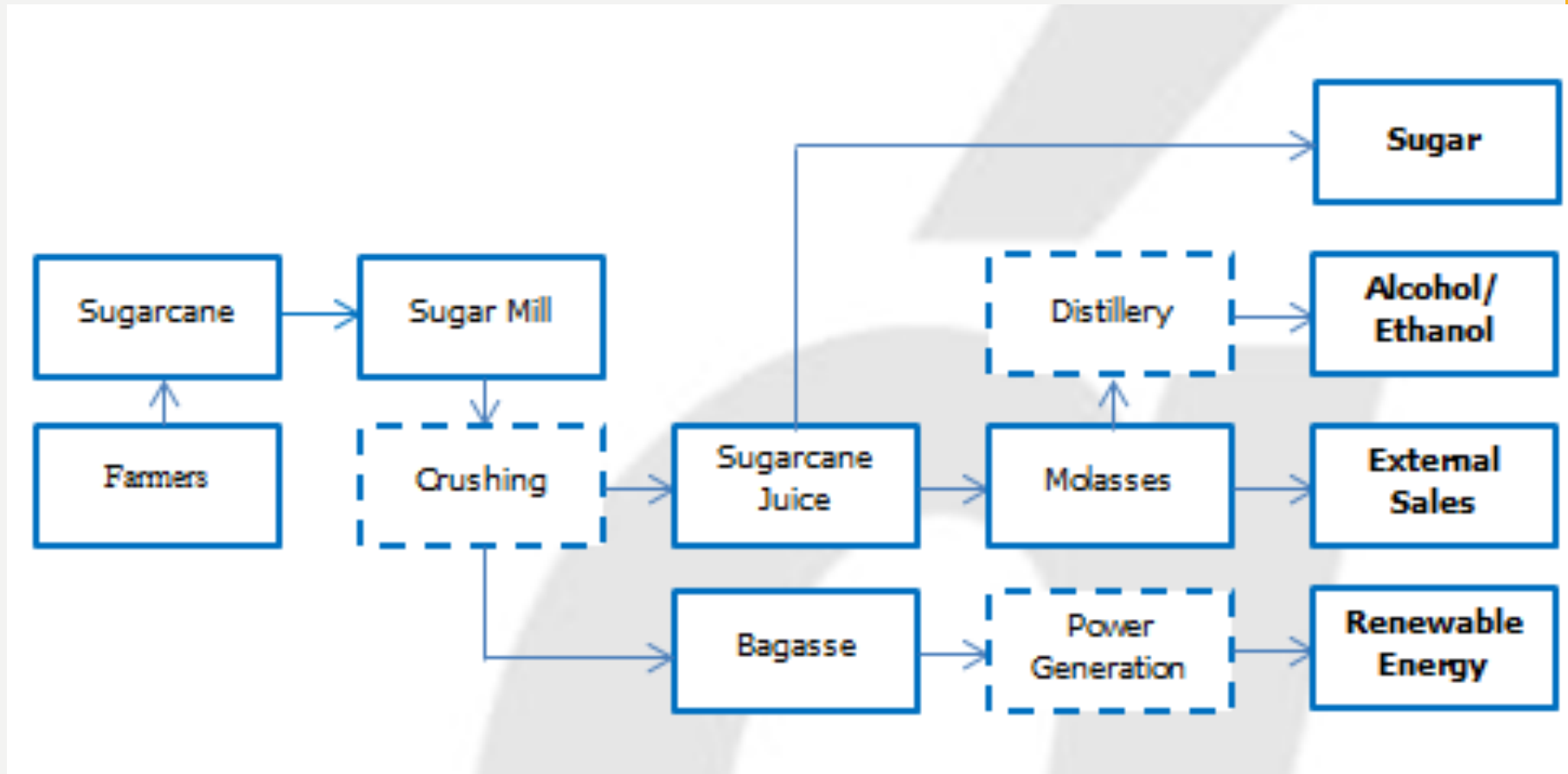
4. Perception of interference in Domestic Affairs

- India being a big neighbour, there are unsubstantiated perceptions & allegations on Indian Diplomats stationed in Maldives interfering in Domestic affairs.
- Such misinformation is also one of the factor for anti-India campaigns

- **Conclusion**

- The mobilising of ordinary citizens through the 'India Out' campaign doesn't bode well for India.
- So India has to work on perception management in the Maldives and need to earn the good will of the people

SUGAR REFORMS



On an average, 95 kg of sugar and 10.8 litres of ethanol can be produced from 1 tonne of sugarcane.

1. Beginning of Decontrol in 2013

- The decontrol focussed on the sugar side of the business. It allowed **sugar mills to sell whatever quantity** they wanted at a time and price of their choice.
- Supply of **levy sugar at discounted prices** to the government for distribution through **PDS** was also ended.
- However, the controls on the sugarcane side remained and it continues even today with government fixing the price of sugarcane

- **New variety of sugarcane (CO 238) in 2016-17**
- This was developed for use in Uttar Pradesh (UP) which delivered significantly **higher yield** (30 tonne per acre against 22 tonne from earlier varieties) and even **higher recovery** (sucrose content was 11.5 per cent as against earlier 9.5 per cent).
- Considering that UP produces bulk of India's sugarcane, its share in the country's sugar output rose to 40 per cent from 25 per cent.
- This made India a consistently surplus sugar producer.

3. Surplus Management

- Today, production exceeds domestic consumption by 60 lakh tonne and the focus has shifted to managing the surplus.
- This necessitated government to **re-introduce monthly sale quota** and **fixed minimum selling price for sugar** to ensure the cash-strapped sugar mills do not flood the domestic market with sugar.
- That kept the local prices stable.
- To liquidate excess stock of sugar, it **announced export subsidies**.
 - Without subsidies Indian exports are unviable as cost of producing sugar (thanks to high cane price) is way above the international sugar price.
- This was promptly **contested by other countries in the WTO**. India has been allowed to continue with the subsidies till December 2023. The fear is what will happen post-2023.

4. Boosting Ethanol Production & using it as tool to manage surplus

- India's ethanol programme — blending ethanol with petrol for use as auto fuel, was first announced in 2003.
- If implemented properly, it offers multiple benefits —
 - Improve sugar mills' cash flow
 - Ensure better prices for farmers
 - Enhance India's energy security
 - Reduce pollution.
- It never took off for multiple reasons —
 - Poor pricing of ethanol supplied for blending
 - Periodic shortages of sugar
 - Competing demand from potable alcohol sector

- The Modi government revived the programme by **fixing attractive prices for ethanol that oil marketing companies (OMCs)** procured for blending. This motivated the sugar mills to produce ethanol.
- The government then allowed sugar mills to **produce ethanol from earlier stages of sugar production** (sugarcane juice & B-Molasses) rather than just C-Molasses.
 - More importantly, it also offered higher prices for ethanol produced from cane juice and B-Molasses (to compensate mills for reduction in sugar output).
- These measures not only enhanced ethanol availability but also **helped in tackling the sugar surplus**.
 - In 2019-20 sugar season (October-September), 8 lakh tonnes of what would have been sugar output was converted into ethanol. The plan is to convert the entire sugar surplus of 60 lakh tonnes into ethanol in the next 2-3 years.
- **In case the sugar production drops in a particular year**, the government can reduce direct conversion of sugarcane juice to ethanol by lowering its procurement price. Ethanol, thus, is proving to be a **good tool to manage the sugar surplus**.

Conclusion

To make the Indian sugar industry truly self-reliant, just one step remains — freeing up cane pricing.

- Sugarcane price fixed by the government today has little correlation to the realisation from end products. This inflicts huge losses on the mills and causes cane arrears to build.
- A solution is available. The Rangarajan Committee has suggested a formula to fix cane price factoring in the price of sugar and other by-products
- In case the cane price, arrived by the formula, drops below what the government considers as a reasonable payment, it can bridge the gap from a dedicated fund created for the purpose and a cess can be levied to build up the fund.

EMPOWERING LOCAL BODIES

- **Context:** The Covid-19 pandemic has taught us an important lesson that decentralisation is key to successful prevention, detection and management of diseases in urban areas.
- While municipalities across India are closely involved one way or another in the fight against Covid-19, they are mostly taking **instructions from state governments**, either directly or through district collectors.
- A recent audit report **of CAG on the audit of implementation of the 74th CAA in Karnataka** has lessons for most states
- The following observations and recommendations in the report pertaining to Karnataka that have national implications

- The **decentralisation of functions** in cities is more formal than real. While 17 out of the 18 functions supposed to be handled by ULBs have been devolved under state municipal acts, ULBs have full authority only over three.
- **Elections**, though due in 23 ULBs, were not held, and 210 out of 280 ULBs did not have a functioning council. The absence of an elected council is a mockery of democracy.
- Indian Constitution envisaged the **establishment of Ward Committees** as a means to enhance the role of citizens in urban governance. None of the 10 city corporations except Bengaluru had constituted them at the time of the audit.
- **Metropolitan Planning Committee** whose role is to prepare a draft development plan for the metropolitan region as a whole should be constituted and made effective

- **State Finance Commissions** need to be constituted on time and their recommendations implemented effectively. There is a nine-year delay so far in implementing SFC recommendations,
- **State parastatals** have undermined the status of ULBs as democratically-elected local self-governments.
- Limitations on the **ability of ULBs to raise revenues** need to be removed urgently. Arrears in water charges more than doubled to over Rs 200 crore by 2018-19
- ULBs need to **present realistic budgets**. There was a significant variance in the range of 23-98 per cent between budgets and actuals.

- ULBs need greater **authority to approve works**. City councils can only approve projects that cost up to a paltry Rs 2 crore
- ULBs need full power over their **human resources**. Of the 56,000 sanctioned staff strength, there is 31 per cent vacancy, of which 53 per cent are in Grades A to C.

Conclusion

- As this audit report reveals, too little has been done so far in 27 years and far more needs to be done urgently to implement 74th CAA in letter and spirit.

- Mongolia's Third Neighbour Policy – 13th July – (discussed in India-Nepal relations)
- Father Stan Swamy death – Misuse of UAPA – 14th July 2021
- **Circular Economy – 14th July 2021**
 - Recycling has three drivers:**
 - **Need** - conserve and reuse to save money
 - **Responsibility** - Understanding the impact of our choices and reducing carbon footprint through recycling
 - **Wealth** - Rising business opportunities that created wealth from recycling and reuse.



The use of sedition is like giving a saw to the carpenter to cut a piece of wood and he uses it to cut the entire forest itself



If you look at the history of use of this Section 124A of IPC, you will find that the conviction rate is very low. There is misuse of power by executive agencies

N.V. RAMANA Chief Justice of India