01/10 - World’s first three-parent baby born

The birth of the world’s first “three-parent baby,” a child who carries genetic information from three different people, was recently announced.

How was it done?

The baby was created via an IVF (in vitro fertilization) procedure that involved three people: the mother, the father and a woman who donated eggs. This specialized IVF procedure is called spindle nuclear transfer.

- Scientists took DNA from the nucleus of the mother’s egg cell and inserted that genetic material into an egg cell from the donor.
- The nucleus of the donor egg had been removed, but the egg still contained a bit of DNA from the donor woman: That is, it contained genetic material from the mitochondria, or the cell’s energy powerhouses, which have their own DNA. The egg was then fertilized with sperm from the father.

What was the need for it?

In this case, the procedure was done because the eggs of the mother contained faulty mitochondria. This caused four miscarriages and the death of two of her children from a neurological condition called Leigh syndrome.

About the procedure:

In the spindle nuclear transfer in this case, the scientists took five egg cells from the mother and removed a cellular part called the spindle, which carries the mother’s chromosomes. The researchers inserted these spindles into five donor eggs that had their nuclei removed, but which contained healthy mitochondria. The donor eggs then underwent in-vitro fertilization and developed for several days in a dish. Of the five early stage embryos, just one had a normal number of chromosomes. It was implanted into the mother, who gave birth to a healthy boy after 37 weeks of pregnancy.

What is the problem the procedure solves?

A small number of children each year are born with faults in their mitochondrial DNA which can cause diseases. Mitochondria are small structures that sit inside our cells and provide them with energy. They have their own set of 37 genes which are separate from the 20,000 or so genes that shape who we are.

How do the diseases affect people?

Mitochondrial diseases tend to strike in childhood and get steadily worse. They often prove fatal before adulthood. The parts of the body that need most energy are worst affected: the brain, muscles, heart and liver. Conditions include Leigh’s disease, progressive infantile poliodystrophy and Barth syndrome. Faulty mitochondria have also been linked to more common medical problems, including Parkinson’s, deafness, failing eyesight, epilepsy and diabetes.
Why do doctors want to do this?

There are no treatments for mitochondrial diseases, which affect about 1 in 6,500 babies in the more serious forms. Women at risk of passing them on have few options available to them if they want to give birth to healthy children. They could opt for using donor eggs or, in some cases, a form of pre-natal genetic diagnosis before one of their own IVF embryos is placed back into their womb. Creating IVF embryos using mitochondrial donation offers an opportunity of having their own, genetically related children who are free of mitochondrial defects. Furthermore, the process could mean that mitochondrial diseases are eliminated completely from future generations of that family.

What objections do people have to the procedure?

Mitochondrial transfer passes on genetic changes from one generation to another. That raises ethical concerns because any unexpected problems caused by the procedure could affect people who are not yet born, and so cannot give their consent to have the treatment. Mitochondria are not completely understood, and the DNA they hold might affect people’s traits in unknown ways. For that reason, some scientists believe mitochondria should be better understood before the procedures are legalised.

- Some people are opposed on religious or ethical grounds, particularly with pro-nuclear transfer technique which involves creating and then destroying a fertilised egg in order to treat another embryo.
- Others believe that there will be inevitable “carry over” of defective mitochondria from the affected mother’s fertilised egg to the donor egg. These mutant mitochondria could multiply during embryonic development to cause disease, perhaps in way we do not yet understand. This is why, they say, we need to do more research before allowing it to be used on people.

What’s not so good about this technique?

- Experts have warned that three-parent babies could be at greater risk of cancer and premature ageing, and would need to be monitored all their lives.
- Since this is uncharted territory and the children born from this technology would have heritable genetic changes, there are also significant unknown risks to future generations.
- There are numerous serious risks associated with this technology. These include most notably the possibility that developmentally disabled or deceased babies will be produced.
- Aberrations could also lead to developmental defects in babies or also manifest in later life as increased rates of ageing of cancer.

Where is it legalized?

The UK is the only country to have introduced laws to permit the technique. The European country legalized the treatment in 2015.

Way ahead:

There ought to be a better understanding of the implications and the completion of review of outstanding experiments on their safety before they are actually taken up.
03/10 - China’s One-Road-One Belt Initiative: A New Model of Global Governance

With its ‘One Belt One Road’ initiative, China is now seeking to establish its identity as a world class power. The One-Road-One-Belt (OROB) initiative for connectivity, with clear strategic advantages for China, contrasts sharply with existing treaty-based integration concepts where the geographical scope, partner countries, strategy, principles and rules are clearly defined at the outset. 34 countries have already signed cooperation agreements with China.

**What is One Belt, One Road initiative?**

The One Belt One Road initiative is the centrepiece of China’s foreign policy and domestic economic strategy. It aims to rejuvenate ancient trade routes—Silk Routes—which will open up markets within and beyond the region.

- Through this initiative, China’s plan is to construct roads, railways, ports, and other infrastructure across Asia and beyond to bind its economy more tightly to the rest of the world.

**What’s good about this initiative?**

- South Asia is the least integrated region in the world, and that is not in line with global trends. The new initiative aims to integrate the region.
- The Initiative, seen more as a policy indicator than a set of projects, will link three continents – Asia, Europe and Africa.
- China has cash and deposits in Renminbi equivalent to USD 21 trillion, or two times its GDP, and expects that the massive overseas investment in the OORB will speed-up the internationalization of the Renminbi.
- It is also seen as a strategic response to the military ‘re-balancing’ of the United States to Asia.

**There are several structural challenges that confront the Chinese OBOR initiative:**

- First, the perception, process and implementation to date do not inspire trust in OBOR as a participatory and collaborative venture. The unilateral ideation and declaration — and the simultaneous lack of transparency — further weaken any sincerity towards an Asian entity and economic unity. However, China says that it is committed to pursue wide-ranging consultations with the 60-plus nations on this issue.
- It is widely accepted that through this initiative China is projecting its military and political presence along OBOR. China is also willing to underwrite security through a collaborative framework. Hence, few countries including India have wholeheartedly not welcomed this initiative.
- Another challenge deals with the success of the ‘whole’ scheme, given that the Chinese vision document lays out five layers of connectivity: policy, physical, economic, financial and human. While no developing country will turn away infrastructure development opportunities financed by the Chinese, they may not necessarily welcome a rules regime built on a Chinese ethos.
- This belt runs through Pakistan-occupied Kashmir. Hence, a formal nod to the project will serve as a de-facto legitimisation to Pakistan’s rights on Pakistan-occupied Kashmir and Gilgit-Baltistan under the China-Pakistan Economic Corridor (CPEC) that is closely related to OBOR.

China is also aware that it is investing in a risky environment and that the OORB initiative may not be commercially rewarding. China has a three-fold solution to these problems:

- First, it invites governments to organize summits to identify issues and seek common understandings, cooperation memorandum and people-to-people contact as the basis for regional cooperation.
- Second, China is also organizing technical workshops of the concerned countries to facilitate investments and is partnering with multilateral institutions in this effort to give greater legitimacy. It is entering into areas the United
Nations and bilaterals have ignored but have been considered important by developing countries. For example, a workshop to harmonize intellectual property rights legislation was organized in Beijing in July, jointly with the World Intellectual Property Organization.

- Third, China is using money to resolve security issues, like paying Pakistan for an army division dedicated to the protection of Gwadar and is actively considering setting up a private security agency, borrowing ideas from something the United States has done for decades, but paid for by the companies rather than the government.

**India and OBOR:**

With China now a USD 10 trillion economy, compared to India’s economy of USD two trillion, India is at a defining movement on how the Asian Century will be shaped. The strategic question is whether Asia will have two poles, as it has had throughout history, or will India remain at Asia’s periphery as a regional power?

- Chinese political expansion and economic ambitions, packaged as OBOR, are two sides of the same coin. It is being seen as both a threat and an opportunity. To be firm while responding to one facet, while making use of the opportunities that become available from the other, will largely depend on the institutional agency and strategic imagination India is able to bring to the table.
- China is keen to have India on board and both recognize that working together is necessary for achieving the ‘Asian Century’. India should seek to ‘redefine’ OBOR to add a strong component for a ‘Digital Asia’, as that is where our comparative advantage lies, and for Asian connectivity to have two nodes, in China and in India, as has been the case throughout history.

**Way ahead:**

China is determined to push the OBOR initiative as it seeks connectivity rather than global rules leading to increased trade, and continuing growth. China plans to have free-trade agreements with 65 countries in the six ‘economic belts’ of the OBOR, accounting for two-thirds of the world population and 30% of GDP and consumption. The areas of cooperation include fibre optics, telecommunication, trade facilitation, monetary policy coordination and arrangements to manage financial risk. Bringing together policy areas that are currently split between the United Nations and Bretton Woods Institutions is a long-standing demand of developing countries.

The OROB initiative has moved beyond the discussion stage to being politically and economically accepted widely. In April 2016, an agreement was signed with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), treating implementation of the OROB initiative as promoting regional cooperation. This is in part an answer to India’s concerns that connectivity should be built through consultative processes and not unilateral decisions.

**Conclusion:**

It is fair to say that China, in deploying the OBOR initiative, has demonstrated a level of ambition and imagination which is mostly absent in India’s national discourse. India has so far been suspicious of the strategic implications of this initiative. If India sheds its inhibitions and participates actively in its implementation, it stands to gain substantially in terms of trade. Arguably, OBOR offers India another political opportunity. There seems to be a degree of Chinese eagerness to solicit Indian partnership. OBOR could potentially allow India a new track to its own attempt to integrate South Asia. However, India should act strategically on issues such as OBOR which will have a significant impact on India’s vital interests.
04/10 - Behind the Ire of the Marathas

The issue of reservation has once again come to the fore. Marathas in Maharashtra have come out on the streets in unprecedented numbers and with unusual calm to present their grievances.

What’s the issue?

Marathas have reiterated their demand for reservations, similar to communities in other states, notably the Gujjars in Rajasthan, Jats in Uttar Pradesh, and Patels in Gujarat. On the other hand, they have also demanded for the repeal of the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act (PoA).

Background:

The Marathas who are almost one-third of Maharashtra’s population are not a homogeneous community. Historically, they evolved from the farming caste of Kunbis who took to military service in medieval times and started assuming a separate identity for themselves. Even then they claimed hierarchy of 96 clans.

But the real differentiation has come through the post-independence development process, creating classes within the caste:

- A tiny but powerful section of elites that came to have control over cooperatives of sugar, banks, educational institutions, factories and politics, called gadhvavarcha (topmost strata) Maratha.
- The next section comprising owners of land, distribution agencies, transporters, contracting firms, and those controlling secondary cooperative societies, is the wadyavarcha (well-off strata) Maratha.
- The rest of the population of Marathas comprising small farmers is the wadivarcha (lower strata) Maratha.

Demand for Reservation:

The demand for reservation for the Marathas has been around since 1997. Various committees were appointed to look into the matter.

- The government-appointed committee under a retired judge R M Bapat, had rejected granting them inclusion in the Other Backward Classes (OBC) in its July 2008 report.
- The government instead of rejecting or accepting the report appointed a new committee under the retired judge B P Saraf.
- Before the Saraf committee submitted its report, the government set up another special committee headed by Narayan Rane. Rane recommended 16% reservation.
- The eager government got it accepted by the cabinet and hurriedly issued an ordinance. To its misfortune, the Bombay High Court stayed it in a matter of a public interest litigation (PIL) objecting to the OBC status for the Marathas. This was simply because total reservations in the state would go up to 73%, exceeding the limit set by the Supreme Court.

Why there is a need to reexamine our reservation policy?

- **Changed external conditions:** Since independence, the external conditions which initially led to reservations have changed tremendously. Economic growth has resulted in a decline in poverty numbers from 37% of the population to 22%. Such development should have brought down the number of people seeking reservations, in contrast, rewards to government jobs have grown sharply.
- **Increased popularity:** Wage increases associated with the Sixth Pay Commission and the expected implementation of the Seventh Pay Commission have made government jobs highly attractive. Hence, many groups historically tied to the land are now seeking favourable treatment while seeking entry into non-farm work.
• **Increased competition**: In the last decade, access to government jobs has been declining for all groups. The India Human Development Survey (IHDS) by University of Maryland and National Council of Applied Economic Research shows that although in 2004-05 15.3% of men aged 22-39 with education level of class 12 or more had a regular salaried job in the government or public sector, this proportion fell to 11.7% by 2011-12. This is because government jobs have stagnated while educational attainment has increased rapidly. Thus, it is not surprising that more claimants for these scarce jobs are aggressively staking their claims.

• **Ambiguity in the reservation process**: Since the First Backward Classes Commission headed by Kaka Kalelkar submitted its report in 1955, several attempts have been made to identify backward castes, resulting in frequent discordance between these lists. Lack of consistency and clarity has led to ambiguity in the entire process of reservation, leaving communities like Jats, Marathas and Patels dissatisfied.

• **Lack of Data**: The problem is exacerbated by the lack of credible recent data. Since the 1931 Census, the only effort at collecting data on different castes and their socio-economic circumstances was undertaken by the Socio-Economic Caste Census (SECC), 2011. The National Commission for Backward Classes claimed, in a report dated February 2015, that these data are neither available nor usable for the purpose of establishing the economic condition of various castes.

**How can we address these problems?**

• **Regular Surveys**: Conduct regular surveys to identify the beneficiaries who can claim the benefits under the reservation policy. This can be achieved by including data on caste in census surveys. The present phase in the planning cycle of the 2021 Census is the ideal time for ensuring that comprehensive data about caste and religion for all the groups, including forward castes, backward castes, and SCs and STs, are included in this Census.

• **Reevaluation**: These data should also be used to re-evaluate the eligibility of groups for inclusion in reserved categories every 10 or at least every 20 years. Much of the social stratification in India is linked to the occupational status of the various castes. With the changes in the economy, we can expect both the link between caste and occupation to weaken and the economic fortunes of various occupations to change considerably. The opportunity for re-examination of the caste-wise economic status would facilitate the setting up of a structure for the redressal of grievances.

• **Ensure wider reach**: We must also find a way of ensuring a churn in the number of individuals eligible for benefits to ensure that these benefits reach the widest segment of society. Though the creamy layer criteria exist, it has not been very effective. With the advent of the Aadhar card, one way of ensuring that the same families do not capture all the benefits is to ensure that each time someone uses their reserved category certificate, their Aadhar number is noted down and linked with the certificate.

• **Limiting the use**: It may be stipulated that the reserved category certificate can be used only once in 20 years, thus allowing for the benefits to reach even the sections that have hitherto been excluded from their ambit. This would ensure that the same individual is not permitted to obtain both college education as well as a government job by using the same eligibility criterion, nor can one obtain an initial posting as well as promotion using the same criterion.

**Way ahead:**

The main argument of the Marathas is that a majority of them are backward. This argument is axiomatic, applicable to any caste or community including Brahmins, and pricks the logic of backwardness as the basis for reservations. It is true that the majority of the Marathas are small landholders, and they took pride in their sociopolitical dominance, neglected education as well as the changing environment. Over the years, with mounting agrarian crisis, mainly due to neo-liberal policies of the government, accentuated by the crop failures in Maharashtra in the previous three seasons, they experienced severe erosion of their status.
However, as a community, they still own most land (32% of Marathas own in excess of 75% of land) and dominate all spheres of public life. Even then if they are included, the other OBCs will be up in arms against them; some already are.

**Conclusion:**

The key to dealing with the quota quagmire lies in shuffling people in and out of the eligibility criteria and ensuring that the benefits are not concentrated among certain groups and/or individuals. All these principles are consistent with the democratic ideals and vision of social justice envisaged in India’s Constitution. It may be possible to achieve a consensus across the political spectrum for adopting a non-political and pragmatic approach to reservations. It is time we address the challenge of reservations honestly, fairly and innovatively by creating opportunities for all disadvantaged children. Along with improving school education outcomes, a more rational model of reservation based on equity and common sense must be envisaged.

**05/10 - All about means and ends**

**Summary:**

The MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) scheme has successfully completed 10 years. Considered one of the biggest social welfare programmes in the world, this programme aims at generating 100 days of work in rural areas. In the last 10 years, the programme has lifted lakhs of people out of poverty, though many lacunas still exist in it.

**Background:**

It was in February 2006, that Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was for the first time notified on an experimental basis in 200 odd districts across the country. The event marked a watershed in the right-based entitlement framework of the country and for the first time provided a legal guarantee for wage employment.

The Act, guaranteed a minimum 100 days of employment out of the 365 days in a year to every willing household, within 15 days of making such a requisition. This is the only law in the country that is not budget constrained and is not supply driven.

**MIS:**

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is not only a pioneering livelihood security programme but also a great example of proactive disclosure of information through its Management Information System (MIS).

- It is the first transaction-based real-time system for any public works programme in the country that is available in the public domain.
- There has been a digitisation of all the processes in MGNREGA — right from a worker registering demand for work, to work allotment, to finally getting wages for completed works.
- Another notable feature of the MIS is the availability of information through online reports at various levels of disaggregation. This has enabled any citizen to monitor the implementation of the programme and has consequently charted a new paradigm of transparency since the enactment of the Right to Information (RTI) Act.
- Individual worker details from around 2.5 lakh gram panchayats are available in the MGNREGA MIS.
Some of the objectives of MIS are as follows:

- Bring transparency to the entire system.
- Make various registers, muster rolls, documents available to public.
- Provide single window interface for all stakeholders of NREGA.
- Maintain records of 100 days of employment to a family.
- Maintain accounts and generate all registers/documents to be kept at Gram Panchayat in the format specified in guidelines.
- Track transfer of funds to various implementing agencies.
- Decide when and how much funds to replenish in which account.
- Highlight the irregularities, send alerts to various stakeholders.

However, the sheer scale of information available on implementation is no mean achievement. While this system is certainly a great feather in the cap of a transparent democracy, there are few shortcomings:

- Firstly, the MIS is accessible only from 6 a.m. to 6 p.m. Indian Standard Time. This is a huge impediment for collaborative work across time zones.
- Second, it does not provide any data dictionary. A data dictionary is a repository of all the names of variables/columns used in various reports, containing a brief explanation of its meanings. Such a dictionary is crucial so that any citizen accessing the online reports can understand the content in them.
- Third, the nomenclature of the column names in the online reports is not consistent. The same column name is labelled differently in different reports. For instance, what is referred to as the Payment Date in the report of weekly works (‘Mustroll Report’) is known as the Second Signatory Date in a report titled ‘FTO Second Signatory’. Payment Date is also a misnomer as it does not refer to the date on which a worker gets paid.
- Fourth, some obvious worker-centric links in the data structure are missing. For example, every household that does MGNREGA work has a unique job card number. This number is crucial to get work. Upon completion of a work week, a Funds Transfer Order (FTO) is generated containing the details of each job card holder’s earned wages. On the MIS, there is no clear link between these two crucial pieces. As such it becomes difficult to follow the trail of each job card holder from the time of work demanded to getting the wages.

What is to be done?

- Record maintenance at the Gram Panchayat level requires to be streamlined. This should be monitored closely at all levels and funds should be linked to proper maintenance of records.
- Original data fed into the system should be checked before updating the MIS.
- There is a need to put in place stricter controls for data modification after authentication and closure of data entry.
- The staff deployed to feed the data should be properly trained and they should be held accountable in case of data fudging. Operational Guidelines are required to be followed.
- A governance framework for the MIS needs to be put in place that lays out the minimum standards and accountability of the Ministry managing the system. Such a framework must be built in consultation with all concerned parties and should follow the provisions of the law (both MGNREGA and RTI).
- The system design choices should reflect the values of the worker-centric programme and hence principles need to be followed for compassionate design.
Conclusion:

The rampant discrepancies noted naturally raise questions as to the way forward regarding accurate data reporting with respect to social welfare schemes such as the MGNREGS. On one hand, technology is not a silver bullet for effective implementation and monitoring of MGNREGS. But on the other hand rejecting the MIS outright would be like throwing out the baby with the bathwater. The system should have proper checks and balances. While the automated calculation is a progressive measure, its basis must be correct and transparent. The MIS is a powerful mechanism to have an evidence-based discourse for monitoring basic services.

06/10 - Ever more draconian

Summary:

Recently, the Patna High Court struck down as unconstitutional Bihar’s amendments to its 1915 Excise Act that prohibited the sale or possession of alcohol.

- The judgment argued that even laws that sought justification in the Directive Principles of State Policy in the Constitution had to be reasonable and must respect fundamental rights.
- In addition, the court said, the punishments prescribed by the law were “quite unreasonable and draconian and cannot be justified in a civilised society.

How has the government countered this?

In response to this, the Bihar government has come out with a new and more stringent liquor-ban law with provisions such as arrest of all adults in the family if anyone consumes or stores alcohol.

- The government has notified the Bihar prohibition and excise act, 2016, to ensure that the ban on sale and consumption of alcohol, including Indian-made foreign liquor (IMFL), continues in Bihar.
- Under the new law, those flouting the ban face up to 10 years in jail, a fine of up to Rs 10 lakh and there is also a provision to confiscate the house or premises where liquor is stored or drunk. Though in a rare case, it also prescribes death penalty if people die after consuming hooch.
- Also, in a separate action, the government will appeal in the Supreme Court against the strike-down in the high court.

Key facts:

- Alcohol is a subject in the State list under the seventh schedule of the Indian Constitution.
- Article 47 of the Directive Principle in the Constitution of India states that “The state shall undertake rules to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health.”

Ban on alcohol consumption:

Why it is good?

- Prohibition of alcohol limits and/or prevents alcohol addiction. This particular addiction can easily ruin people’s lives, including their jobs, their friends, their families, and obviously themselves too.
- Alcohol, especially in large quantities, can damage people’s kidneys and livers, and can eventually lead to death.
- Some religions (such as Islam, Mormonism, and some Pentecostal Christians) expressly forbids the consumption of alcohol.
Some argue that there is a direct correlation between alcohol consumption and an increase in crime. Violent crimes, assault, and disorderly conduct are most common with persons who are intoxicated.

- Prohibition reduces the causalities and damages through drunk driving.
- Alcohol can be a very expensive habit.

**Why it is not so good?**

- There are serious doubts about the governments’ political will and administrative ability to prevent total sale and consumption of liquor.
- Ban may also lead to smuggling of illicit liquor and production of spurious liquor.
- It also spawns massive corruption. Prohibition may not automatically result in wise and healthy spending patterns.
- Blanket bans could adversely affect tourism, hospitality and other businesses, besides being an unfair intrusion into personal choices of a large section of people who can afford liquor and consume moderately.
- Alcohol addiction is considered a victimless crime, since it primarily affects the alcoholics. While it does affect the people around alcoholics, it does not directly affect them. People can always keep their distance from or leave alcoholics, if they choose.
- Criminal organizations will mostly profit from prohibition and, that in return, will promote other illegal activities.
- In most cultures and religions, social drinking is an acceptable practice.
- Also, people should have the freedom of choice to decide to drink alcohol or not, as long as that freedom does not infringe on the freedoms of other people. Therefore, a law prohibiting alcohol would remove the freedom of choice.

**How will this affect the state exchequer?**

The sale of alcohol contributes to the economy of the state through the tax directly and through the tourism, indirectly. The State Excise in India is mainly imposed on the sale of liquor, which is commonly known as Liquor tax. The states like Karnataka, Andhra Pradesh and Punjab earn a large portion of their revenue from the State Excise. Because of the ban in consumption of alcohol in dry states, they are regarded as a poor contributor.

**What can be done to discourage alcohol consumption?**

- Enforce a minimum price for alcohol.
- Raise the legal drinking age.
- Stop distribution of new licenses.
- Ban marketing of alcohol.

**Conclusion:**

While total prohibition may be a laudable objective and one of the Directive Principles of State Policy, it is doubtful whether this will bring down consumption. In a non-permissive society, it may only result in converting drinking into a covert activity, a phenomenon requiring policing and also bringing corruption in its wake. It is evident that the problem is complex and there can be no easy solutions, especially one that fits all. Therefore, addiction should be addressed at two levels: temperance campaigns to promote moderate consumption and opening of de-addiction centres to help those suffering from addiction. Just a blanket ban will not work.
07/10 - The need for reform of defamation laws

Summary:
A BJD Member of Parliament is planning to propose a new Bill to reform the laws on defamation. Currently, the law favours protecting the right to reputation over the right to free speech and a new law may actually be the best way to fix the situation.

What is defamation all about?
Defamation refers to the act of publication of defamatory content that lowers the reputation of an individual or an entity when observed through the perspective of an ordinary man. If defamation occurs in spoken words or gestures (or other such transitory form) then it is termed as slander and the same if in written or printed form is libel. Defamation in India is both a civil and a criminal offence.

- In Civil Law, defamation falls under the Law of Torts, which imposes punishment in the form of damages awarded to the claimant (person filing the claim).
- Under Criminal Law, Defamation is bailable, non-cognizable and compoundable offence. Therefore, the police cannot start investigation of defamation without a warrant from a magistrate (an FIR cannot be filed). The accused also has a right to seek bail. Further, the charges can be dropped if the victim and the accused enter into a compromise to that effect (even without the permission of the court).

Sections 499 and 500:
Sections 499 and 500 in the IPC deal with criminal defamation. While the former defines the offence of defamation, the latter defines the punishment for it.

- Section 499: Whoever, by words either spoken or intended to be read, or by signs or by visible representations, makes or publishes any imputation concerning any person intending to harm, or knowing or having reason to believe that such imputation will harm, the reputation of such person, is said, except in the cases hereinafter expected, to defame that person.
- Section 500: Whoever defames another shall be punished with simple imprisonment for a term which may extend to two years, or with fine, or with both.

Why defamation should remain a criminal offence?
Arguments ‘In favor’:

- Defamation should remain a penal offence in India as the defamer may be too poor to compensate the victim in some cases.
- Since there is no mechanism to censor the Internet from within, online defamation could only be adequately countered by retaining defamation as a criminal offence.
- Also, criminalisation of defamation is part of the state’s “compelling interest” to protect the right to dignity and good reputation of its citizens.
- Unlike in the U. S, defamation in India cannot be treated only as civil liability as there is always a possibility of the defamer being judgment free, i.e., not having the adequate financial capability to compensate the victim.
- Besides, Sections 499 and 500, framed in 1860, cannot be said to obsolete in a modern democratic polity as there are 10 exceptions to Section 499 of the IPC. These exceptions clearly exclude from its ambit any speech that is truthful, made in good faith and/or is for public good.
Arguments ‘Against’:

- ‘Truth’ is generally considered to be a defence to defamation as a civil offence but under criminal law, truth is a defence only in a limited number of circumstances. Besides the statement or writing being demonstrably true, it also requires to be proved that the imputation was made for public good.
- Critics argue that defamation law impinges upon the fundamental right to freedom of speech and expression and that civil defamation is an adequate remedy against such wrongs.
- Many countries worldwide are in favor of treating defamation as a civil wrong, not as a criminal offence. Also, in 2011, the Human Rights Committee of the International Covenant on Civil and Political Rights called upon states to abolish criminal defamation, noting that it intimidates citizens and makes them shy away from exposing wrongdoing.
- The misuse of law as an instrument of harassment is also pervasive in India. Often, the prosecutor’s complaint is taken at face value by courts, which send out routine notices for the appearance of defendants without any preliminary examination whether the offending comments or reports come under one of the exceptions spelt out in Section 499. Thus, the process itself becomes the punishment.
- Criminal defamation has a pernicious effect on society: for instance, the state uses it as a means to coerce the media and political opponents into adopting self-censorship and unwarranted self-restraint.
- The law can also be used by groups or sections claiming to have been hurt or insulted and abuse the process by initiating multiple proceedings in different places.
- Also, criminal defamation should not be allowed to be an instrument in the hands of the state, especially when the Code of Criminal Procedure gives public servants an unfair advantage by allowing the state’s prosecutors to stand in for them when they claim to have been defamed by the media or political opponents.
- Defamatory acts that may harm public order are covered by Sections 124, 153 and 153A, and so criminal defamation does not serve any overarching public interest. Even though Section 499 provides safeguards by means of exceptions, the threat of criminal prosecution is in itself unreasonable and excessive.

What needs to be done now?

Reforms to defamation would best be done through the enactment of a new statute. Such a law should decriminalize defamation and reform civil defamation to make it fairer and clearer.

- The new law should also factor in the Internet and new media when deciding issues like who can be punished for defamation and how.
- Limits should also be set around civil defamation—not only must the loss to reputation be serious, the proof must also be substantial. The complainant must demonstrate that material injury was caused to their reputation as a direct result of the alleged statement.
- Truth, opinion and reasonable inference should also be made viable defences in defamation suits.
- Courts should also be empowered to impose exemplary costs on frivolous suits that waste their time.
- To ease the burden of the judiciary, it is vital that courts are required to only hear serious defamation cases that haven’t been amicably settled.
- Legal reforms can also be supplemented by measures addressing the imbalance of resources, such as indemnification clauses in contracts for journalists and a form of defamation insurance.

Conclusion:

While the right to reputation may be protected by the Constitution, it should not be at the cost of freedom of speech. Free speech is necessary because, among other things, it enables the media to hold governments and individuals accountable. Freedom of speech should also protect the right to offend within reasonable limits, i.e. to legitimately
criticize the rich and powerful. Ultimately, some kind of reform is necessary—free speech is meaningless without the right to reasonably offend. If the ability to legitimately criticize is not protected, voices throwing light on important issues will continue to be silenced by the rich and powerful. And without those voices, the Indian state could be dramatically altered or compromised while Indians are kept in the dark.

08/10 - The elusive peace in Colombia

Summary:

A narrow win for Colombia’s opponents to a government peace deal with FARC rebels has thrown the country into disarray, leading one journalist to starkly declare, “Nobody really knows what will happen tomorrow.”

What happened?

A majority of the electorate in Columbia voted ‘No’ in the recently held referendum on a peace agreement reached between the government of President Juan Manuel Santos and the guerrillas of the Revolutionary Armed Forces of Colombia (FARC). It would have immediately set in motion the process of disarming the rebels.

Why did they reject it?

It is because many Colombians were angered by what they saw as insufficient punishment for those who perpetrated a litany of crimes against their people.

- It’s estimated 220,000 were killed in the 52-year conflict which displaced as many as 5 million people.
- At the height of its terror campaign, the armed group seized territory, attacked government forces and conducted high-profile kidnappings. The rebels also hijacked planes, made millions trafficking cocaine and forced children to fight.
- For just over half of those who voted, the FARC’s past crimes were too much to forgive.
- The main criticism is that “justice” is being sacrificed for achieving “peace”. Under the terms of the current agreement, most of FARC’s rank and file would be allowed to lead civilian lives. The leadership will be judged in special tribunals with reduced sentences.

How it all started?

The 1948 assassination of populist firebrand Jorge Eliecer Gaitan led to a political bloodletting known as “The Violence.” Tens of thousands died, and peasant groups joined with communists to arm themselves. A 1964 military attack on their main encampment led to the creation of the Revolutionary Armed Forces of Colombia, or FARC.

What the rebels wanted?

Though nominally Marxist, the FARC’s ideology has never been well defined. It has sought to make the conservative oligarchy share power and prioritized land reform in a country where more than 5 million people have been forcibly displaced, mostly by far-right militias in the service of ranchers, businessmen and drug traffickers. The FARC lost popularity as it turned to kidnapping, extortion and taxes on cocaine production and illegal gold mining to fund its insurgency.
Involvement of the US:

In 2000, the United States began sending billions of dollars to counter drug-trafficking and the insurgency under “Plan Colombia,” which helped security forces weaken the FARC and kill several top commanders. The State Department classifies the FARC as a terrorist organization and its leaders face U.S. indictments on drug-trafficking charges.

What next?

The rejection of the plan has left the administration of President Juan Manuel Santos wrongfooted and, as the president himself said, “without a plan B.”

- Now the rebels and the Colombian government, facilitated by international leaders, will have to go back to the drawing board to re-imagine a peace that is acceptable to the people of Colombia, speaking on behalf of the victims of murder, extortion and kidnapping.
- It is largely unclear what the path forward looks like. Now, a ceasefire will remain in place and negotiations will continue in Havana, Cuba. However, the FARC maintains the willingness for peace and they reaffirm their disposition to use only the word as a constructive weapon towards the future.
- It’s unlikely that the FARC leadership would give up former rebels to jail time to satisfy the demands of the slim majority which rejected the deal. FARC members and supporters already feel that the group has conceded too much in its quest for a settlement.
- As so little is known about what comes next, it is unclear if the process to get the derailed deal back on track will happen quickly or slowly. It is unlikely that the whole deal will be scrapped, but rather the contentious clause which keeps former rebels out of jail will be renegotiated.

Conclusion:

With all its imperfections, this was the best opportunity in decades to end a war in which both sides have committed terrible crimes. While the atrocities committed by FARC are well-documented, government troops and the army-backed right-wing paramilitaries stand accused of excessive use of force, turning the Colombian countryside into a war zone. Now, the government and the rebels may have to go through another round of tortuous talks. While reaching a new agreement has its own challenges, it is plausible for both sides, having established goodwill and trust over the past four years of negotiations, to look for creative diplomatic solutions to end the war for good. The Colombian government should also try to win over the opposition, which would strengthen its appeal to the public for a deal.

10/10 - Why monuments would be worse off without the World Heritage status

Summary:

The UNESCO World Heritage Convention of 1972 aims to protect cultural and natural heritage, through preservation of monuments, buildings and national parks and even cities, among others. So far, 192 countries including India have ratified the convention.

What you need to know about the World Heritage List?

- The list is maintained by the international World Heritage Programme administered by the UNESCO World Heritage Committee, composed of 21 UNESCO member states which are elected by the General Assembly.
- Each World Heritage Site remains part of the legal territory of the state wherein the site is located and UNESCO considers it in the interest of the international community to preserve each site.
There are presently 1,052 World Heritage sites in 165 countries, of which 814 are cultural sites, 203 natural and 35 mixed; 55 more properties are on the “in danger” list.

Italy is home to the greatest number of World Heritage Sites. Europe and North America are home to nearly half of all World Heritage sites.

**How are they selected?**

Until the end of 2004, there were six criteria for cultural heritage and four criteria for natural heritage. In 2005, this was modified so that there is only one set of ten criteria. Nominated sites must be of outstanding universal value and meet at least one of the ten criteria.

1. Represents a masterpiece of human creative genius and cultural significance.
2. Exhibits an important interchange of human values, over a span of time, or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning, or landscape design.
3. To bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared.
4. Is an outstanding example of a type of building, architectural, or technological ensemble or landscape which illustrates a significant stage in human history.
5. Is an outstanding example of a traditional human settlement, land-use, or sea-use which is representative of a culture, or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change.
6. Is directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance.
7. Contains superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance.
8. Is an outstanding example representing major stages of Earth’s history, including the record of life, significant ongoing geological processes in the development of landforms, or significant geomorphic or physiographic features.
9. Is an outstanding example representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water, coastal and marine ecosystems, and communities of plants and animals.
10. Contains the most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation.

**Danger list:**

Countries will have to identify sites they want considered for the World Heritage status, and this has led to criticism that some properties of real cultural or natural significance may be ignored. A country will have to first put its prospective sites on the tentative list and then decide which of those it wants to nominate for inclusion on the World Heritage list.

Once a site is inscribed on the World Heritage list, it has to follow the monitoring guidelines of the WHC. All countries will have to mandatorily submit a report to the WHC on their sites every six years, and the WHC assesses them. If a site faces threats to its conservation and the threats are not addressed, the WHC could put it on the list of sites in danger. Only after the country has done enough will the site be taken off the list.
Benefits of World Heritage Status:

- The sites on the list serve as a magnet for international cooperation may thus receive financial assistance for heritage conservation projects from a variety of sources including private funding.
- The status adds cachet to the site.
- Leads to increase in tourism.
- Helps in regular monitoring of the sites.
- Puts pressure on governments through fear of delisting the sites.
- It provides an opportunity to share the international expertise in the field of conservation.

Challenges:

- World Heritage Status does not necessarily mean more funding. Between 1983 and 2008, India received less than a million dollars from the WHC in financial assistance. Since 2008, India has not sought any funds. For 2016-2017, the World Heritage Fund has $5.9 million at its disposal, an insignificant sum given the large number of properties vying for it.
- Sometimes, rise in tourism may be counterproductive to conservation efforts.
- The fear of delisting may not be sufficient to get governments act sometimes.
- The convention has not been effective in protecting the sites in conflict zones. For instance, The WHC has come in for criticism for failing to protect sites like the Bamiyan Valley in Afghanistan, where Buddha statues were destroyed by the Taliban in 2001, and the remains of the historical cities of Palmyra in Syria and Hatra in Iraq, both of which were damaged by the Islamic State terrorist group.

World Heritage Sites in India:

- India, which ratified the Convention in 1977, has 27 cultural World Heritage sites, seven natural sites and one mixed site.
- Among the cultural properties are the Taj Mahal, the monuments of Hampi, the churches and convents of Goa, Jaipur’s Jantar Mantar and the Mountain Railways of India, which include the Darjeeling, Nilgiri, and Kalka-Shimla railway networks.
- Natural sites include the Sundarbans in West Bengal, the Kaziranga and Manas National Parks in Assam, and the Western Ghats.
- Sikkim’s Khangchendzonga National Park, which was included this year, is the sole mixed site.
- India has the sixth largest number of World Heritage sites.

Conclusion:

It is time for the governments to put in place some preventive measures to balance various aspects associated. These include limiting the tourist flows and visiting hours. The WHC can do little more than nudge and perhaps issue rebukes.
to negligent countries, but governments conscious of their global reputation are likely to protect, if not all sites, at least those on the World Heritage list. To this end, having the status is a lot better for a country’s cultural and natural heritage than otherwise, but this is far from enough if the WHC's objectives are to be met in earnest.

**11/10 - India lags peers in its bid towards a cashless economy**

**Summary:**

According to the recently released data pertaining to payment, clearing and settlement systems in 23 major economies by the Bank for International Settlements (BIS), moving towards a cashless economy remains a herculean challenge for India.

**Performance of India:**

- India lags far behind both emerging market and developed peers in the move towards a cashless economy.
- India ranks the lowest among BRICS countries in terms of per capita non-cash transactions. Non-cash payments transactions in India amounted to only 11 per inhabitant in 2015, much lower than other BRIC economies, with China reporting 17 such transactions per inhabitant in 2014.
- Debit cards accounted for the most number of non-cash payment transactions in India in 2015. But, the number of debit card holders in India remains relatively low. In India, one in two people have a debit card, which also typically functions as an automated teller machine (ATM) card.
- Number of Point of Sale (PoS) terminals and ATMs in India are low by global standards when adjusted for population.
- Also, India lags many of the emerging market peers in terms of mobile money penetration. E-money transactions amounts to only a minuscule 0.05% of all non-cash retail transactions, while accounting for 5.5% of the volume.

**What is a cashless economy?**

It is a situation in which the flow of cash within an economy is non-existent and all transactions have to be through electronic channels such as direct debit, credit and debit cards, electronic clearing, payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer and Real Time Gross Settlement.

**Benefits of a cashless economy:**

- Usage of cashless mechanisms would ensure that loopholes in public systems get plugged, and the intended beneficiaries are able to avail the benefits due to them. It also leads to increased efficiency in welfare programmes as money is wired directly into the accounts of recipients.
- Efficiency gains can also be seen as transaction costs across the economy come down.
- Reducing use of cash would also strangle the grey economy, prevent money laundering and even increase tax compliance, which will ultimately benefit the customers at large.
- It also provides an on-ramp to financial inclusion and enables e-commerce growth.

**Benefits for individuals:**

- No need for queues outside ATMs.
- No cashout during long holidays.
- No waiting for a deposited cheque to be credited.
- No risk of carrying currency notes in the wallet.
What perpetuates use of cash in India?

- A high propensity to save in and use cash.
- Cash intensive supply chains require many merchants to transact in cash.
- A large shadow and remittance based economy is also to be blamed for the situation.
- Gender imbalance in use of digital payments has further aggravated the problem. This is due to insufficient focus on financial literacy.
- Also, costs of point-of-sale terminals and operating costs are still high in India.

What needs to be done now?

- Effective implementation of existing initiatives like Jan Dhan Yojana and DBT helps to some extent.
- A robust payments mechanism to settle digital transactions should be put in place.
- Incentives such as a service tax waiver should be given when credit cards or other forms of digital settlements are used.
- The Reserve Bank of India too will have to come to terms with a few issues, from figuring out what digital payments across borders means for its capital controls to how the new modes of payment affect key monetary variables such as the velocity of money.
- The regulators also need to keep a sharp eye on any potential restrictive practices that banks may indulge in to maintain their current dominance over the lucrative payments business.

Way ahead:

Greater usage of digital payments will save trillions of rupees for the Indian economy as it will help bring down the cost of cash.

- In this regard, India can learn from other countries in the developing world, which have managed to reduce their dependence on cash even while bringing more people in the folds of the formal banking network.
- Kenya has been a well-documented success story, where mobile money has spread much faster and deeper than in India. Kenyan households with access to mobile money were able to manage negative economic shocks (like job loss, death of livestock or problems with harvests) better than those without access to mobile money, according to World Bank research.

Conclusion:

While the recent initiatives of the central bank and the government to make cashless transactions easier are laudable, India has a long road to travel in her journey towards a cashless future.

12/10 - Why the 2016 economics Nobel for contract theory really matters

Summary:

The Nobel Memorial Prize in Economic Science has been awarded to Oliver Hart and Bengt Holmstrom for building the foundations of contract theory.

What is contract theory all about?

Contract theory is not merely the study of legally binding contracts. Broadly defined, it studies the design of formal and informal agreements that motivate people with conflicting interests to take mutually beneficial actions. Contract
theory guides us in structuring arrangements between employers and employees, shareholders and chief executives, and companies and their suppliers.

In essence, contract theory is about giving each party the right incentives or motivations to work effectively together.

**Contracts are signed mainly for the following reasons:**

- A contract helps the two sides of the deal work together over a long period of time.
- The contract creates rules that allow agents with different interests to cooperate to achieve some goal. No market economy can work without such cooperation premised on trust but also backed by the law.

**What are the main concerns?**

There are various nuances in our contracts. They could be formal or informal, depending on whether they are enforced by law or social norms. They could be complete or incomplete, which is based on whether they take into account all possibilities that lay in the future.

- One side of a contract may know more than the other because of information asymmetry, so insurance companies, for example, may end up covering people with health problems rather than the healthy, through what is called adverse selection.
- There are also agency problems—as when managers who are under contract with shareholders actually try to maximize their own earnings rather than those of their shareholders.

**Significance of contract theory:**

Contract theory helps us understand these problems. And helps us solve them through better contract design. Hart and Holmstrom have developed elegant and powerful methods that are taught to all students in economics. Their work forms the fundamental building blocks of many areas beyond economics, such as finance, law, public policy and management. They have studied two potential issues: informational problems and incomplete contracts. By studying these two issues, Hart and Holmstrom developed what has become modern contract theory.

**Holmstrom’s contributions:**

Holmstrom’s work focuses on informational problems in which some parties do not observe what others are doing. He has published three papers in this regard.

1. **Moral Hazard and Observability:**
   - His 1979 paper, “Moral Hazard and Observability”, shows how employers should optimally link employee rewards to performance outcomes. One key insight is that a CEO’s pay should not depend only on his or her company’s share price. Such a scheme would unnecessarily penalize the CEO for factors beyond his or her control, such as commodity prices.
   - A better reward scheme would seek to eliminate such factors by, for example, linking the CEO’s pay to the company’s share price relative to competitors in the same industry.

2. **Moral Hazard in Teams:**
   - Another paper, published in 1982 and titled “Moral Hazard in Teams”, extends his 1979 analysis to settings in which a team of employees contributes individual efforts towards a collective output, such as a team of inventors working together to develop a new product.
   - A partnership scheme that simply shares profits amongst team members creates a free-rider problem: Each team member is insufficiently motivated by his or her share of profits and thus exerts too little effort. Holmström shows
that the free-rider problem can be resolved by introducing a “budget-breaker”, a third party such as a venture capitalist who assigns rewards and penalties to the team members and keeps what is left for herself.

3. Multitask Principal Agent Analyses:
Holmström’s 1991 paper with Paul Milgrom, “Multitask Principal Agent Analyses – Incentive Contracts, Asset Ownership and Job Design”, considers situations in which the employee allocates effort amongst multiple tasks. The employer only observes the outcome of some tasks. For example, a teacher may devote effort towards improving test scores or towards inculcating student creativity.
One insight is that the school should not make teacher pay too sensitive to observable outcomes. Rewarding teachers for high test scores may distort teacher effort away from hard-to-measure tasks such as developing student creativity.

Hart’s contributions:
Hart developed foundations for the theory of incomplete contracts. The basic idea is that it is impossible to write a contract that anticipates every potentially relevant future contingency. Consequently, the allocation of control rights becomes a powerful tool for creating incentives. This perspective enables the analysis of fundamental questions such as whether companies should outsource or integrate production, which assets they should own and how they should choose between equity and debt financing.

- Hart’s 1986 paper, “The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration”, studies incomplete contracting in which various parties invest to increase the productivity of an asset. When unforeseen contingencies arise, the parties have to bargain over what to do. Crucially, asset owners have stronger bargaining power, which motivates them to invest. Therefore, the asset should be owned by the party whose investment is most important.
- A paper Hart published in 1990 with John Moore, “Property Rights and the Nature of the Firm”, extends his 1986 analysis to study optimal ownership of multiple assets. It shows that highly synergistic assets – whose values are enhanced when used together – should be owned by a single party, rather than separately by multiple parties.
- Concentrating bargaining power in the hands of one party is more effective than diffusing bargaining power across multiple parties. This paper paints a compelling picture of large integrated firms where all physical and intellectual assets are owned by a single corporate entity.

Contracting As An Art, Not A Science:
Hart and Holmstrom have developed contract theory as a term of art.

- A key reason contracting can be considered an art—noted the Nobel Prize Committee—is because “relationships typically entail conflicts of interest, contracts must be properly designed to ensure that the parties take mutually beneficial decisions.”
- A second reason contracting can be seen as an art instead of science is the complex nature of many of today’s business relationships. Hart’s work has focused on an area of economics called “incomplete contracts,” the fact that agreements often don’t specify actions and payments for all possible contingencies.

Conclusion:
Contracts have governed the workings of the economy since ancient times. As technology improves and organizations become more complex, the theory and practice of contract design will only increase in importance. Hart and Holmstrom’s work lays the foundation for thinking more strategically about how to design contracts for optimal outcomes.
13/10 - HIV Bill offers steps to end discrimination and ensure equality for affected groups

Summary:
More than two years after it was introduced in Rajya Sabha, a revised draft of the HIV and AIDS (Prevention and Control) Bill, 2014, which makes discriminating against a person living with HIV/AIDS a punishable offence, was recently cleared by the Union Cabinet.

- The HIV and AIDS Bill, 2014 has been drafted to safeguard the rights of people living with HIV and affected by HIV.
- What was until now achieved through executive orders will, once Parliament passes the Bill, be laid down in statute.

Main aim of the Bill:
The Bill seeks to give a legislative framework to existing norms of non-discrimination against people living with HIV/AIDS — most crucially, making it a legally punishable offence to deny such a person health insurance on the ground of the infection that causes lowering of immunity.

Background:
The Bill incorporates feedback from stakeholders, and also recommendations of the Parliamentary Standing Committee on Health and Family Welfare to which it was referred after being introduced in Rajya Sabha in February 2014.

Salient features of the new Bill:
- The Bill prohibits any individual from publishing information advocating feelings of hatred against HIV positive persons and those living with them.
- The bill makes it compulsory for the central and state governments to provide for antiretroviral therapy (ART) and related health hazards (management of infections) to all HIV patients.
- The Bill provides for the appointment of an ombudsman.
- It prohibits all acts of discrimination against HIV-positive people, or those living with such people. It also lists various grounds on which discrimination against HIV positive persons and those living with them is prohibited.
- The bill also safeguards the employment, educational services, public facilities, property rights, holding public office, and insurance for people living with HIV.
- It makes the consent of the person compulsory for any kind of HIV tests, medical treatment and research.
- The bill ensures that an HIV person below the age of 18 years has the right to reside in a shared household and enjoy the facilities of the household.
- According to the Bill, each state will appoint an ombudsman to inquire into complaints related to the violation of the act and the provision of health care services. Also, cases relating to HIV positive persons shall be disposed of by the court on a priority basis.

What's left out?
The Bill brings a rights-based approach to AIDS treatment, making it imperative for both the central and state governments to provide treatment “as far as possible”. Though the Bill lays down that treatment is the right of the
patient, it stops short of making it a legal right — and therefore, a patient who is denied ART treatment cannot ordinarily drag any government to court.

How many people are living with HIV/AIDS in India currently?

Approximately 21 lakh people are living with AIDS, as per government estimates. The adult prevalence is in the range of 0.3%, of which around 40% are women. Some states have more people living with HIV/AIDS than others. Four high-prevalence states of Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu account for about 55% of the total cases in the country. The prevalence of HIV has been decreasing over the past decade.

Way ahead:

The stigma of having HIV or AIDS in India remains intense, despite having the world’s third-largest population of people with either. And that stigma isn’t just social: it frequently means that patients end up having to cough up much more money for either insurance or medical treatment simply because of their condition. Some places even simply turn away people with HIV or AIDS.

This law makes that sort of discrimination criminal, while also easing the process by which people living with HIV or AIDS get access to treatment. Even if it cannot do away with the stigma itself, the law offers a clear legal recourse and should loom large as a threat for insurers and hospitals that don’t recognise the evils of turning down or discriminating against people with HIV or AIDS.

Conclusion:

Since the new law is intended to both stop the spread of the disease and help those who have become infected get antiretroviral therapy as well as equal opportunity, it will take a high degree of commitment to provide effective drugs to all those in need. Most importantly, the HIV Bill is a result of numerous consultations with all the communities affected by HIV and other stakeholders, within and out of government, standing together to prevent the spread of HIV. The success of the Bill is partly guaranteed because of the PLHIV community, which has the highest stake, has been involved at each turn the Bill has taken. When it becomes law, the HIV Bill will not suffer for lack of persons pushing its implementation. However, its success will have far-reaching impacts on other health legislations that need to be enacted.

14/10 - Muslim groups reject law panel move on uniform civil code

Summary:

The All India Muslim Personal Law Board (AIMPLB), along with several other organisations associated with the Muslim community, has opposed the Law Commission’s questionnaire on the possibility of a Uniform Civil Code (UCC). They have decided to boycott the entire exercise.

- AIMPLB has also observed that the Centre’s recent affidavit in the Supreme Court rejecting the validity of the triple talaq was an underhand means to impose a UCC in India.

Why is UCC being opposed by AIMPLB?

According to the Muslim board, “The uniform code is not suited for this nation. There are so many cultures in India and they have to be respected. A uniform code is against the spirit of the Constitution, which safeguards the right of citizens to practise their culture and religion.” Also, UCC, when implemented, will bring to an end country’s pluralism and paint all in “one colour”.

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Background:

The development comes days after the Union government told the Supreme Court that ‘triple talaq’, ‘nikaah halala’ and polygamy were not integral to the practice of Islam or essential religious practices. Subsequently, the Law Commission had put up on its website a questionnaire, comprising 16 questions, to seek public opinion on the civil code issue.

What is triple talaq?

‘Triple Talaq’ is a procedure of divorce under the Sharia Law which is a body of the Islamic law. Under this, a husband can divorce his wife by pronouncing ‘Talaq’ thrice.

Why triple talaq should be abolished?

- In spite of protests by Muslim women and activists world-wide the procedure is still prevalent in most countries.
- There are several instances where ‘triple talaq’ has enabled husbands to divorce their wives arbitrarily, devoid of any substantiation.
- According to a study, 92% of Muslim women in India want oral triple talaq to go.
- Oral talaq or ‘triple talaq’ delivered through new media platforms like Skype, text messages, email and WhatsApp have become an increasing cause of worry for the community.
- The ‘triple talaq’ has been abolished in 21 countries including Pakistan, but is still prevalent in India.
- The Centre reasons that these practices are against constitutional principles such as gender equality, secularism, international laws etc.
- The government also argues that when these practices are banned in Islamic theocratic countries, the practices could have absolutely no base in religion and are only prevalent to permit the dominance of men over women.

What is uniform civil code?

Uniform civil Code is a proposal to have a generic set of governing laws for every citizen without taking into consideration the religion.

What the constitution says?

Article 44 of the Constitution says that there should be a Uniform Civil Code. According to this article, “The State shall endeavour to secure for the citizens a uniform civil code throughout the territory of India”. Since the Directive Principles are only guidelines, it is not mandatory to use them.

Why have a UCC?

- A secular republic needs a common law for all citizens rather than differentiated rules based on religious practices.
- Another reason why a uniform civil code is needed is gender justice. The rights of women are usually limited under religious law, be it Hindu or Muslim. The practice of triple talaq is a classic example.
- Many practices governed by religious tradition are at odds with the fundamental rights guaranteed in the Indian Constitution.
- Courts have also often said in their judgements that the government should move towards a uniform civil code including the judgement in the Shah Bano case.
But, why it is difficult to have a UCC?

India being a secular country guarantees its minorities the right to follow their own religion, culture and customs under Article 29 and 30. But implementing a Uniform Code will hamper India’s secularism.

Way ahead:

The government cannot remain silent on the issue anymore. It is obvious that the government would have to face several challenges from many conservative groups on this front. But, it will have to work hard to build trust, and more importantly, make common cause with social reformers rather than religious conservatives, as has been the wont of previous governments.

- One strategic option is to follow the path taken after the fiery debates over the reform of Hindu civil law in the 1950s. Rather than an omnibus approach, the government could also bring separate aspects such as marriage, adoption, succession and maintenance into a uniform civil code in stages.
- A comprehensive review of several other laws in the context of gender justice would also do well.

Conclusion:

What is unfortunate is the demand for UCC has always been framed in the context of communal politics. Many see it as majoritarianism under the garb of social reform. It needs to be understood that changes are gradually and slowly accepted by the society and are significant for every individual irrespective of community, gender and caste. Rational debates should be there without polarizing a country like India whose secular fabric and national integrity cannot be put at stake. Reforms are needed in all personal laws whether it is Hindu, Muslim or Christian but it is required that these demands come from the people themselves. Forcing a particular set of rules on people will not serve the real purpose of uniform civil code.

15/10 - Leave Pakistan’s MFN status intact

Summary:

In the midst of rising tensions in the wake of the Uri attack, some in India are calling for the withdrawal by India of the most favoured nation (MFN) trade status for Pakistan.
What is Most Favoured Nation status?

Most Favoured Nation is a treatment accorded to a trade partner to ensure non-discriminatory trade between two countries vis-a-vis other trade partners. The importance of MFN is shown in the fact that it is the first clause in the General Agreement on Tariffs and Trade (GATT). Under WTO rules, a member country cannot discriminate between its trade partners. If a special status is granted to a trade partner, it must be extended to all members of the WTO.

Exceptions for MFN:

MFN at the same time allows some exemptions as well.

- One such exemption is the right to engage in Free Trade Agreements. This means members can participate in regional trade agreements or free trade agreements where there is discrimination between member countries and non member countries.
- Another exemption is that members can give developing countries special and differential treatment like greater market access. This special concession are in different forms like reduced tariff rates from developing country imports, concessions that allows developing countries to give subsidies to their production sectors etc.
- All these exceptions are subjected to strict conditions.

Have Pakistan and India accorded MFN status to each other?

The MFN status was accorded to Pakistan in 1996 as per India’s commitments as a WTO member. But Pakistan has not reciprocated, reportedly citing “non-tariff barriers” erected by India as well as huge trade imbalance. According to the WTO’s report on the Trade Policy Review of Pakistan (in 2015), “Pakistan is in the process of offering India Non-Discriminatory Market Access” (similar to MFN).

Why Pakistan is not extending MFN status to India?

India and Pakistan have great trade potentials. But trade among the two is not much because of political mistrust. Pakistan has been slow to take a positive decision on conferring the status to India.

- An important factor that makes it difficult for Pakistan to confer MFN status to India is the political impact of the tone of MFN status. It may feel that India is the most favored nation for Pakistan in literary sense though MFN means non-discrimination.
- To overcome that, Pakistan has devised a new term called Non Discriminatory Market Access (NDMA) which is equivalent to MFN. Such alteration of the MFN is happening elsewhere as well. For example in the US, the MFN is named as Permanent Normal Trade Relations (PNTR) clause. Pakistan has recently promised that it will confer India the NDMA status soon.

Does MFN mean preferential treatment?

In literal explanation, MFN doesn’t mean preferential treatment. Instead it means non-discriminatory trade that ensures that the country receiving MFN status will not be in a disadvantageous situation compared to the granter’s other trade partners. When a country receives MFN status, it is expected to raise trade barriers and decrease tariffs. It is also expected to open up the market to trade in more commodities and free flow of goods.

MFN essentially guarantees the most favourable trade conditions between two countries. These terms include the lowest possible trade tariffs, the least possible trade barriers and very crucial to trade relations—highest import quotas. The disclaimer only requires equal treatment to all Most Favoured Nations.
What are the pros of MFN?

- MFN status is extremely gainful to developing countries. The clear upsides are access to a wider market for trade goods, reduced cost of export items owing to highly reduced tariffs and trade barriers. These essentially lead to more competitive trade.
- MFN also cuts down bureaucratic hurdles and various kinds of tariffs are set at par for all imports. It then increases demands for the goods and giving a boost to the economy and export sector.
- It also heals the negative impact caused to the economy due to trade protectionism. This irks the domestic industry.
- A country that grants MFN on imports will have its imports provided by the most efficient supplier. This may not be the case if tariffs differ by country.
- Granting MFN has domestic benefits: having one set of tariffs for all countries simplifies the rules and makes them more transparent. It also lessens the frustrating problem of having to establish rules of origin to determine which country’s part of the product (that may contain parts from all over the world) must be attributed to for customs purpose.
- As MFN clause promotes non-discrimination among countries, they also tend to promote the objective of free trade in general.

What are the disadvantages of MFN?

The main disadvantage is that the country has to give the same treatment to all other trade partners who are members of the WTO. This translates into a price war and vulnerability of the domestic industry as a result. The country is not able to protect domestic industry from the cheaper imports and in this price war, some domestic players have to face heavy losses or growth restrictions.

What is the volume of trade between India and Pakistan?

Bilateral trade between India and Pakistan stands at $2.61 billion. The major commodities and goods in which both countries trade include cement, sugar, organic chemicals, cotton, man-made filaments, vegetables and certain fruits and tubers, mineral fuels, mineral oils, salts, earths, stone, lime, dry fruits, steel and plastering material.

What are India’s options?

India could consider making use of a ‘security exception’ clause — Article 21(b)(iii) — in the GATT to deny the MFN status to Pakistan or bring in certain trade restrictions.

Why this move would have little or no impact?

- First, there is simple economic logic. Free trade remains the best policy even if your trading partner wishes to be more closed. As economist Joan Robinson is supposed to have said, if your trading partner dumps rocks into their harbour to block entering cargo, you do not make yourself better off by dumping rocks in your own harbour.
- Second, trade with Pakistan accounts for less than 1% of India’s total trade, and the figures for Pakistan are not very much higher. Thus, even strategically, trade policy with respect to Pakistan today can neither be offered as a carrot nor welded as a stick. Nor does it amount to much for India.
- Third, offering MFN status to a trading partner is an obligation, not a choice, for WTO members. The fact that Pakistan is not living up to its WTO obligations is not a good reason for India not to do so. Indeed, India would be perfectly within its rights to raise Pakistan’s non-compliance at the WTO.
- Finally, free trade fosters not just prosperity but also peace and friendship.
What will be the political fallout of such an action by India?

Though it will have only a “symbolic” impact in trade terms, politically it could result in India losing goodwill in the South Asian region, where it enjoys a trade surplus and is a party to a free trade pact called SAFTA, which also includes Pakistan. The move may also not go down well at the WTO-level.

Impact on Pakistan:

- The immediate impact could be very little, looking at the volume of trade between the two sides. However, India may opt to drag Pakistan to the WTO’s Dispute Settlement Body. This will allow New Delhi to remove trade benefits afforded to Islamabad under MFN status.
- Another step which India may consider is withdrawing concessions provided to Pakistan under provisions of the South Asian Free Trade Area (SAFTA) agreement. New Delhi can further ask members of the SAFTA to follow suit. And in the light of recent events, members of SAFTA are unlikely to stand against India’s move.
- Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka are the members of SAFTA which aims to increase the level of trade and economic cooperation among the SAARC nations by reducing the tariff and barriers.
- India has already made it clear that it will go all out to isolate Pakistan. And the latest decisions are part of India’s peaceful retaliation against Pakistan.

Why Pakistan should consider granting MFN status to India?

Granting MFN status to India may be beneficial for both countries. It may expand the size of the market because of trade creation and trade diversion. This possibly can help expand production on a large scale and also infuses competition into markets.

- India is a huge economy relative to Pakistan; opening up of trade between the two countries will expand the markets for both countries, stimulate investment both domestic and foreign, and thereby increase the growth rate of the economies of the respective countries. This in turn can create employment opportunities, increase income levels and lead to improvement in the standards of living in both the countries.
- Such “investment creation” can be partly offset by what might be called “investment diversion” when investments are diverted from the most rational location in the world to Pakistan and India. The MFN status can also benefit consumers, producers and workers in Pakistan because of more trade with India.

Conclusion:

India can legitimately claim the moral high ground in fulfilling our WTO obligations while Pakistan does not. Revoking Pakistan’s MFN status would shred this advantage. It may offer revanchist satisfactions, but it would not reflect mature statesmanship.

17/10 - How many payments banks will come up finally?

Summary:

The Reserve Bank of India (RBI), in 2015, gave its approval in principle for 11 entities to set up payments banks. For this, RBI selected entities with experience in different sectors and with different capabilities so that different models could be tried. This move had generated much excitement across the country.
However, of the 11 licence holders, only eight remain in the fray now. Profitability concerns, coupled with the limited scope of business activity, are proving to be the biggest deterrent.

Those who have backed out have cited competitive pressure on the margins as the main reason.

What are payment banks?

Payment banks are non-full service banks, whose main objective is to accelerate financial inclusion. These banks have to use the word ‘Payment Bank’ in its name which will differentiate it from other banks.

Key facts:

- **Capital requirement:** The minimum paid-up equity capital for payments banks is Rs. 100 crore.
- **Leverage ratio:** The payments bank should have a leverage ratio of not less than 3%, i.e., its outside liabilities should not exceed 33.33 times its net worth (paid-up capital and reserves).
- **Promoter’s contribution:** The promoter’s minimum initial contribution to the paid-up equity capital of such payments bank shall at least be 40% for the first five years from the commencement of its business.
- **Foreign shareholding:** The foreign shareholding in the payments bank would be as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time.
- **SLR:** Apart from amounts maintained as Cash Reserve Ratio (CRR) with the Reserve Bank on its outside demand and time liabilities, it will be required to invest minimum 75% of its “demand deposit balances” in Statutory Liquidity Ratio (SLR) eligible Government securities/ treasury bills with maturity up to one year and hold maximum 25% in current and time/ fixed deposits with other scheduled commercial banks for operational purposes and liquidity management.

What are the scopes of activities of Payment Banks?

- Payments banks will mainly deal in remittance services and accept deposits of up to Rs 1 lakh.
- They will not lend to customers and will have to deploy their funds in government papers and bank deposits.
The promoter’s minimum initial contribution to equity capital will have to be at least 40% for the first five years.

- They can accept demand deposits.
- They can issue ATM/debit cards but not credit cards.
- They can carry out payments and remittance services through various channels.
- Distribution of non-risk sharing simple financial products like mutual fund units and insurance products, etc. is allowed.

**Why licence holders are bailing out?**

- Payments banks are not allowed to lend. This will limit their earning potential.
- Profits will be a challenge as margins are very thin.
- As income channels are limited, payments banks will be under pressure to generate volume.
- Competition has intensified in the digital money transfer space with banks joining the race.
- Government initiatives aimed at the unbanked population have considerably reduced the scope of doing business for payments banks.
- Payments bank have to primarily survive on fee-income since 75% of their deposits have to be mandatorily invested in government bonds with maturity up to a year.
- Also, payments banks can only accept deposits up to Rs 1 lakh.
- To get deposits, competing with regular banks which offer up to 7% return on their savings deposits, payments banks will have to offer aggressive rates. However, a majority of the amount in government bonds for a maximum 7.45%-8%, would mean no real business.
- The cost to set up and run operations far outweighs the benefits.

**Other challenges before these banks:**

- The success of these new entities will depend to a great extent on their ability to go beyond serving the well-banked smartphone-carrying consumers, who have been the focus of digital payments in India so far.
- Payments banks will need to creatively reach the low-income and financially underserved—the so-called base of pyramid (BOP) consumers. However, developing a model that is both effective in reaching the BOP consumer and commercially profitable, is far from easy. It will require a paradigm shift.
- Income at the BOP tends to be more irregular and unpredictable, often cobbled together from various sources. Besides, savings are limited, often taking the form of small amounts saved daily that need to be banked quickly to prevent them from being spent.
- Formal credit histories are also virtually non-existent. There is heavy reliance on informal networks like friends and family for financing big-ticket needs. Leveraging technology to reduce cost-to-serve will of course be important, but much more will be needed.

**Why does RBI want the new banks to maintain a CAR?**

The measure is meant to protect depositors in case a bank goes bust and maintain stability in the financial system. CAR gives banks a cushion to absorb a reasonable amount of losses if too many loans go bad. It also discourages banks from making excessively risky loans and investments.

**So why do payments banks have to maintain such a high CAR?**

The regulator is more concerned about the operational risks that such banks will face than the credit risks.
Payments banks are expected to provide small savings accounts and payments/remittance services to migrant labourers, low-income households, small businesses and other unorganized sector entities, and expand financial inclusion in Asia’s third largest economy.

Since nothing prevents regular commercial banks from offering such services, the payments banks will have to spend tons of money to create the right infrastructure to be in the business. The RBI is apprehensive that the payments banks will end up burning too much capital in building their franchises.

Also, more than the protection of the depositors, the regulator is concerned about the future of the payments banks themselves.

What can be done?

- Payment banks will have to deepen their understanding of the unique needs of base of pyramid (BOP) consumers and develop products and customer experiences tailored to these needs.
- Payment Banks will need to develop new products that are better suited to the financial lives of BOP consumers, for example, daily micro-saving products and micro-loans that rely on non-traditional data.
- They will need to develop partnerships with other financial institutions to meet the full scope of customer needs. They will need to embed within their organization the ethos of providing a respectful and positive customer experience to BOP customers to earn their trust and loyalty.
- Technology is, of course, going to be key to keeping costs low. The use of Aadhaar-linked authentication, know-your-customer and e-sign and the proliferation of mobile/online payment systems hold special promise for reducing the cost of delivery.
- Since Smartphone penetration is low and digital literacy is a major challenge among the BOP, payments banks will need to rely on physical agent networks, at least in the foreseeable future, to serve this segment.
- Currently, banks largely rely on Business Correspondents (BCs) who are dedicated to the financial services business. To achieve scale and keep costs manageable, players will need to harness the potential of varied agent models—ranging from dedicated ‘wealth advisors’ at one end of the spectrum to ‘lite’ BC agents who just focus on a few simple transactions while doing core businesses at the other.
- Players will also need to harness the potential of the neighbourhood store, by making it worth their while to accept digital payments. They will need to rely heavily on small-ticket transactions for revenues, given limitations to their net interest income.

Conclusion:

Over the last few years, large banks, including private lenders, have significantly expanded their networks in rural areas. This means that these markets are no longer wide open for new business with limited competition. Banks are offering most services that payments banks can and hence, for payments banks to offer a new and differentiated proposition will not be easy. Hence, payment banks will have to learn as they go along and adapt themselves to the eco-system inhabited by the small-income groups and small enterprises.

18/10 - A UBI to step up economic reform

Summary:

The idea of universal basic income (UBI) is being welcomed by socialists and communists across the world. The basic idea of a UBI is that everybody should be given a basic minimum income as an entitlement and not as compensation for work.
- Even libertarians, generally wary of free riders and government handout programmes, agree that in the 21st century it would be unbecoming of civilized society to let people die of hunger and malnutrition simply because they could not find a job.

**What is Basic Income?**

A basic income is an income unconditionally granted to all on an individual basis, without means test or work requirement. It is a form of minimum income guarantee that differs from those that now exist in various European countries in three important ways:

1. It is being paid to individuals rather than households;
2. It is paid irrespective of any income from other sources;
3. It is paid without requiring the performance of any work or the willingness to accept a job if offered.

**Main features of UBI:**

- **It is Universal and not targeted.** In the Indian context, this makes sense because of the less-than-satisfactory experience with targeting welfare services. This would not only be more appropriate, it will also reduce the burden of the bureaucracy in so far as it is engaged in identifying the deserving beneficiaries of any targeted programme.

- Another important feature is cash transfer in lieu of in-kind transfer. There are standard arguments in favour of cash transfers over in-kind transfers (food stamps or grains provided through the Public Distribution System) as they are supposed to be much less market-distorting than in-kind transfers.

- **UBI is unconditional.** Cash transfers are not tied to exhibiting certain behaviour, and the people are free to spend the cash as they want. An example of conditional in-kind transfer in India would be the mid-day meal scheme, where the meal—an in-kind transfer—is conditional upon attending school.

**What are the main arguments against a universal basic income?**

- It would reduce the motivation for work and might encourage people to live off assured cash transfers.
- It is simply unaffordable. As it is estimated paying a basic income equivalent to the poverty line, to each and every adult in India, would entail a cost of 11% of GDP, which is way above the 4.2% of GDP that the government currently spends on explicit subsidies.
- It is also argued that unconditional cash transfers might raise wages due to the decline in the supply of casual labourers.
- There is also question of whether a shift towards it should be a substitute for all existing subsidies or whether it should complement the existing ones.

**Way ahead:**

UBI alone is not sufficient for the overall upliftment of poor. Two distinct sets of reforms are needed:

1. Broad-based economic reforms that would strengthen entrepreneurship, remove barriers to job creation, and increase the returns to human capital investments by the poor.
2. Specific reforms to allow the poor to gain better education and health.
What else needs to be done?

- An initial UBI should be offered by the centre but its renewal (or increase) for a second year should be made conditional on the fulfilment of actual reforms identified in advance.
- While the UBI amount would be determined by the Centre, individual states would need to initiate the UBI-for-reform programme with the exact co-funding mix to be negotiated.
- To ensure initial fiscal space, UBI funding would be covered by converting an existing mix of Central and state subsidies, transfers, or expenditure.
- New tax revenue from the resulting expansion of the formal sector could be added to the funding mix to help make UBI financially, and politically, viable.
- As an initial pilot, a first UBI offer by the government could be conditioned on a limited set of reforms—say, passage of labour reforms that would help move the poor out of the informal sector and into formal sector jobs.

Conclusion:

A UBI handout by itself would not solve the two fundamental problems the poor face in India—low income-earning opportunities and inadequate quality of human capital services consumed by them. Where entrepreneurship and job creation continue to face formidable challenges, and public sector failures in education, health and sanitation severely degrade the poor’s expenditure on human capital, a UBI will prove insufficient or even wasteful. This is not because, as many fear, the poor would spend it unwisely, but because, without wider reforms, the poor remain handicapped in their ability to “buy” themselves out of poverty, whether through entrepreneurship or investments in their human capital. Worse, a UBI handout could reduce the political incentive for these reforms.

Also, the context for a UBI in India is very different from that faced in more developed countries, where a valuable natural resource or a highly advanced productive sector may be leveraged to sustain a UBI. In contrast, the value of a UBI for India has to be evaluated in terms of creating the conditions for its own redundancy—by enabling the poor in India to step out of the “low-reform, low-income trap”. Besides, the real value of a UBI for the poor in India rests on our ability to solve the economic problems and political incentive challenges.

19/10 - Changing the course of the planet

Summary:

After seven years of negotiations, 197 countries have finally reached a historic agreement in Kigali, Rwanda, to amend the Montreal Protocol and phase down hydrofluorocarbons. The Kigali Amendment is one that could avoid global warming by up to 0.5° C.

What are HFCs?

Hydrofluorocarbons (HFCs) are a type of fluorinated gas most often used as coolants in refrigerators and air conditioners, and in aerosol sprays. They are also used for commercial, residential and automotive purposes.

Why worry about them?

They were meant to replace HCFCs in order to protect the ozone layer but their global warming potential (GWP) has increasingly become a matter of concern in climate negotiations. They are hundreds to thousands of times more potent that carbon dioxide.
- Growth of HFCs has mainly been driven by a growing demand for cooling, particularly in developing countries with a fast-expanding middle class and hot climates.
- Currently, HFCs are currently the world’s fastest GHGs, with emissions increasing by up to 10% each year.

**Key facts on Kigali agreement:**

The Kigali Amendment to the Montreal Protocol is legally binding and will come into force from 1 January 2019. Under Kigali Amendment, in all 197 countries, including India have agreed to a timeline to reduce the use of HFCs by roughly 85% of their baselines by 2045.

All signatory countries have been divided into three groups with different timelines to go about reductions of HFCs. These include:

1. Wealthy, developed countries, such as the United States and the European Union, will start to limit their use of HFCs within a few years and make a cut of at least 10% from 2019.
2. Rapidly developing countries, including many in Latin America, will freeze their use of HFCs starting in 2024.
3. Developing countries, specifically India, Pakistan, Iran, Iraq and the Gulf states, will freeze their use starting in 2028.

**What is the Montreal Protocol?**

The Montreal Protocol on Substances that deplete the Ozone Layer is a landmark international agreement designed to protect the stratospheric ozone layer. The treaty was originally signed in 1987 and substantially amended in 1990 and 1992.

**Why do some supporters think the Kigali Agreement is much stronger than the Paris agreements of 2015?**

While the Paris pledges are broad, they are also voluntary, often vague and dependent on the political will of future world leaders. In contrast, the Kigali deal includes specific targets and timetables to replace HFCs with more planet-friendly alternatives, trade sanctions to punish scofflaws, and an agreement by rich countries to help finance the transition of poor countries to the costlier replacement products. So, the new accord may be more likely to yield climate-shielding actions by industry and governments.

**Why do some environmentalists think the Kigali Agreement is a big deal, but it could have been bigger?**

- HFC emissions contribute far less to climate change than carbon emissions. They are more potent, but less widely used.
- Alternatives to HFCs have significant challenges: toxicity, price, flammability.
- Developing countries in hot regions with serious use for HFC-based air conditioners, such as the Gulf States, will not have to limit emissions for more than 10 years.
- China, the world’s largest producer of HFCs, will not start to cut their production or use until 2029.

**India and the Kigali agreement:**

Initially, India was not ready to agree on a freeze year but then it showed flexibility. Freeze year is the year in which phase down of HFCs starts. Not only it agreed on freeze year, but also agreed to advance it to 2028. This is four years later than its peer club countries China, Brazil and those in Africa, and achieving maximum reduction by 2047, two years after they do.
In welcome contrast, however, India has ordered the manufacturers of HFC 23 — a by-product of another chemical used in refrigerant gas manufacture and with a staggeringly high contribution to global warming — to now capture and dispose of it at their own cost.

The decision is of particular significance, considering the expansion of refrigeration and air conditioning in India with a rise in incomes, leading to higher levels of HFC release into the atmosphere.

Conclusion:

As with the Paris Agreement on climate change, which is strengthened by the Kigali amendments, developing countries will legitimately expect rich countries to aid them as they seek to acquire green technologies for industrial use. Now, given the impact of global warming, countries and people who have historically never been part of the problem should not have to argue their case for liberal assistance. Increased global rise in temperatures is melting the glaciers at a frightening speed and some small islands have already been submerged by the rising ocean levels. Let this Kigali amendment act as a wakeup call that we are living on a precipice; it only needs one more human folly to kiss our planet goodbye.

20/10 - Towards a global regime on drones

Summary:

The stage appears to be set to control the sale and misuse of drones in warfare, with the US recently moving a declaration in this regard. The US, along with 40 other states, has issued a declaration outlining the principles which govern the export and use of armed drones to ensure they do not cause instability or help terrorism and organized crime. The declaration has set the stage for a meeting next year to hammer out the details.

What the declaration is all about?

The declaration, named the “Export and Subsequent Use of Armed or Strike-Enabled Unmanned Aerial Vehicles (UAVs)”, recognizes that misuse of armed or strike-enabled drones “could fuel conflict and instability and facilitate terrorism and organized crime” and therefore “the international community must take appropriate transparency measures to ensure responsible export and subsequent use”.

The declaration also tries to strike a balance between global good and national interest by noting that such concerns shouldn’t be seen as undermining a state’s “legitimate interest” to produce, export or acquire such systems, thereby trying.

It lays out five key principles for international norms, including:

1. The “applicability of International law” and human rights when using armed drones.
2. A dedication to following existing arms control laws when considering the sale of armed unmanned systems.
3. Sales of armed drone exports take “into account the potential recipient country’s history regarding adherence to international obligations and commitments”.
4. Countries who export unmanned strike systems follow “appropriate transparency measures” when required.
5. A resolution to continue to “ensure these capabilities are transferred and used responsibly by all States.
What’s the concern now?

The declaration has not been signed by countries such as France, Russia, Brazil and China. This makes it certain that next year’s meeting will find it very difficult to achieve a consensus which will be needed to set up a global regime.

Also, critics have complained that while the intent behind the declaration might be laudable, it doesn’t go far enough as the standards in the joint declaration are lower than those that the US maintains for its own exports and there is little incentive for countries to strive for higher standards.

Why this is happening now?

Over the past three years, there has been a real rise in the proliferation of drones by Israel, the US and in particular by China. Iraq, Nigeria, and apparently Egypt have all gone on to launch drone strikes over the past two years utilising armed drones bought from China.

- On the one hand US drone industry lobbyists have long argued that their industry is hampered by the US membership of the Missile Technology Control Regime (MTCR) which controls the export of larger drones as neither China nor Israel are members. The drone industry has argued that the MTCR rules need to be ‘relaxed’ in order for the US to gain its fair share of the market.
- This new initiative seemingly therefore arises in part from drone industry lobbying to put in place a process which they want to see as levelling the playing field.
- Also, stung by international criticism of its use of armed drones over the past decade, the US wants at least the appearance of putting in place international rules to restrict the proliferation and use of such technology.
- It seems these two disparate and contrary ideas have come together in this new process.

Advantages and disadvantages of using drones:

From the perspective of their users, they have six major advantages over more conventional weapons: they are often cheaper; their use can be more readily concealed; they allow for more precise targeting, with the potential for less “collateral damage”; their use can involve less serious infringements of sovereignty than invasion by troops; and they may be less likely to provoke widespread hostile reactions by the population of the country in which they are used than military operations involving troops on the ground.

But these advantages generate three major risks: of violating sovereignty, of over-using the military option, and of making it more difficult to identify violations of constraints against targeting noncombatants.

Use of drones in India:

Given the complex security challenges that India faces, the role of UAVs in providing critical intelligence will be a key enabler not only in fighting wars effectively but also in deterring cross-border terrorist attacks. Unlike in the past, as a global regime on drones is put in place, India’s voice should be a determining one, not one that is marginal and out there in the wilderness. New Delhi should be engaging with other like-minded countries to come up with its own principles to guide the emerging global order on drones and their use.

The declaration’s requirement of accounting for the recipient country’s “history of adherence” also raises questions as to the nature of its compliance mechanism. While the statement calls for “voluntary” transparency measures, India should be concerned that reporting requirements are not intrusive or seek end-user monitoring.

Before endorsing arms control declarations, New Delhi’s negotiating lines should be first shaped by domestic conversations on the use and impact of new technologies in warfare. The setting of international standards for armed
UAVs has both strategic and commercial dimensions, in that it may strengthen the supply chains and competitive advantage of some drone manufacturers over others.

Prospects for success:

Although a number of countries are working individually or jointly to develop an advanced drone industry, currently the US, Israel and China are the market leaders. While China is unlikely to be involved in this new US-led initiative, US officials apparently believe that they can persuade Israel to join. Israel has never even confirmed that it operates armed drones, so Israeli officials often refuse to talk on the record about the issue but early reports indicate a great deal of scepticism and alarm from Israel about the initiative.

Israel and China however will not be the only nations suspicious of any drone control initiative led by US, fearing that it is simply about the US promoting its own commercial and political interests. Campaigners and the human rights community too will need convincing that such an initiative is a genuine attempt to curb proliferation and use beyond the bounds of international law.

Way ahead:

Much like other global regimes, Washington has once again set the ball rolling in trying to define the parameters of the new frontier in drone technology. The US is hoping to set the rules for using this technology and to influence the behaviour of other states. The declaration comes at a time when it has been assessed that the drone market outside the US is likely to grow, annually, from $1.08 billion in 2015 to $1.98 billion by 2021.

But these are still early days as important actors like China, Russia and India are yet to concede to these new rules. At a time when India is seriously looking at expanding the use of drones in its military strategy, and when its negotiations with the US to buy 22 Predator Guardian drones are at an advanced stage, serious thought needs to be given in New Delhi on what role it wants to play in the emerging regime to manage the use and export of drones.

Conclusion:

However, despite genuine suspicions, the seeming acceptance of the need for an international control regime on the proliferation and use of armed drones is to be welcomed. Armed drones are a real and genuine danger to international peace and security. While there is a long, long way to go and many – if not most – will need to be convinced, that this is the right process, failure will also play into the hands of those who argue that there should not and cannot be such controls.

21/10 - A vote on referendum

Summary:

The term democracy is perhaps the most challenging to define within the context of political science. Even though it has been used in a general sense to refer to ‘rule by the people’, the ways in which the concept has been understood and in turn implemented, has been many varied.

- A democracy may be representative or participatory. A Representative democracy is one where political participation is limited to voting over an agreed period of time and elected officials then represent the interest of their constituents. In Participatory type of democracy voting is limited to a specific time period, but
allowance is also made for the population to participate actively in the affairs of the state at national and local levels in between these periods.

- Alternatively, a Direct Democracy may be in effect whereby the participation of citizens in the voting process and the control which they have over those chosen to represent them holds much weight. In this regard, to give more space for popular discussions, many countries resort to referendums.

**What is a referendum?**

This is the “means whereby a bill or constitutional amendment which has been voted by the legislature is submitted to the electorate for its approval before going into effect”. It gives individuals of a nation the freedom and to vote on specific issues of concern to them and it is in this respect that the “power of the people” is strongest.

**Recent referendums:**

Referendums have been in the news recently. The Brexit referendum, on whether Britain should stay in the European Union, concluded in June with 52% (of 72.2% of the electorate that turned out) voting to “Leave”. The October 2 referendum called by the Colombian government to ratify the accord with the Revolutionary Armed Forces of Colombia (FARC) resulted in a “No” vote favoured by 50.3% of the less than 38% of the electorate that turned out.

**Why referendums are good?**

Referendums tend to add legitimacy to difficult legislative choices and it is more risky to take unpopular decisions without that stamp of legitimacy. As regards capability, legislators are voted less on the basis of their lawmakers and competency and more on their promises and popularity in democracies today. In India for example, legislations are influenced more by party satraps than individual Members of Parliament.

Referendums can foster political culture and involvement. It empowers people. They give citizens stronger control over political decisions.

**Why they are not so good?**

- The use of the instruments of direct democracy nevertheless entails some dangers. For example, the choices offered to citizens in referendums are few and are fixed beforehand.
- The citizens may not be interested or not agree with the options presented. Whoever has the power to define the question has the capacity to shape its outcome.
- Referendums are claimed to excessively simplify complex issues and reduce the possible outcome to two options.
- Many analyst complain that referendums usually lead to populism and that populist leaders try to take advantage of them.

**Can referendums be used in India?**

If there are provisions which enable public voting on certain legislations, it could go a long way in not just sensitising the public towards important laws but also for a means of getting popular approval for them.

- Countries like Switzerland do have a referendum procedure for nearly every matter of importance; indeed many cantons are delegated enormous powers. But recall that these countries have a strong democratic temper, a tradition of public service by the administration, and are not saddled with a venal political leadership whose only objective is to gain and then retain power at any cost. The Indian electorate is also not mature enough to understand the implications.
In a country as plural as India, the question is not merely whether the majority’s views have been counted, but whether majority and minority views are properly accounted for together. If we were to have referendums for every issue, the majority could end up having their way always.

Given our cultural pluralism represented by the wide array of political parties, how would we decide what issue is worthy of a referendum? Unlike Britain, that had a three, now four-party system, India has 6 national and 49 regional parties recognized by the Election Commission of India.

Also, some times, referendums are very artificial. The government can control the timing, which is a key factor in deciding who wins. The media, by playing an irresponsible role, can further distort the result.

It is for this reason the framers of the Constitution embraced the idea of representative democracy over the kind of direct democracy that referendums borrow from. What a representative ideally does is to act as mixture of interests.

Way ahead:

Regardless of its use governments the world over have not underestimated the powerful effect of referendums. Such attention however, leaves its use open to much praise and considerable criticism. Advocates of referendum use, point to the benefits of involving and ideally educating citizens in the political process above and beyond elections as well as the fact that as a forum for the expression of popular will, referendums presumably provide decisive answers to issues. An additional positive factor in the use of referendums is it’s stimulation of interest in politics, in contrast to the prevailing apathy and mistrust of the government, politicians and the political process; as persons would actually have a say in decision-making.

Conclusion:

In today’s milieu where legislatures are driven more by narrow political battles between the power-seeking executive and a cynical opposition, a demand for an instrument of direct democracy to be incorporated into legislative actions could seem impractical and utopian. But it is not an idea to be scoffed at as it has its merits. India, according to studies on referendums held across the world till 1993, is one of only five democracies to have never held them. It is worthwhile to consider this mechanism at least as a limited device to enhance our democracy into a substantive one.

22/10 - China’s One- or Two-child Policy

Summary:

China, in October 2015, ended its one child policy. Now, couples in China can have two children.

Why One Child Policy was adopted by China?

One child policy was adopted by China in 1979 out of the Malthusian fears that unchecked population growth would lead to economic and environmental catastrophe. It was also a response to concerns about food shortages.

What is Malthusian theory all about?

Thomas Robert Malthus was the first economist to propose a systematic theory of population. He articulated his views regarding population in his famous book, Essay on the Principle of Population (1798), for which he collected empirical data to support his thesis. He argued that if left unchecked, a population will outgrow its resources, leading to a host of problems.
Why China changed its policy?

China has a population of over 1.4 billion, 30% of which is over the age of 50. There is also huge gender imbalance. Now, China needs more people for joining workforce. The working population in China is coming down and elderly population is going up. So Communist Party of China has changed one-child policy to a two-child policy as the country is looking further ahead that China to have larger families.

Was the Policy Effective?

In essence, it did bring down the population by 400 million, according to Chinese officials.

- But, it failed to spark a baby boom. When the announcement was made, 11 million couples were eligible to have a second child. As such, officials were expecting around two million births in 2014.
- That figure never came into fruition as only 700,000 couples applied for the new dispensation and only 620,000 were given a permit. In other words, China is facing a huge demographic issue in the next years to come. They have a rapidly aging population where a quarter will be over 60 by 2030.

Negative implications:

Despite the fact that China had made leaps in its development indicators, the negative consequences of the one-child norm were severe enough to destabilise its society.

- China’s one-child policy was never universal. It took into consideration the cultural preference for a male child and the needs of ethnic minorities. The one-child policy was imposed on the urban population. The rural population could have two children if the firstborn was a girl. The ethnic minorities were exempted from it, but were allowed no more than two children, and in rare exceptions a third. There was no scope for flexibility of these norms.
- The birth of a second child in an urban setting, birth of a second child in a rural setting where the first child was a boy, and birth of a third child to an ethnic minority family would be considered illegal. In many instances, the birth of a girl child would not be reported in favour of a male child. In these cases, the “illegal” child could not be registered with the household registration system (hukou) and, hence, would receive no access to welfare, especially education and health services.
- Substantial fines, loss of job, and incentives for compliance were mechanisms by which this policy was enforced. Many lives were disrupted with the state enforcing the norms strictly, and the social consequences were illegal and forced sex-selective abortions and female infanticide, resulting in a skewed sex ratio.
- The rapid decrease in birth rate and increase in life expectancy resulted in a substantial increase in the proportion of the elderly population who had access to limited welfare.

What’s good about One Child Policy?

- Helps to ease the over population problems.
- It is seen as practical by some families.
- Lowers the poverty rate.

Why it isn’t a good idea?

- The enforcement is unequal.
- It is a human rights violation.
- Shrinking work population.
- Gender imbalance due to the strong cultural preference of boys for labor and work.
Increase in abortions and female infanticide.
Extra babies end up being illegal and never becoming a citizen, due to fines.
Intrudes on people’s personal values and opinions.

*Why such policies are not suitable for India?*

The implications of such a policy being enforced in India would surely have been more disastrous than it did in China.

- India is way behind China in basic development indicators like life expectancy, IMR and maternal mortality rate. The preference of a male child, the regional disparities in development, and the growing intolerance against minorities in the present milieu would be further magnified with the state entering homes and enforcing such strict norms.
- The fact that women are at the receiving end of such policies in a patriarchal society is another story in itself. The burden of limiting family size falls on the woman, and most often female sterilisations are promoted rather than giving the couple the choice of contraception.
- Limiting family size cannot be an end in itself at the neglect of basic needs and services like food security, housing, education, and health. It is important for a state to universalise these basic services than to impose a diktat of population control. When China imposed a one-child policy, it had already created a strong base for its population, despite which the consequences were severe. Therefore, it would be disastrous for India to even walk that path.

*Conclusion:*

Of the many lessons to learn from contemporary China, one would be to abandon thoughts of population control. There is a lot of unlearning that India still needs to do. It is already experiencing a demographic transition characterised by a low birth rate and an increase in the ageing population. As a priority, the government needs to shift its focus on strengthening welfare services for the elderly and poor, and improve access to free and affordable health services for all.

*24/10 - Converting Urban Cooperative Banks into Commercial Banks*

*Summary:*

Cooperatives continue to be important and the ideal organisations even in the changing economic environment, as participation and inclusion are central to poverty reduction. Cooperative organisations in many countries have exhibited greater resilience during global crises, underscoring their importance in macroeconomic and financial stability. In this background, a Reserve Bank of India (RBI) committee, in 2015, suggested that multi-state urban cooperative banks with a business size of Rs.20,000 crore or more be converted into full-fledged commercial bank, if the lender has no special need to remain a cooperative bank.

*What are UCBs?*

The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas. UCBs are registered as cooperative societies under the provisions of either the State Cooperative Societies Act of the state concerned or the MultiState Cooperative Societies (MSCS) Act, 2002.

Scheduled UCBs are those listed in second schedule of RBI Act 1934 and have access to liquidity support from the central bank and are also required to maintain Cash Reserve Ratio and Statutory Liquidity Ratio. Scheduled UCBs are
relatively large in terms of business and branch network and some of them have been covered under the Multi-State Cooperative Societies Act.

**Background:**

These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centred around communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably. The sector was brought under the Banking Regulation Act of 1949.

The growth and performance of UCBs has shown three distinct phases, namely, growth phase (1966–2000), crisis phase (2002–08), and consolidation phase (2008 onwards).

**Significance of UCBs:**

- From its origins then to today, the thrust of UCBs, historically, has been to mobilise savings from the middle and low income urban groups and purvey credit to their members – many of which belonged to weaker sections.
- They constitute an important component of the non-agricultural credit cooperative structure.
- These banks generally cater to the banking needs of small traders, microenterprises, individuals, and others not adequately served by commercial banks.
- The sector also displays high degree of heterogeneity in terms of deposit/asset base, area of operation, and nature of business.

**Challenges faced by UCBs:**

- Limited ability to mobilize resources.
- Low Level of recovery.
- High transaction cost.
Administered rate of interest structure for a long time.
- Duality of control: They are regulated both by state governments and RBI.
- They are not able to formulate their respective policies for investment of their funds that include their surplus resources because of certain restrictions.
- NPA levels in UCBs are also disproportionately high.
- Rising competition, low capital base and scams have only added to the problem.

Some of the problems that arise out of the applicability of the cooperatives legislative are:

- Deliberate control of cooperatives by the government.
- Nomination of board of director by the government.
- Participation of the nominated director by the government.
- Deputation of government officials to cooperative institution etc.

UCBs should be into commercial banks for the following reasons:

- As the UCBs become larger and spread to more states, the familiarity and bonding amongst their members diminishes and commercial interests of the members overshadow the collective welfare objective of the organisation. In the process, some of them become too big to be a cooperative. The collective ownership and democratic management no longer suit their size, and competition and complexities in the business force them to explore alternative forms of ownership and governance structures in order to grow further.
- Large UCBs have aligned their business models and goals with that of commercial banks and are undertaking activities that are not permitted for the proposed small finance banks (SFBs) with stricter capital norms.
- Besides, UCBs are regulated under less stringent Basel I norms as opposed to Basel II and Basel III norms for commercial banks. Thus, the regulatory arbitrage may create incentive for large UCBs to have greater leverage. Further, on account of duality of control, in the absence of resolution powers on par with commercial banks, the RBI is constrained when UCBs acquire size comparable to banks in the private sector.
- Some large UCBs aspire to conduct business like private sector commercial banks and expect relaxations in the regulatory restrictions in order to grow further. They have also aligned their business models and goals with that of commercial banks. Some of the large UCBs are bigger than the smaller commercial banks in terms of deposits, advances, and total assets.
- Also, on account of softer regulation, UCBs are not permitted to undertake certain kinds of businesses like investments in shares and government business on the one hand, and on the other, regulations are tight with respect to financing certain sectors. There is thus, no level playing field between UCBs and commercial banks. In addition, the capital-augmenting avenues as also instruments are limited in the case of SUCBs.

Way ahead:

There have been several arguments against the conversion of UCBs and amongst them, a significant reduction in the size of the UCB segment post-conversion, a slower pace of mergers within the UCB sector, as large UCBs have been active in taking over weaker small UCBs, and loss of cooperative type of organisation resulting in reduced diversity in the financial sector, are noteworthy.

However, these concerns could be addressed through suitable policy measures.

Conclusion:

Urban Cooperative Banking is a key sector in the Indian Banking scene, which in the recent years has gone through a lot of turmoil. Though some UCBs have shown credible performance in the recent years, a large number of banks have
shown discernible signs of weakness. In the interest of healthy competition, the urban cooperative banks should be encouraged to grow. Once large urban cooperative banks become commercial banks, RBI will have much more power over these banks, which the banks’ management or even shareholders may not prefer.

25/10 - Understanding issues of illegal migration in new Citizenship Bill

**Summary:**

Several Assamese have been protesting against the Citizenship (Amendment) Bill, 2016, which seeks to make foreign illegal migrants from some minority communities eligible for Indian citizenship.

- The proposed amendment is unprecedented, in the sense that that never before has religion been specifically identified in the citizenship law as the ground for distinguishing between citizens and non-citizens.

**Why is it being opposed?**

- According to the Assam Accord of 1985, illegal migrants who had entered Assam from Bangladesh after March 25, 1971, were to be detected and deported. But, the new Bill contradicts the terms of the Accord.
- Besides, the Bill seeks to grant citizenship to non-Muslim minorities from Muslim majority countries, namely, Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Afghanistan, Bangladesh and Pakistan. Some term this move as “communally motivated humanitarianism.”
- Also, the Bill seeks to protect only non-Muslim minorities while Muslims who migrated would continue to be harassed as illegal migrants.
- The new Bill also violates Article 14 of the constitution, say activists. Since Article 14 of the Constitution guarantees equality to all persons, citizens and foreigners, differentiating between people on the grounds of religion would be in violation of the constitution.

**Background:**

The Citizenship (Amendment) Bill, 2016 was introduced in the Lok Sabha in July this year. The Bill has been referred to a Joint Parliamentary Committee of both the Houses, under the chairmanship of Dr Satyapal Singh for examination and presenting a report to the Parliament.

- The Bill amends the Citizenship Act, 1955 to make illegal migrants who are Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Afghanistan, Bangladesh and Pakistan, eligible for citizenship.
- Under the previous Act, one of the requirements for citizenship by naturalisation is that the applicant must have resided in India during the last 12 months, and for 11 of the previous 14 years. The Bill relaxes this 11 year requirement to six years for persons belonging to the same six religions and three countries.
- The Bill provides that the registration of Overseas Citizen of India (OCI) cardholders may be cancelled if they violate any law.
Who is an illegal migrant?

The 1955 Act defines an illegal migrant as a foreigner who enters India without a valid passport or travel documents or stays beyond the permitted time.

How does the law treat them?

Illegal migrants may be imprisoned or deported. They and their children are ineligible for Indian citizenship under the Citizenship Act of 1955.

However, certain benefits have been granted to some groups of illegal migrants. In September 2015 and July 2016, the central government exempted certain groups of illegal migrants from being imprisoned or deported. These are illegal migrants who came into India from Afghanistan, Bangladesh or Pakistan on or before December 31, 2014, and belong to the Hindu, Sikh, Buddhist, Jain, Parsi or Christian religious communities. Illegal migrants from this group cannot be imprisoned or deported for not having valid travel documents.

Legal fallacies of the proposed law:

- The proposed law violates India’s long-standing refugee policy. Although India does not have a codified refugee policy, the basic tenants of the scheme were listed by Jawaharlal Nehru during the Tibetan refugee crisis. One of the primary conditions given then was that refugees would have to return to their homeland once normalcy prevailed. The proposed law not only provides citizenship rights to such refugees, but greatly relaxes the procedure to avail of them.

- From reducing the registration fees to Rs 100 from Rs 3000 to delegating the authority from the Union government to district magistrate for speedy processing of applications, the proposed law serves citizenship to illegal immigrants on a platter.

- The Bill provides wide discretion to the government to cancel OCI registrations for both major offences like murder, as well as minor offences like parking in a no-parking zone or jumping a red light.

The Citizenship (Amendment) Bill also fails on the tenets of international refugee law. Although India is not a signatory to the 1951 UN Refugee Convention, granting refuge based on humanitarian considerations is arguably a norm of customary international law. There are two fallacies with the proposed law in this regard:

- First, the Bill terms minority religious people as migrants, when they are not migrants but refugees. The word migration refers to the voluntary movement of people, primarily for better economic prospects. In contrast, refuge is an involuntary act of forced movement. The concerns of refugees are human rights and safety, not economic advantage. The purpose and intention of the Bill, as stated by the home minister, is to provide shelter to vulnerable, religiously persecuted people whose fundamental human rights are at risk. The correct terminology is important because the laws and policies for migrants and refugees are entirely different.

- Second, shelter to individuals of a select religion defeats not only the intention but also the rationality of refugee policy. If the motive of the government is to protect religiously persecuted people in the neighbourhood, the question of why they are ignoring the Muslim community is inevitable.
Way ahead:

Notwithstanding the tampering of domestic law with religious markers, the proposed Bill, if passed, will put our international relations in jeopardy. The Bill will stamp these countries as institutions of religious oppression and worsen bilateral ties in an already skewed regional socio-political atmosphere. The new law will also act as a push to the movement of India’s citizenship policy on jus soli to the racially manifested jus sanguine principle, something which was actively avoided by our constitution makers.

Conclusion:

There is no harm in accommodating religiously persecuted people in the country. However, India’s ‘law of return’ should be looked at with suspicion, for it severely undermines the otherwise secular socio-legal framework of our nation. While religious persecution is a reasonable principle for differentiation, it cannot be articulated in a manner that dilutes the republican and secular foundations of citizenship in India, and goes against constitutional morality.

26/10 - Swachh Bharat Mission: another futile toilet chase?

Summary:

October 2, 2016 marked the second anniversary of the Swachh Bharat Mission (SBM). The programme aims to eliminate open defecation by 2019. The goal also includes the elimination of open defecation, conversion of insanitary toilets to pour flush toilets, eradicating of manual scavenging and Municipal Solid Waste Management (MSWM).

- Poor sanitation spreads infectious diseases that kill hundreds of thousands of children each year, and stunt the physical and cognitive development of those who survive. Announcing a goal of accelerating the reduction in open defecation was a great idea, articulating a worthy goal for serious public policy efforts.

Background:

The Swachh Bharat Mission was launched two years ago on the birth anniversary of Mahatma Gandhi. The mission was divided into two parts — urban and rural. The Swachh Bharat Mission Urban is managed by the Ministry of Urban Development, while the Swachh Bharat Mission Gramin (Rural) is led by the Ministry of Drinking Water and Sanitation.

Brief history:

With effect from April 1, 1999, the Government of India restructured the Comprehensive Rural Sanitation Programme and launched the Total Sanitation Campaign (TSC).

- To give a fillip to the TSC, effective June 2003, the government launched an incentive scheme in the form of an award for total sanitation coverage, maintenance of a clean environment and open defecation-free panchayat villages, blocks and districts, called Nirmal Gram Puraskar.
- Effective April 1, 2012, the TSC was renamed to Nirmal Bharat Abhiyan (SBA). On October 2, 2014 the campaign was relaunched as Swachh Bharat Abhiyan.
Major components of the goal:

- Construction of individual sanitary latrines for households below the poverty line with subsidy (80%) where demand exists.
- Conversion of dry latrines into low-cost sanitary latrines.
- Construction of exclusive village sanitary complexes for women providing facilities for hand pumping, bathing, sanitation and washing on a selective basis where there is not adequate land or space within houses and where village panchayats are willing to maintain the facilities.
- Setting up of sanitary marts.
- Total sanitation of villages through the construction of drains, soakage pits, solid and liquid waste disposal.
- Intensive campaign for awareness generation and health education to create a felt need for personal, household and environmental sanitation facilities.

Performance of the scheme:

The Ministry of Drinking Water and Sanitation has recently released a press note on the progress of the Swachh Bharat Mission Gramin in the last two years. According to the release, 2.4 crore toilets have been constructed under the Swachh Bharat Mission and 15.04 lakh under MNREGA across rural India. The rural household toilet coverage has increased from 42% at the start of Swachh Bharat Mission Gramin to 55.34%.

- In the first year of the Swachh Bharat Mission, an increase of 446% in construction of toilets was observed, as compared to the pre-SBM period of 2014-15. 35 districts and about one lakh villages are targeted to be declared open defecation free.
- Over Rs 18,000 crore have been spent under the Swachh Bharat Mission (SBM) since its launch in October, 2014. The Swachh Bharat Kosh-which seeks to attract the participation of the private sector-has reportedly received Rs 400 crore to aid this national goal.

What's missing?

- The programme does not target on fixing the existing missing links. For instance, safe disposal of human waste in urban India is worse than in rural India. Be it sewage treatment or management of faecal sludge from stand alone toilets, the required infrastructure either does not exist or if created, has seldom delivered.
- The policy and approach behind it ignores a fundamental pre-requisite to ensure sustainable results through Community Led Total Sanitation (CLTS). SBM seeks to simply adopt tools without bothering to provide an environment which enables CLTS to succeed. This conveys that toilets are being sought, not the collective behavior change essential to secure sanitation as a public good.
- The real focus of the implementation is on showing toilets and the expenditure to be reported on toilet-based subsidies. As a result, usage on community scale becomes its immediate casualty.
- The current verification system which seeks the uploading of toilet photos (for beneficiary payments to be reimbursed) reinforces this focus on toilets instead of behavior change. So the presence of toilets becomes the measurable proxy for sanitation, which the Centre uses to disburse funds and states find easiest to deliver.
- Most of the money is going towards latrine construction, and very little towards information, education, and communication (IEC), the headline for behaviour-change activities. The fraction of spending on IEC has actually fallen since the SBM started, from 3% of total expenditure in 2014-2015 to 1% in 2015-2016. This is troublesome given the reasons open defecation persists in rural India.
- What’s equally distressing is that even though the goal of the SBM is to eliminate open defecation and programme guidelines call for a latrine use survey, there is still no plan to collect such data.
Not only is the SBM viewed as the Centre’s programme, even the mantle for its implementation has been donned by the concerned central Ministry. It is setting its sights on district level achievement and engaging with district administrators directly. States end up feeling little responsibility for delivering outcomes and are accountable only for doing what the Centre asks them to.

Direct central involvement with the districts means that it loses the ability to critically examine ODF declarations. It becomes an actor responsible for the result and not a judge of the outcome. This can end up putting a question mark on the sustainability of the achievements that will be rewarded through the World Bank loan.

What needs to be done?

- The clear message from past experience (both in India and abroad) is to avoid toilet subsidies since they detract from behavior change. But in our subsidy imbued political economy, the legacy of toilet subsidies is not only seen as necessary but that which should be enhanced every few years. Explicit withdrawal of such a subsidy would immediately invite an anti-poor label for the government.
- The ideal solution is to leave sanitation to the states and local bodies and not have a central programme at all. After the increase in untied devolution following the recommendations of the 14th Finance Commission, states have enough funds to spend on any function they prioritise. However, this would run counter to a situation in which the Centre needs to show that it is driving the sanitation agenda.
- The next best option is a Central programme which does two things. First, the Centre should not prescribe how toilet funds are spent and let states choose their own approach. Second, it should focus on outcomes and thus, reward states which perform better. This will incentivise them to adopt policies that deliver better sanitation and not just toilets which become derelict or at best are partially used.
- The Centre must facilitate more the exercise of choice by states, examine the ODF district claims critically and disseminate information to them. Annual surveys which reward genuine performance and not a mere toilet chase will also help.

Conclusion:

Lack of proper sanitation leads to a less healthy and less productive population, leading to economic loss. A World Bank study estimates that the resulting loss to the Indian economy is 6.4% of the GDP because of poor sanitation. Announcing a goal of eliminating open defecation by 2019 was a great idea, but now that we are 40% through India’s flagship sanitation campaign, it is a good time to assess how much progress the SBM has made.

27/10 - A challenge called Wallonia

Summary:

After seven years of negotiations, a trade partnership between the European Union and Canada is in danger of never seeing the light of day.

- A small Belgian region is currently blocking the so-called Comprehensive Economic and Trade Agreement (CETA) agreement, fearing its impact on the agricultural sector and welfare standards.
- This is preventing Belgium and the other 27 EU member states from giving a final green light to the deal.
- More broadly, freezing the approval of the trade deal is also questioning the EU’s ability to carry out any commercial partnerships, including with the U.S.
What’s CETA?

The EU and Canada started negotiating an agreement in 2009 and concluded the 2014. The accord aims to cut 98% of duties since day one of its application, and save EU exporters nearly $550 million.

The European Commission, which is the EU body responsible for negotiating trade deals on behalf of the 28 member states, says CETA is the most modern agreement conducted until now. It includes a new “investment court system”, dissipating public fears that such a deal would favor multinationals over small businesses.

What are the benefits to CETA?

- Remove customs duties.
- Expand the services market.
- End restrictions on access to public contracts.
- Offer predictable conditions for investors.
- Prevent illegal copying of EU innovations, trademarks and products (e.g., food).
- Boost growth and jobs across Europe.
- Increase trade and investment across Europe.
- Strengthen cooperation between the EU and Canada.

Existing trade between the two regions:

Canada is the EU’s 12th most important trading partner. The EU is Canada’s second biggest trading partner after the US and accounts for nearly 10% of its external trade. Trade in goods between the EU and Canada is worth almost €60 billion a year.

Machinery, transport equipment and chemicals are the EU’s main exports to Canada. Commercial services – mostly transport, travel, insurance and communication services – exceed €27 billion.

Under CETA, the EU and Canada have also agreed to:

- Step up regulatory cooperation: The EU and Canada will operate a method to exchange experiences and information among regulators.
- Protect European innovations, artists and products: CETA will level the playing field in intellectual property rights between the EU and Canada. The intent is to bring its copyright protection in line with the World Intellectual Property Organization rules.
- Open up trade in services: Half of the rise in the EU’s economy from CETA is expected to come from opening up trade services such as financial, telecommunications, energy and maritime transport.
- Promote investment: This will be done by removing barriers, providing a solid legal system and resolve investment disputes quickly, fairly and in a transparent manner.
Ensure good cooperation in the future: If all else fails and things go south, the CETA has created a framework from which to ask for a panel of independent legal experts to be set up with the goal to efficiently tackle any dispute that hinders trade and investment between the EU and Canada.

Protect democracy, consumers and the environment: CETA has been set up to serve the people, rather than ever undermine for the sake of commercial gain.

Why is it being opposed?

- Politicians in Wallonia, a small Belgian region, believe CETA would threaten their farming and industrial sectors, because they won’t be able to compete with cheaper Canadian exports. The concern comes in the wake of complaints by environmental activists and trade unions that this deal and others will erode standards for food, work and industry.

- The deal aims to bring the Investor-state dispute settlement courts, designed to provide a route for foreign investors to protect their interests in the region. The agreement has safeguards built in in recognition of the concerns including a code of conduct and increased transparency, but its proponents have failed to answer the fundamental question of why in the EU and Canada, with well-functioning judicial systems, such a separate court system was needed at all.

- The deal is also being opposed on the ground that it was prepared and negotiated in secret, excluding key stakeholders such as labour unions, consumer associations and others. Therefore it had zero democratic legitimacy.

- But Wallonia was far from being the only detractor of CETA. Recently, the deal faced another major challenge when three organisations — Campact, foodwatch and Mehr Demokratie — challenged CETA’s legitimacy in Germany’s Constitutional Court, arguing that it would create powerful committees with “no democratic legitimacy”, and investment courts that would discriminate against European investors.

- Earlier in the process, the Austrian government had raised objections, sparking concerns about the future of the deal.

Implications for India:

The near collapse of the CETA deal will have implications for India too, and the stalled negotiations on the India-EU Free Trade Agreement, which commenced in 2007 and continues to be held up by a lack of consensus on issues such as Mode 4 access for services professionals on the EU side, and FDI liberalisation on the Indian side.

It could also hit, indirectly, hopes for a fruitful India-U.K. Free Trade Agreement: observers in Britain have pointed out that the struggles over CETA don’t bode well for Britain’s ability to negotiate favourable terms with the EU as it attempts to extract itself from the union, which could have a serious impact on the 800 Indian businesses in the U.K., many of which sell their products and services in the EU.

Conclusion:

This breakdown is not the end of the line for CETA. The European Council has encouraged continued negotiations with a view to finding a solution to the outstanding issues as soon as possible. The Wallonian problem may well be resolved, and CETA saved, but the challenge it throws up about the legitimacy of trade deals for the EU and the world more widely must be countered with reform, dialogue and greater transparency rather than derision.
28/10 - Model Agricultural Land Leasing Act, 2016: Some Observations

**Summary:**

An expert panel appointed by NITI Aayog submitted its recommendations in April 2016 to create a model law to formalise leasing of agricultural land.

- Besides, reviewing existing agricultural tenancy laws of states, the expert committee had to suggest appropriate amendments with a view to legalise and liberalise land leasing and, more importantly, to prepare a model act.
- After consultations with states, farmer associations and civil societies, in the final report, the committee has provided a Model Agricultural Land Leasing Act.
- Currently, land ownership in India is recognised through the Registration Act of 1908. But on strictly technical terms, this Act only records the selling and buying of lands and doesn’t indicate ownership. As of now, most state governments have either legally banned or imposed various restrictions on agricultural land leasing.

**Why a law in this regard is necessary?**

- Absence of a sound institutional framework facilitating land leasing had been viewed as a major obstacle for private investment in agriculture resulting in poor productivity.
- Due to lack of any legal framework for leasing, the informal tenants of agricultural land have, in many parts of the country, been deprived access to institutional credit, disaster relief, and other support services.
- The situation, where beneficiaries of agricultural support services have been the land-owners and not the actual tillers, has fuelled problems of farmer suicides, default on agricultural loans among others.
- Also, agricultural land leasing has hitherto been informal due to legal restrictions imposed by some states, and these restrictions have affected agricultural productivity growth.
- Besides, tenancy laws differ from state to state. Laws in some states are generally very restrictive in the sense that they had almost prohibited agricultural tenancy. Such restrictive tenancy laws of states had adversely affected agricultural efficiency, equity, occupational diversification, and rapid rural transformation.

**Main features of the proposed model Agricultural Land Leasing Act, 2016:**

- Legalise land leasing, which will promote agricultural efficiency, equity, poverty reduction, agriculture productivity and rapid rural change.
- This is to ensure complete security of land ownership right for land owners and security of tenure for tenants for the agreed lease period.
- It will remove the clause of adverse possession of land in the land laws of various states as it interferes with free functioning of the land lease market.
- Allow automatic resumption of land after the agreed lease period without requiring any minimum area of land to be left with the tenant even after termination of tenancy.
- Allow the terms and conditions of lease to be determined mutually by the land owner and the tenant, without any fear on the part of the landowner of losing land rights.
- Facilitate all tenants including share croppers to access insurance bank credit and bank credit against pledging of expected output.
- Incentivise tenants to make investment in land improvement and also entitle them to get back the unused value of investment at the time of termination of tenancy.

**Why it is so special?**

The Act will allow leasing of land for the purpose of agriculture and allied activities for a specified period and as per mutual agreement between land owner and lessee cultivators. Agriculture and allied activities encompasses the raising of crops including food and non-food crops, fodder or grass; fruits and vegetables, flowers, any other horticultural crops and plantation; animal husbandry and dairy; poultry farming, stock breeding; fishery; agro-forestry, agro-processing and other related activities by farmers and farmer groups.

Further, the major benefit expected from the Act would be to lessee-cultivators, as they would be entitled to obtain loans, crop insurance, disaster relief or any other related benefits or facilities provided to farmers by the state or Central government based on their agricultural use of the leased-in land.

**Limitations in the proposed act:**

- The Model Leasing Act, if adopted in the proposed form, may encourage the diversion of agriculture land from crop cultivation to commercial use because it allows leasing of agricultural land for activities like plantation crops, animal husbandry and dairy etc., in addition to crop cultivation. Once agricultural land is transferred to allied activities, it will not only reduce the total land stock available for crop cultivation with an adverse impact on production of field crops but will also change the land-use pattern, if not permanently, at least for a very long period.
- There is also no clarity on the definition of lessee cultivator. The Model Leasing Act defines a lessee cultivator as a “person who leases in agricultural land.” It is not clear whether corporates and absentee landlords willing to manage cultivation through their employees/representatives can be allowed to lease-in agricultural land or the leasing should be restricted to farmers/group of cultivators including landless cultivators.
- Whether contract farming, particularly by corporates, should also fall under the purview of the proposed Model Leasing Act. There should not be any problem in leasing of agricultural lands by corporates if land use is restricted to cultivation of agricultural crops only since the leasing-in by corporates may lead to increased flow of investment to the agriculture sector. However, such contracts would affect the food security in the country, if choice of crops is solely motivated by profit.
- Also worrisome is allowing lease contracts between the parties for an indefinite period and that the government shall not fix a minimum or maximum lease period. It would also increase the risk of any influence/pressure on the lessor to lease out the land for a very long period and it might become very difficult for the survivors in the family to resume operating the land from an influential lessee. Thus, if the government does not fix maximum lease period, it will increase the risk of losing the contracted land permanently from food crops.
- The Model Leasing Act, though provides for lessors to resume the land if any damage to the soil health is done by the lessee, it does not clearly define what constitutes damage to soil health. It is felt that interpreting the “damage to soil health” would vary from person to person and it may give rise to disputes between the lessors and lessees.
- The Model Leasing Act also allows lessees to build structures or any fixtures on the land with permission from the lessor. These ambiguous provisions are not any better than the existing system in terms of its provisions to improve security of the tenant. Therefore, in all likelihood it would reduce the incentive for tenants to step up investment and improve land productivity.
The Model Leasing Act’s proposed schemata of addressing the issue of change of land ownership, is inimical to the interests of both landlords and tenants. Once the ownership of land is changed on account of sale or gift, lease contract may be terminated unless the new landlord and lessee agree to continue the contract for the rest of the agreed period.

The act is also silent on whether a land already under lease agreement can be mortgaged or not, keeping in view that the lessee might be interested in availing crop loans or term loans in case of allied activities.

While dealing with termination of lease, the Model Leasing Act has blatantly ignored why lessor should not terminate lease contract if the lessee keeps or intends to keep the contracted land fallow in a normal case due to his loss of interest in cultivation. Keeping a cultivable land fallow defeats the very purpose of enacting the Land Leasing Act which aims at ensuring productive and optimal use of scarce resources.

**Why is it being opposed by farmer activists?**

- Farmer activists across India have strongly advocated not allowing the usage of agriculture land for industrial purposes.
- They say agricultural land should not be given to corporate houses in their name. There should be a viable ceiling on land to be given on lease and it should be given only to landless, agriculture labourers or unemployed youths at the household level.
- The ceiling on land should be such that it can provide a good living for a household. Otherwise, there is a danger of this land being transferred to corporate houses, which can prove disastrous for the food security of this country.
- Also, activists say grazing lands for animals should not be allowed at any cost to be given on lease in the name of fallow land. Grazing land is very crucial for a village and it should be reserved for livestock only.

**Conclusion:**

Overall, the Model Leasing Act aims to benefit both lessors who prefer to enter into a lease agreement without the fear of losing ownership rights, and lessees who require protection from premature termination of lease contracts. No doubt, legalising the tenancy will result in better productivity of crops grown on the contracted land by replacing an unwilling cultivator with a willing cultivator, provided the contracted land remains to be used for cultivation of field crops only. However, the Model Leasing Act appears to be lopsided and seems to be giving an edge to lessees over the landlords. Also, allowing the contracted land to be used for activities other than crop production that too for an indefinite period will certainly threaten the food security of the country in the long run. These issues should be taken up for further consideration by the NITI Aayog so that a balanced and more acceptable model would come into force.

**29/10 - Women as Proxies in Politics: Decision Making and Service Delivery in Panchayati Raj**

**Summary:**

Gender equality in India is embedded in constitutional provisions, including substantive equality where the states are also empowered to make special provisions for women in order to undo the historical disadvantageous position of women.

- The 73rd and 74th Amendments of the Constitution in 1993 provided for reservation of seats in the Local Bodies of Panchayats and Municipalities for women, laying a strong foundation for their participation in decision-making at the local levels.
Why reservation for women is necessary?

- Women represent almost 50% of the population of India. But their representation in public life is low.
- Statistics continue to dishearten; India ranks well below the global average in terms of women’s representation in Parliament, as well as amongst countries which have mandated the minimum representation of women in Parliament through law.
- In the Human Development Report, India ranks very low on the Gender Inequality Index compared to many other developing countries.
- Female participation in the labour market is 29%, compared with 80.7% for men. Women’s ownership of land and property is less than 4%, whereas 73% of food is produced by rural women.
- Poor participation of women has a direct impact on the priorities and assumptions of policies and legislations. There will be a qualitative change in governance with the inclusion of women in decision-making processes. Hence, reservation for women is necessary.

Why some scholars are against reservation for women?

Some scholars have proposed that reservation can have the unintended and adverse consequence of weakening local democracy. They believe that women, who are elected from reserved constituencies, serve as proxies for their male relatives—exercising nominal power while the men retain the real work of governance. Reservation, they therefore argue, intensifies the problem of gender inequality by giving it the veneer of a solution.

However, the last decade has seen a wave of changes. Some argue that even if women are pushed into power with the intent of being proxies, they are eventually able to influence the delivery of public services. In particular, research has shown that women’s needs are better addressed in villages where there is a female sarpanch.

Other challenges before this policy:

- Acceptability of women as elected representatives is an issue. Male members try to create hurdles in the smooth functioning of the Panchayat taking advantage of the woman’s illiteracy or ignorance.
- Also, sometimes, officials with whom the elected women representatives must work can act as impediments in their work.

What needs to be done?

- We have adult franchise, but social inequality denies us equal space in structures. An important remedy lies in enabling women to fight feudal inequality with modern tools. Mere adult franchise is insufficient. Women must have access to real participation in governance through representation in decision making bodies.
- Dissemination of information regarding their rights as well as duties is essential for them and non-governmental organisations (NGO’s) should be encouraged to come forward in partnership with the government in order to fill this void. In addition, women representatives across different states should be encouraged to form associations in order to strengthen women’s political empowerment.
- Also, training should be made compulsory. The elected rural women and weaker sections should be educated and trained by which they can get the knowledge and understanding. Special training programmes for the elected women members in Panchayats should be organised.
- The State Institutes of Rural Development and the Non-Government Organizations may be required not only to prepare appropriate curriculum for them but also to organise the programmes for them. The training
programmes for the elected women members in Panchayats should be organised at state, district and block levels respectively. The teaching methods for these women’s should be simpler as possible.

- Group discussions, success stories and case studies should be the part of training. Electronic media and audio-visual aids should be utilized in the training programmes.
- State government should introduce incentives for the Panchayats headed by women of marginalized sections of the society for good performance and attendance rather developmental activities taken up.
- Ultimately the improvements in the literacy among women and weaker sections hold the key factor for their effective participation in decision making process and involvement with the developmental activities in the rural areas.

Way ahead:

The effectiveness of reservation for women in positions at elected Panchayats has political and social implications. Women’s reservation is not a sufficient condition for politically empowering women. Access to public services is influenced by a variety of factors apart from gender. The stark contrast in public exposure between men and women presents a powerful metaphor for their differentiated position in public space.

- This then calls for a more holistic, qualitative framework to understand the ways in which various social systems intersect and affect a female sarpanch’s influence on the delivery of public services.
- The systematic inequality that infuses every aspect of social expression will have to be addressed for the 73rd Amendment to bring about true local democracy.
- We must note that participation and representation is clearly different from empowerment. An elected woman representative needs the requisite social space in order to effect the changes that she desires.

Conclusion:

Reservation for women in Panchayati raj bodies has acted as a catalyst in the process of women’s political empowerment. In order to further hasten this social change, the state should find out the gaps and effectively address them. Also, the onus is on political parties who must voluntarily integrate more women in the political process whether as candidates or as voters. We must remember that empowerment as a process is slow but self-perpetuating. Providing women with opportunities and support systems (such as reservations & other affirmative action) has the potential to put into motion a sustainable process for a change in gendered power relations allowing them to slowly but steadily break the shackles of existing boundaries.

31/10 - Extending food security

Summary:

Tamil Nadu and Kerala, the two States that were holding out against pressure from New Delhi to implement the National Food Security Act (NFSA), have finally given their approval for the implementation of the act.

Background:

The Centre had recently warned of action if Kerala and Tamil Nadu failed to implement the National Food Security Act (NFSA) and had said if there was no immediate improvement in the situation, foodgrains for distribution to above poverty line (APL) families in these states will be provided at a higher rate. So far, the central government has been able to implement the NFSA in 34 states and union territories.
About the National Food Security Act, 2013:

Also called as the Right to Food act, this act aims to provide subsidized food grains to approximately two thirds of India’s 1.2 billion people. It extends to the whole of India. The cost of the implementation is estimated to be $22 billion (1.25 lac crore), approximately 1.5% of GDP.

Under the provisions of this act, beneficiaries are able to purchase 5 kilograms per eligible person per month of cereals at the following prices:

1. Rice at 3 Rupees per kg
2. Wheat at 2 Rupees per kg
3. Coarse grains (millet) at 1 rupee per kg.

Salient features:

- Under the act, 75% rural and 50% urban population are entitled for three years from enactment to five kg food grains per month at 3 Rupees, 2 Rupees, 1 Rupee per kg for rice, wheat and coarse grains (millet), respectively.
- The states are responsible for determining eligibility.
- Pregnant women and lactating mothers are entitled to a nutritious “take home ration” of 600 Calories and a maternity benefit of at least Rs 6,000 for six months.
- Children 6 to 14 years of age are to receive free hot meals or “take home rations”.
- The central government will provide funds to states in case of short supplies of food grains. The state government will provide a food security allowance to the beneficiaries in case of non-supply of food grains.
- The Public Distribution System will be reformed under the act.
- There will be state- and district-level redress mechanisms and State Food Commissions will be formed for implementation and monitoring of the provisions of the Act.
- The poorest who are covered under the Antodaya yojana will remain entitled to the 35 kg of grains allotted to them under the mentioned scheme.

Why there was delay in the implementation of the act?

- Identification of eligible households by few states was not done in time.
- Many states neither have adequate grain storage facilities nor a system of door-step delivery of grains to fair price shops (FPS) – both requirements that the Centre stresses are mandatory.
- An effective grievance redress mechanism to implement the Act was also missing.
- Besides, end-to-end computerisation of TPDS operations was also pending.
- Also there is a shortage of fair price shops in India. While there are 6 lakh villages in India, there are only 5.35 lakh fair price ration shops for disbursement of food grains.
- Duplication of beneficiaries, bogus ration cards, preparedness in allocation and erroneous registrations are some other problems that the states had to face.

Challenges ahead:

- Food grains under the act will be distributed through the already existing PDS (Public Distribution System). But, these PDSs have many loopholes such as leakages of food grains, corruption etc.
The exact number of poor is not calculated correctly. Different departments are giving different numbers.

The cost of this bill, Rs.1.24 lakh crore will be a burden for the government, and may lead to fiscal deficit.

As most of the food grains will be procured by Govt, exports will reduced, which is a big threat to the economy.

Small farmers may shift to other crops, as they may get the subsidized food grains. This may reduce the production of food grains.

**Way ahead:**

Effective implementation of NFSA would make an important contribution to food security and improved nutrition in the country. Recent experience shows that a well-functioning PDS makes a big difference to people who live on the margin of subsistence.

- The Act is also an opportunity to strengthen valuable child nutrition programmes such as school meals and the Integrated Child Development Services.
- Central and State governments are jointly responsible for the proper implementation of the Act.

**Conclusion:**

Food Security law is definitely a boon, because it guarantees basic need, food. But the PDS system must be strengthened to avoid corruption and leakages. And procurement price must be increased. Farmers must be protected. If this law is implemented effectively, it can help in eradicating hunger and malnutrition.