Lok Sabha, Rajya Sabha and All India Radio Discussions – Summaries

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India’s World: Brexit and its consequences

Summary:
UK is all set to hold a referendum to decide whether Britain should leave or remain in the European Union. This is as per the promise made by the British PM Cameron. He had promised to hold a referendum over the Brexit issue. Britain wants to leave the group as it had not had a say since 1975, when it voted to stay in the EU in a referendum. However, experts have warned that a vote by the UK to leave the EU would pose a serious threat to global growth. It would reverse the trend of increased global trade, investment and job creation.

What is happening?
A referendum will be held on 23 June to decide whether Britain should leave or remain in the European Union.

What is a referendum?
A referendum is basically a vote in which everyone of voting age can take part, normally giving a “Yes” or “No” answer to a question. Whichever side gets more than half of all votes cast is considered to have won.

What is the European Union?
The European Union – often known as the EU – is an economic and political partnership involving 28 European countries. It began after World War Two to foster economic co-operation, with the idea that countries which trade together are more likely to avoid going to war with each other. It has since grown to become a “single market” allowing goods and people to move around, basically as if the member states were one country. It has its own currency, the euro, which is used by 19 of the member countries, its own parliament and it now sets rules in a wide range of areas – including on the environment, transport, consumer rights and even things like mobile phone charges.
What does Brexit mean?

It is a word that has become used as a shorthand way of saying the UK leaving the EU – merging the words Britain and exit to get Brexit, in a same way as a Greek exit from the EU was dubbed Grexit in the past.

Why does UK want to leave the EU?

Many in the United Kingdom are of the opinion that the EU has transformed a lot over the years. They think that since several countries have joined the union, the EU’s hold over everyday aspects of these countries has increased. Many think that Britain is better off without the EU as it is being constrained by it. Some of the constraints involve imposing many rules on Britain’s business and shelling out billions of pounds in the form of EU fees without much gain in return.

Would it affect the global economic growth?

No, say few experts. In fact, economics is not the real issue here. Politics is a bigger issue here. As far as the UK is concerned, roughly about 40% of the trade of UK is with EU and largely two countries-Holand and Germany. Hence, this would not make any big difference.

Why Britain should not leave EU?

- Britain avoids exporter tariffs and red tape, important as 45% of British exports go to the EU. As a member, Britain can obtain better trade terms because of EU’s size.
- By staying with EU, Britain can fight for better regulations.
- Leaving doesn’t mean reduced immigration. Countries that trade with the EU from outside have higher rated of immigration, including from EU countries.
- At international summits, Britain is represented twice- by the foreign secretary and the EU high representatives.

Why Britain should exit?

- It will be able to secure trade deals important countries such as China, India and America.
- It saves money which could be used for scientific researches and for building new industries.
- Leaving will return control over areas like employment, law, health and safety.
- Currently, Britain has little influence within the EU. By leaving EU, it can have a stronger influence for free trade and cooperation.

Impact on India:

This would affect the flow of FDI. The impact on Indian FDI to the UK could potentially be over two time periods: the short-medium term and the long term. The short-medium term covers the interim period before the referendum, and is likely to see FDI decrease temporarily, the deterrents being the potential financial instability and a legal regime overhaul. If the UK votes to leave the EU, FDI may fall in the long-term as well.

Also, India, unlike the British, sees the EU primarily as an economic and trading bloc, not a political organization, and Indian businesses are acutely aware of the potential of instability that a Brexit. There are over 800 Indian companies in the UK, the top 10-15 of whom contribute $4 billion to the British economy. Indian companies see the UK as the
springboard to Europe. The language and legal system give Indians a comfort level. Many Indian information technology companies based in the UK with large work forces and offer services to Europe will be hit too.

India’s World: Economic Crisis in Saudi Arabia & Indian Workers

The recent economic crisis in Saudi Arabia has been reflected in the plight of the stranded Indian workers there. More than ten thousand workers have faced severe food crisis, job losses and financial hardships. The problem took a giant shape this time when Saudi Oger Construction Company sacked its workers and further stopped providing food in the camps. Only when the Indian government stood up to supply food to its people there, Saudi Arabia took cognizance of the issue and extended its support to the Indians.

Overview of Saudi Arabia’s economy and beginning of the crisis:

1. The Saudi Arabian economy is not a normal economy. It has no taxation, minimum custom duties and relies totally on oil. Therefore, its economy has been jolted severely by an oil shock. **Crude oil that was sold for over $100 per barrel once has now reduced to $50 per barrel. As an extremely specialized exporter of oil, Saudi Arabia is most vulnerable to price decline.**

2. Oil revenue has paid almost 70% of the government’s budget. With the decline in revenue, **budget deficit has increased.** There is a heavy subsidy on energy, food and many other items in the country.

3. The dominance of the government sector in Saudi’s economy where more than half of the workforce is employed is another cause of this crisis.

4. With the **shale oil production in USA,** its oil requirements have substantially decreased in a few years. Although this was done by USA to bring down the revenues of Iran and Russia, it has harmed Saudi Arabia’s economy more than any other nation.

5. Since the **sanctions against the exports of Iranian oil have been lifted now,** it has again become a major exporter of crude oil. In order to compete with Iran, Saudi Arabia decreased its oil prices but in vein because right now there is enough oil in the market plus the climate change concerns has further led the nations to opt for cleaner sources of energy. Therefore, it is unlikely that the prices for oil would escalate in near future.

6. War in Gulf countries like Yemen, Iraq has led to large expenditure on defense thereby causing losses.

In the present scenario where Saudi Arabia has become a victim of its own aspirations, what is needed is a long term economic reforms, creation of more private sector jobs, introduce taxes, curtail investments in construction and other areas and conclude conflicts with its neighbours.
**Why Saudi Arabia came up so badly with the workers?**

In Gulf countries it is commonly found that the blue collar workers are taken for granted and treated in a substandard manner. The country does not have labour unions and the labour laws are extremely strict and favour the employer. An expatriate cannot leave the country until and unless he gets NOC (No Objection Certificate) from his employer. The attitude of Saudi government is a clear mirror of the cultural narrowness they have for foreign workers.

**Plight of Indian workers:**

Indian workers who have paid huge sums of money to the agencies for jobs cannot choose to come back as they don’t have an option of job in their home country as well. They send huge sums of remittances to their home. These dilemmas further aggravate their conditions.

**Approach of the Indian Government:**

1. The Indian government did a commendable job by extending its helping hands to the workers. But presently India is fully saturated with the issues of creating more jobs for its workforce. In this scenario, unfortunately India cannot take up 3 million workers as it does not have jobs for unskilled workforce. The workers can be a part of the job market but the government is not in a position to treat them specially.

2. The Indian government can have Migration Resource Centres in the Gulf countries where Indian expatriates are in large numbers. They can perform necessary research on the labour market and provide Indian labours according to the demand supply equation.

3. Better coordination with South Asian countries like Nepal, Bangladesh and Sri Lanka can help in negotiations with Gulf countries on these issues as these nations also have their workforces employed in these countries.

4. The government can and should provide financial assistance to those workers who establish their own set up as has been done in Kerala.

People don’t understand the statistics but they do understand hunger, unemployment and a state that is apathetic to them. Therefore, both the native country and the nation employing them need to be sensitive towards them.

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**The Big Picture- 25 Years of Economic Liberalization: Where are We?**

[Link](#)

In the recent past, India has seen a rapid transformation in her economy yielding a different perspective altogether for the country from rest of the world. The economic reforms of 1991 (liberalization, privatization and globalization) not only affected our economy but also affected the way we live dramatically.

There were various short and long term reasons behind these reforms like:

1. Bad fiscal situation of India
2. Foreign obligations to be fulfilled
3. Stagnant growth of employment
4. Creation of more wealth, job and reduction of inequality

The **economic reform policy aims** towards greater freedom for doing business outside government control, reducing the role of public sector while giving more space to private sector and doing away with MRTP/FERA act. It also advocated foreign investment policies to attract foreign investment in the country.

On the **flip side**, we need to see that the economic reforms have proved to be beneficial only for a few sectors like finance, trade, investment etc. Other sectors didn’t reap much benefit from the reforms like manufacturing. Service sector grew at a much faster pace in comparison to manufacturing and agricultural sectors.

There is a missing link in the Indian economy where the services sector grew faster than the manufacturing sector which ideally should have been the other way round. The sector contributing the least to the GDP has maximum dependence on it (agriculture) and the sector contributing most to the GDP depends least on it (services). As an outcome, the gap of inequality is increasing further. The benefits of the reforms have not percolated to agricultural sector due to which we find disguised unemployment in this sector.

**What needs to be done?**

1. Creation of opportunities for skill development/formation of the unemployed (Skill India, Make in India) and putting more focus on unorganized sector of the economy.
2. Focus needs to be shifted towards social sector like irrigation, rural electrification, better communication facilities in villages, education (Sarva Shiksha Abhiyan, Mid-day meal Scheme) and health (NRHM, National Sanitation Campaign).
3. Employment opportunities for the masses (MNREGA) providing livelihood, means of income, increasing purchasing power to reduce absolute poverty levels.
4. Increase agro-based industries in the country.
5. Labour reforms and increase in their wages as the labour laws were framed much before independence and today’s scenario has changed drastically.

Putting focus on one side of the coin only cannot be a complete parameter of measuring success of these reforms. In our zeal and enthusiasm of reaping benefits from these economic reforms, we need to keep in mind that still there is a part of population which is living under abject poverty in the country. We need to bring them in sync and further integrate them with these reforms. This is the real challenge that needs to be addressed today on a priority basis.

**The Big Picture: South China Sea AND Impact of Tribunal Verdict**

**Link**

The Permanent Court of Arbitration (PCA), Hague, Netherlands gave the judgement that China cannot legally claim historic rights over the islands in the sea falling within the nine-dash line. The PCA said that China has violated sovereign rights of Philippines. This issue was raised by Philippines in 2013 at the Hague. However, China refused to
take part in the proceedings as it has rejected tribunal’s jurisdiction and legitimacy from the beginning. The Court made it clear that it was not deciding on the territorial dispute and was only giving its decision on the matter whether China has historic rights on the sea or not and the sources for such maritime claims.

**Reaction from China:**

From the Chinese perspective the ruling has been more unfavourable than expected. But since china has rejected the verdict, it cannot be enforced as PCA does not have enforcement mechanism. China is a signatory to UNCLOS (United Nations Convention on the Law of the Sea – which defines the rights and responsibilities of nations with respect to their use of world’s oceans, establishing guidelines for businesses and managing marine natural resources) and also has accepted **cannon fire shot** distance (national rights of a country are limited to a specified belt of water extending from a nation’s coastlines generally 3 miles according to the **cannon shot rule** which is measured by how much distance fire can cover from its shore line). China has rejected the verdict on the grounds that it was not a part of rule making body when the rules were made. The Chinese have proposed that South China Sea is a territorial sea and hence implying freedom of navigation to be problematic although they took a stand that were not obstructing it. But India did face problems with INS AIRAVAT.

**India’s Role:**

India has so far done a good job by not commenting on the tribunal’s verdict. India’s focus is still on the freedom of navigation and flight as lot of its trade passes through South China Sea. Therefore, solely depending on the goodwill of Chinese for transit does not seem to be an option for India.

If china is successful in establishing its hold over South China Sea, then it can further project its power towards Indian Ocean as well. Therefore, India cannot choose to be passive.

India has mentioned that there is need to observe international laws including UNCLOS and dispute settlement need bilateral talks and peaceful methods. It has been further clarified by the Defense Minister that it is a bilateral dispute and India is not a party to it. Therefore, India’s position is quite balanced and more definitive in this regard.

In a nutshell, although militarily strong, china cannot afford to bring to itself a reputational damage by challenging UNCLOS. This verdict is not only crucial for a few East Asian countries but also concerns the whole of Asia Pacific and geo political situation of the world as well.

**The Big Picture- New Education Policy: Highlights and Hitches**

**[Link](https://www.insightsias.com)**

Good quality education is said to be the foundation of new discoveries, new knowledge and innovation which further determines the prosperity and growth of a nation. Education is a dynamic aspect of human development which keeps on broadening its relevance with needs of the society and economy.
The New Education Policy has been drafted by former Cabinet Secretary TSR Subramanian almost after thirty years of the previous education policy. For the 200 pages Report submitted by the Committee with 90 recommendations, the MHRD came out with a Draft National Education Policy with some modifications.

**Takeaways from the Report:**

1. The overall quality of education both in primary and higher stages is very bad and has further deteriorated in last 10-15 years although there is an increase in the number of educational institutions.

2. The discrimination against the weaker and marginalized children still persists in the Indian society and education system is not aloof from this aspect of education system. These children have equal rights as compared to other children as per RTE but there is no significant improvement in their educational status so far.

3. The focus of educational institutions needs to be teacher oriented as they are the most important link between the institution and students. It has observed that teachers and their training are often neglected and more importance is given to directors, secretaries and higher authorities of the educational institutions.

4. The Report has favoured for 6% GDP for education, a well-structured public system of education and strengthening of Right to Education Act. In India’s current state of development, a minimum of 6% of GDP, if not at much higher level, should be essential expenditure in the education sector as previously this has remained far below the expected level.

5. Universities and colleges are temples of learning. Some self-imposed restrictions surely should be in place to ensure that the primary work of the universities should be conducted without hindrance. Ideally the universities ought not to lend themselves as play grounds for the larger national rivalries, inequalities, inequities, and social / cultural fault lines; these need to be tackled by society as a whole in other forums such as parliament, courts, elections etc. There is a need to restrict political and other distractions in these institutions.

It has been seen that in the Report of the Committee as well as MHRD, there is emphasis on infrastructure only. RTE has not been given its due share of importance in the Report. Even after 6 years, there are only 10% schools which are complying with the norms of RTE. Many problems like teacher training, quality of education, training standardization have their solutions in the RTE Act itself. The detention policy has been removed at the time of RTE formation with a concept that self-esteem of a child should not be killed. Despite such initiatives, the results are poor.

**Suggestions given in the Report:**

1. The Committee recommends that the no detention policy should be continued, but only till the primary stage of elementary education, up to Class 5, when the child will be 11 years old. At the upper primary stage, from Class 5 to 8, for children between the ages of 11 and 14, the Committee recommends that the system of detention of children who are below the requisite minimum standard should be restored.

2. Specifically, on the basis of CCE (Continuous and Comprehensive Evaluation) and an end term examination, the weak students should be identified and provided remedial teaching at the end of the school day or during holidays, for which new arrangements are to be created within the school system.
3. The universities should be graded on merit in order to have autonomy. The better a university performs the greater autonomy it should have.

4. The Committee Report does not favour student unions. They should deal with only academic issues if present. Despite some of the best reports and policies, there is a lack of effective implementation and execution mechanism. The citizens of any nation are its most valuable asset and education is the only tool to ensure them a better quality of life and all round development.

**The Big Picture- GST Bill: Is It Ready for Passing and Implications**

One of the biggest financial sector reforms now seems to have finally reached the stage; Goods and Services Tax. Right from its official mention in 2009, it took several years to build consensus on GST. Thereafter, the Government of India introduced the 122nd Amendment Bill, 2014 in the Parliament to facilitate the introduction of GST in the country. The Bill has finally been passed by both the Houses in 2016.

The basic purpose of GST is to integrate taxing of goods and services at differential rate separately into one tax rate with both Centre and States taxing concurrently as the central government GST (CGGST), the state government GST (SGGST) and an Integrated GST (IGST). The final amendment of 2016 has stated that the centre’s share of IGST and CGST will be distributed among the Centre and States.

Some of the causes of delay in the passing of the 2014 Bill and the amendments made in the 2016 Bill are as follows:

<table>
<thead>
<tr>
<th>Causes</th>
<th>2014 Bill</th>
<th>2016 amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Tax</td>
<td>An additional tax of 1% on supply of goods will be levied by the Centre on inter- State trade or commerce (clause 18)</td>
<td>Provision deleted</td>
</tr>
<tr>
<td>Dispute Resolution</td>
<td>GST Council may decide upon modalities to resolve disputes (clause 12)</td>
<td>GST Council shall establish a mechanism to adjudicate any disputes</td>
</tr>
<tr>
<td>Compensation to States</td>
<td>Parliament may by law provide for compensation to States for any loss of revenues up to 5 years</td>
<td>Parliament shall, by law provide for compensation to States for any loss</td>
</tr>
<tr>
<td>Cap</td>
<td>Demanded by opposition for 18%</td>
<td>Opposition agreed to forego the demand</td>
</tr>
</tbody>
</table>
Benefits from GST:

1. It will help to get rid of the current patchwork of indirect taxes by simplifying them.
2. It will enlarge the tax base (threshold level of income on which taxes become applicable) for larger resource generation.
3. Due to simplification of tax structure, large scale sectors will benefit as there will be one general rate to be paid by all companies.
4. The cascading effect of taxes will reduce in the supply chain thereby cutting production costs making exports more competitive.

Challenges that might come:

1. Since the poor and the working classes spend a greater proportion of their income on essential consumption therefore, social protection measures are required to neutralize the effect of taxes on them. The exemption to small scale sector up to 1.5 cores is one such step proposed in this regard.
2. Inflation might increase for a short span of time due to increase in tax rate which might further lead to tax evasion.
3. In order to ensure successful implementation of GST, robust technology is the requirement.
4. The items to be included under the purview of GST might be a reason of conflict among states as the needs and requirements of all states in India are different from each other. For example- the needs of states like Jharkhand and Bihar might significantly vary from those of Karnataka and Kerala.

The present GST is way better than previous tax regimes and it would be unrealistic to expect a perfect GST. The reforms made in the indirect taxes are commendable and the government’s decision of propelling GST would place India’s economy at par with other mature economies of the world.

The Big Picture- Uniform Civil Code: Where does one begin? [Link]

Even after more than 60 years of independence, uniform civil code has been a constant matter of debate. The NDA government formally asked the Law Commission to look into this issue, its pros and cons and present its report. However, it is significant to note here that this is for the first time any government has asked a legal commission to look into a politically controversial matter and this was a part of present government’s manifesto as well.

A uniform civil code means that all citizens of India are to follow the same set of rules and laws irrespective of religion. This does not mean that it limits the freedom of people to follow their respective religious beliefs and customs. It simply means that every individual is supposed to be treated equal in the matters of marriage, inheritance, property, family, adoption etc.
During the British rule, there was a common criminal code for all but the civil courts applied the customary laws which prevailed in any area or among a section of people since times immemorial. The makers of our Constitution felt that uniform civil code was a goal to be accomplished in later stages as post-independence era came with its own set of challenges and problems which demanded more priority than this one.

Some of the problems and possible solutions to provide a beginning to uniform civil code may be as follows:

1. Uniform civil code is a replacement of all personal laws is a common belief among people of different communities and religions. For example- Muslims believe in Quran above everything. Shariat law cannot be changed. There is a general perception that accepting uniform civil code is a synonym for accepting Hindu laws enacted in 1955-56. In order to overcome these fears, there needs to be a draft to build a broad consensus among people in favour of uniform civil code.

2. Article 44 under Directive Principles of State Policy mentions the word “uniform civil code” not “common” favouring the idea of liberalism.

3. There are a few examples that show uniformity is needed to avoid contradictions like in cases of property rights for women, marriages, domestic violence etc. Many laws have been enacted aiming to bring uniformity in these matters like The Dowry Prohibition Act, The Domestic Violence Act, Child Marriage Prohibition Act, The Special Marriage Act and many others.

4. Finally, Articles 14 and 19 of Fundamental Rights guarantee the citizens of India that Constitution will prevail if there is a law which does not stand in conformity with it. Further, the concerns and objections of minority sections can be addressed through wider debates and discussions in order to find a common ground for consensus.

5. A uniform civil code will surely be beneficial for women irrespective of any religion or community as they would be treated more fairly and equally.

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.

The Big Picture- GST Constitutional Amendment Cleared: What’s The Road Ahead?

[Link]

The first major milestone has successfully been crossed with the passing of a unified Goods and Services Tax Bill almost unanimously in the Upper House. This is just the beginning of a big task that lies ahead in order to accomplish a significant goal of rolling out GST by 1st April 2017.
Roadmap Ahead:

Some of the processes and steps required now to make “one nation, one tax” a reality are as follows:

**Legislative:**

1. Among the first tasks ahead is the drafting of the Central and State GST laws that will again be required to be passed in the Parliament and ratified by more than 50% of the State Legislatures.

2. Another issue is whether the GST legislation should be a money bill or a financial bill. If it is proposed to be a money bill then the Rajya Sabha can only discuss and not vote on it.

If it is passed as a financial bill, then Rajya Sabha can vote, pass or reject it even if it has not been introduced in the Rajya Sabha.

**Economic:**

3. It has to be determined what rate structure for tax has to be adopted to incentivize compliance and at the same time generate enough resources. It is a well-known fact that GST is an indirect tax and the most important feature of indirect tax is that it is regressive. Therefore, adopting a particular cap rate becomes vital; otherwise the GST rate can easily go on increasing leading to an increase in India’s income inequality.

**Political:**

4. The governance within the GST Council is also going to affect the implementation of GST. The states might have conflict over the issue that an economically larger state contributing more to the GST should have a greater say in the Council.

5. There is a need to pay attention on the requirements of smaller states. If a high threshold for GST exemption is adopted, then almost all businesses of such states will be exempted from tax.

**Technological:**

6. There is a requirement for a sound technological infrastructure as the IT backbone for the new tax regime will aim to reduce taxpayer interface with departments for activities like registration and filing of returns. For rest of the functions as well, it has to be made clear whether there would be coordination between departments at central and state levels.

**A Possible Pitfall That Might Happen:**

The primary area for concern of states will be to prevent revenue loss at any cost. In this regard, the empowered committee of finance ministers uses a concept Revenue Neutral Rate (RNR). RNR is the uniform rate which when applied will leave all the states with the same revenue as before. Therefore, no state will lose by accepting GST. In order to nullify the fear of states, RNR might be loaded with every possible existing tax (excise duty, octroi etc.). This is going to escalate RNR and hence it might increase inflation in the economy and job losses in the unorganized sector. Although there are a few major decisions which have to be taken before GST rolls out, but for now it is a matter to rejoice that even after so much delay GST has got consensus and has evolved in a much better shape than expected.
The Big Picture-The PM on Gau Rakshaks: What’s the Message?

Honorable Prime Minister of India has ultimately raised his voice forcefully on those indulged in cow vigilantism. He has strongly criticized those who are committing heinous crimes in the name of cow protection. Incidents like these have led to serious situations in some parts of the country causing some people to lose their lives as well.

**What does the statement mean?**

1. The Prime Minister through his words has made it clear that there is a difference between cow protection and cow vigilantism. A provision for protection of cattle was incorporated in the Directive Principles of State Policy under **Article 48**. This entitles the state to preserve and protect cattle. However, this does not mean that a person who is not a member of law enforcement can punish people suspect of anything.

2. The law of the land is supreme and it cannot be violated by anyone. Further, it was remarked by the Prime Minister that **70-80% of Gau Rakshaks are anti-social** who are taking law into their hands.

3. These incidents might hamper the ideology undertaken by our Prime Minister “Sabka Saath Sabka Vikaas”. Through his strong words, he has reiterated his ideology.

4. The State Governments cannot circumvent their responsibilities by blaming the Centre. When such situations arise in a State, they need to enforce and implement strict law and order.

**Whether the message has come at the right time?**

This message will help in building confidence among the Dalits that Government at the highest level is concerned with what has happened to them is absolutely wrong in the light of recent incidents. However, it has to be understood that the **issue of untouchability and other problems among Dalits is metastatic in nature.** Most of the atrocities they face on an everyday basis are actually being done by ordinary people. There is a problem of ideology and social code which are being followed since ages in the name of religion.

**What can be done in this regard?**

1. So far, there has been no commitment from a single political party to take caste and untouchability issues for reforms. There is a severe lack of political will to do this.

2. There is an urgent need for providing education and economic upliftment of the Dalits in the society.

3. Even after laws, if such incidences are happening in various parts of the country, then it is the need of the hour for a drastic change in the system for justice delivery. There have been incidents of burning of houses, lynching and killing in the past as well.

4. There have been incidences where truck drivers ferrying cattle across different parts of the country are being threatened for money and beaten up by criminals. Police forces, that should bring vigilantism to book are providing shield for criminals.
5. There is a need to change policies and political discourse for a positive change, improve institutions engaged in delivery of social justice and law reforms.

**Criticism of the Statement:**

1. While the Prime Minister has given his piece of mind clearly, many people have argued that he chose to speak only when there was a *danger of his silence being misinterpreted as acquiescence*. The delay in his response has somewhere encouraged the anti-social elements.

2. He has failed to recognize that the horrific incidents connected with cows are wrapped up in communal imaginaries and electoral calculations and is further destroying the bonds of citizenship through cynical development of divisive agendas.

3. His remarks are being analyzed in context of reconciling the ideology of Sangh Pariwar with immediate electoral interests in some states.

**Whether the message will have the desired effects?**

Sentimentally speaking against the issue is not going to solve the problem. What is required here is to understand the fact that these are structural problems of our society about which there is a need to think and recognize diversity (*beef eating is a common practice in many parts of India and skinning dead animal has been occupation of Dalits*). Ideologically and politically, diversity has to be brought on the table and everyone’s cultural identity has to be respected.

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**The Big Picture- Irom Sharmila and AFSPA Debate: Where Is It Heading?**

After 16 years of prolonged fasting against the Armed Forces Special Powers Act, Irom Chanu Sharmila recently ended her hunger strike. It is indeed remarkable that for so many years, she carried on her fight alone foregoing the sense of taste.

**Reasons for her decision and reaction from people:**

Opinion on her decision to end the fast remained clearly divided in Manipur. The 16 long years spent in the hope of a result didn’t bring out anything for the Iron Lady. There were no initiatives from the political parties on her hunger strike and apart from this the recommendations of the Justice Jeevan Reddy Commission Report were also taken into consideration. Therefore, this is a good decision on her part and she has all her rights to get into electoral politics to achieve her goal.

However, many people in her state felt strongly disappointed with the decision. People in Manipur do not have much faith in Indian politics. They have a thinking that by joining up Indian politics, Irom Sharmila might also end up like other politicians. Manipur has more than 40 underground groups (UG) which hold a partial sway over the State’s civil society. Because of their power, many people out of fear have not supported Irom Sharmila.
AFSPA and other issues:
The Armed Forces (Special Powers) Act was enacted in 1958 to bring under control what the government of India considered ‘disturbed’ areas. The Act has often faced flak from Human Rights groups as it gave sweeping powers and immunity to the army in conflict-ridden areas.

Justice Jeevan Reddy Commission noted that “the Act is a symbol of hate, oppression and instrument of high handedness”. It unambiguously recommended the repeal of the controversial law for which people in Manipur and some other parts of the country have been agitating for years. It also said that while providing protection against civil or criminal proceedings to the army with respect to their acts and deeds, it is equally important to ensure that when they knowingly abuse or misuse their powers, they must be held accountable. There is a strong lobby of military and Indian intelligentsia in which there is a belief that the country cannot hold itself together without the use of AFSPA. This has been a reason for no action on the Report so far.

Though there are many violent insurrections in India which have to be handled militarily but in the short run. Even after so many years, if the situation in these states has not changed, it is quite evident that there is some serious flaw with this law itself. Military in these situations need to be put under the purview of civil laws if they are doing civil policing duties. There is no situation that justifies AFSPA. Army can be deployed to kill insurgents but they cannot kill innocent people and commit atrocities on them without any accountability. This is one the major reasons why people from these far flung areas of India feel alienated from rest of the country. The indifference towards Irom Sharmila for so many years somewhere proves the attitude of the Indian Government not to treat them at par with rest of the country. Our government has to be sensitive to the issue of violation of Human Rights of the people in these areas.

It is high time now for India to realize that waging war against its own people will not help. The country needs to trust and respect its citizens. The end of hunger strike by Irom Sharmila cannot be said to be a failure because the decision taken by her shows that she has upheld the cause for which she was fighting. Although her 16 years of hunger failed to gain momentum and support from the people, moving towards electoral politics is the most practical decision she could have taken.

The Big Picture- Judicial Appointments: Why Is It Still Eluding Solutions?
In a recent confrontation between the Centre and the judiciary, the Chief Justice of India T.S. Thakur criticized the actions of the Centre over the matter of appointments of judges in the higher judiciary and for trying to bring the entire judiciary to a grinding halt. After the NJAC law was struck down by the Supreme Court, it again asked the Government to come up with a Memorandum of Procedure in consultation with the Chief Justice of India for selection of judges.
It has also been said that the government wants to achieve through the Memorandum of Procedure what it could not with NJAC.
However, several issues have erupted since then between the both the parties due to which no consensus has been reached so far. Some of the reasons are illustrated as follows:

1. According to the Supreme Court, delays on the part of the government in clearing appointments to the higher judiciary are not being given enough attention.

2. **Poor litigants and under trial prisoners suffer the most because of judicial delay.** There has to be a significant initiative to increase the strength of the subordinate judiciary.

3. There are approximately 478 out of 1079 vacancies which are yet to be filled for High Court judges. This constitutes about 44.3% of the total sanctioned strength of the High Courts. Even after almost two years, judicial appointments have yet been in a gridlock.

4. One of the biggest problems is the issue of “judicial dynasties” or collegium which prefers to appoint relatives, friends, former colleagues and juniors. There is a deep concern over this issue because it strikes at the very essence of merit and transparency in judicial appointments.

5. In order to ensure **national interest**, Government wants to have the power to reject recommendations from collegium, whereas the judiciary opposes such a veto clause. This clause on right to reject a recommendation is opposite to the current practice where the Government is bound to accept a recommendation by the collegium comprising four senior most judges of the Supreme Court and the Chief Justice of India if it reiterates the same. Therefore, the Supreme Court collegium returned the draft of the revised Memorandum of Procedure to the Government.

The Centre and the judiciary need to collaborate on finding practical solutions like:

1. Appointing more judges on vacant seats.

2. Including retired judges as ad hoc judicial officers based on periodic need assessment and deploying judicial resources efficiently.

3. In order to ensure transparency, fairness and accountability, the need is to adopt a system of evaluation to screen all candidates whose names are proposed for selection.

4. The criteria for selection should be more detailed and it should not only rest on seniority of the judges. The appointments are still out of the purview of RTI Act.

The proceedings so far till now only show that there is no sincerity of purpose from either side i.e. executive or judiciary. Both need to iron out their differences in order to ensure smooth running of the system.
The Big Picture- Amnesty and Sedition Charges: Is It Valid?

The notorious Section 124A of Indian Penal Code is back into limelight and this time Amnesty International India in Bangalore has been booked under this section. An event was organized as a part of its campaign for seeking justice against human rights violations in Jammu and Kashmir which ended with some heated arguments and slogans. The FIR has been filed on the basis of a complaint filed by ABVP (Akhil Bhartiya Vidyarthi Parishad)

**Section 124A and what constitutes the act of sedition:**

The Indian Constitution does not define the word sedition. The word has been defined under Indian Penal Code which reads as follows-

“Whoever by words, either spoken or written, or by signs or by visible representation or otherwise, brings or attempts to bring into hatred or contempt, or excites or attempts to excite disaffection towards the government established by law in India shall be punished with imprisonment for life to which fine may be added, or with imprisonment which may extend to three years, to which fine may be added, or with fine.”

Sedition defined under Section 124A has its roots in colonial rule. While the British used this to suppress the voice of the Indians demanding freedom, it should not be misused in India to suppress the freedom speech and expression of its own people. During the British rule, Bal Gangadhar Tilak and Mahatma Gandhi were also booked under charges of sedition.

**Is it being used for the right purpose?**

1. This provision of law has even before been misused in several cases recently like those involving Kanhaiya Kumar, Hardik Patel, Aseem trivedi and many more. In a routine practice, our police tend to put every section in a FIR. They play safe and try to be defensive while registering a case. Which section has to be invoked in the case should come at a later stage after the complaint has been registered. There is a clear cut lack of understanding of the provision of laws among the investing agencies. When 124A is being invoked, it must be done with the consultation of the seniors.

2. In the case of Amnesty International India, the Karnataka Government has said that there would be proceedings in the case only after substantial evidences are found. Hence, this is a sort of safeguard where no case can be brought to court without government's sanction. However, the harassment of those booked under this section begins in between as the whole issue is conflated and made oversensitive by the media.

3. Despite the highest judiciary of independent India reading down the Section, there appears to be little political restraint in scrapping it totally.
4. The problem lies with interpretation of this provision as well. Speeches are often blown out of proportions and then deemed to be seditious. Afterwards, only the portion of the speech assumed to be seditious is totally isolated from the context in which it was made.

5. The definition of sedition as mentioned in Section 124A itself has loose ends and is vague. It requires to be reconsidered. In most of the cases where this section is used, public disorder, contempt or exciting disaffection is absent. But the limitations of the section have rarely stopped the prosecuting authorities from using it.

6. The Law Commission, while revisiting the issue, should take into account recent developments, especially the glaring instances of misuse of the sedition law and the tendency to invoke it against those involved in strident forms of political dissent. One way to limit its mischief is to narrow the definition.

It needs to be understood that the Republic of India is much stronger than a mere slogan or speech. There is a need to understand the ingredient of offence before 124A is used. It is time for India now to abolish these kinds of colonial laws.

The Big Picture- Judicial Appointments and RTI: Should It Be Allowed?

One of the landmark legislations of the country which actually transformed the nature of governance in the country and brought in transparency and accountability is the Right to Information Act passed in 2005. This Act mandates timely response to the request of citizens for government information. However, there are still certain areas where RTI should be applicable or not is a matter of debate one of them being higher judiciary.

Background:

About 6 years back, there was an RTI request by petitioner Subhash Chandra Agarwal for the complete correspondence that was done between the Centre and the Supreme Court on the appointment of Justice H.L.Dattu, Justice A.K. Ganguly and Justice R.M. Lodha superseding the seniority of Justice A.P.Shah, Justice A.K. Patnaik and Justice V.K Gupta. There was an order of disclosure by Central Information Commission to the office of the Chief Justice of India to disclose the details. The order was challenged by the apex court and was referred to a three-judge Bench that time. Recently, the Supreme Court referred this issue to a five-judge Constitution Bench to decide whether the disclosure of information on appointments, transfers etc. would interfere in judicial independence or not

It needs to be noted here that **judiciary is not an exception under RTI whose details like appointments, transfers or complaints against judges are not covered under any exemptions in RTI.** Personal details though are exempted from RTI under Section 8 (1) (j). Certain institutions like RAW, CRPF, CISF etc. are exempted from RTI for obvious reasons but judiciary doesn’t find place there.
Judiciary’s Stand:
The judiciary’s primary concern here is that its independence might be at stake if the details are disclosed. Up to what extent information should be disclosed is also a matter of discussion as it might damage the reputation of a person. There is an issue of threat to national security as well. Sometimes, the details of appointments are also closely linked with personal details like medical conditions. Now, under these circumstances what should be disclosed and what not has to be decided.

Pros and Cons:
1. As far as judiciary is concerned, it is awkwardly positioned in terms of defending its judges as compared to executive and legislature. It cannot defend itself unlike other institutions and therefore, there is a need to determine the scope of disclosure of information i.e. how much information should be disclosed, at what stage they should be disclosed etc.
2. It is also being said that so far the conduct of judiciary is concerned; it is more of their mindset than independence or RTI provisions. Being the interpreters of Constitution, they have brought all other institutions under RTI but they are themselves away from it.
3. On the whole the disclosure of information would strengthen judiciary in the eyes of people. It will increase its credibility and public trust. It would help to prevent any kind of political or other interference and make the process of appointment fairer. RTI Act has a provision under Section 10 for severability where a request for access to information is rejected on the ground that it is in relation to information which is exempted from disclosure. So, there are enough safeguards for judiciary under RTI.
4. There is no scope of RTI being misused as it is only for seeking information that already exists. It does not create new information. The facts are recorded and available in the public domain to see and increase awareness.
5. In the name of independence of judiciary, there is no information about who applies for position of judges, eligibility criteria, procedure for appointment or transfer of judges. Secrecy in appointments will be exposed if judiciary comes under RTI.

Whether the judiciary opens its “Pandora Box” or not is something that is still uncertain. But if it does, it would only make it more accountable and transparent to the citizens of the country.

The Big Picture- Five Point Agenda of India for Talks with Pak: Will It Cut Ice?

Link

Ever since the Prime Minister of India has made a reference to Balochistan and PoK in his Independence Day speech, the idea that India might use the ethnic-nationalist insurgency in Balochistan in a tit-for-tat campaign against Pakistan’s proxy war in Kashmir has been a distinct possibility. Therefore, the same day, Pakistan sent a proposal for bilateral talks
at Foreign Secretary level. But this time, India has hardened its stance and has given a five point agenda for talks to proceed.

**What is the Five Point Agenda?**

2. Ending **incitement to violence** and terrorism from Pakistan.
3. Detaining and **prosecuting internationally recognized Pakistani terrorist leaders**.
4. **Closing down of Pakistani terrorist camps** in Pak Occupied Kashmir.
5. **Denying safe haven to terrorists in Pakistan** who have escaped Indian law and seek justice for Pathankot airbase attack in 2015 and Mumbai attacks of 2008.

For far too long focus has been on the territories which are a part of India but this time it has been clearly mentioned by the Indian Foreign Secretary that India also wants earliest possible vacation of Pakistan Occupied Territory which is something that should have been done ages ago and sought a briefing from its Pakistani counterpart.

It is also being said that the proposal for bilateral talk is nothing but propaganda of Pakistan to promote its political views in Jammu and Kashmir after Burhan Vani’s killing. Pakistan’s strategy has been to put pressure on India and then give an option to talk but in last few years India has firmly stood on the fact that until and unless Pakistan digests the above mentioned points, there won’t be any talks.

There has also been mention of ceasefire violations across the Line of Control in 1999 and Pakistan has time and again sent armed raiders to Jammu and Kashmir in 1947 and 1965. This aspect of Pakistan is well known to the whole world because there are tensions not only on its border with India but with Afghanistan as well.

The framework for interactions between India and Pakistan is stipulated by the **Simla Agreement** of July 1972. President Z.A. Bhutto agreed that the two countries resolve to settle their differences by peaceful means through bilateral negotiations. Even in the Lahore Declaration of February 1999, Prime Minister Nawaz Sharif reiterated Pakistan’s determination to implement the Simla Agreement in letter and spirit. But all these seem to have no effect on relations of these two nations.

As far as India’s strategy is concerned, it has neither rejected the proposals for talks nor have subsided with its demands. This way it has been quite diplomatic in responding to a nation which alleged that the Indian Prime Minister crossed the red line by mentioning Balochistan though Pakistan itself has never recognized its own so called red line while promoting terrorism. There is a need to needle Pakistan’s behaviour and Ministry of External Affairs has done that wisely enough by being partly straightforward and partly diplomatic in its attitude. Both sides need to tone down on the statements they make to make any talk successful.
The Big Picture- Lodha Panel Recommendations: Can They Apply To All Sports Bodies?

After India finishing 67th in the medal tally at Rio Olympics, it has been proved that there is a severe lack of “Sporting Culture” in our country though our sportspersons gave the best of their efforts. A sport is seen broadly as a pastime and not something that needs to be encouraged on a professional level. Time and again, there have been several discussions regarding reforms in various bodies related with sports. The Lodha Panel even recommended a set of reform measures for BCCI but it showed great reluctance to accept those guidelines.

Some of the major recommendations of Lodha Panel Recommendations are as follows:

- **BCCI should come under the RTI Act and legalization of betting** though it is for Parliament to decide.
- No proxy voting for individuals and one person should represent one vote.
- There should be a **players association** in the BCCI and the funding of players’ association while leaving it to the Board to decide the extent of funding.
- **One person should hold one post in cricket administration** to avoid any conflict of interest.
- A **BCCI office-bearer cannot be a Minister or a government servant** and there should be **a cap on the age and tenure** of the office-bearers.
- The apex body should have two representatives as sportspersons i.e. one male and one female.

Can these guidelines be applied to all Sports Bodies?

Most of these recommendations are not acceptable to BCCI for obvious reasons. There is a lot of money involved in cricket and if these recommendations are implemented, the higher authorities might have to lose their position, privileges, rights and power. It will definitely bring more transparency in the functioning of BCCI. This resistance has come from non-sportspersons who are actually legislators of our country.

Application of these recommendations in other sports appears to be a far-fetched goal. It is highly unlikely that the guidelines would be accepted in other sports. At present there is full anonymity about how these boards or federations function and the criteria for selection of the members. Members of these federations hardly know anything about the technical or other significant aspects of sports. Regionalism prevails at a large scale.

Possible steps that should be taken:

- There should be more involvement of sportspersons in these bodies. **Specialized persons for specialized portfolios** should be selected or recommended. For example- Sports Minister can be a person who is associated with a sport and can understand the requirements in this area. Seasoned sportspersons can be consulted for suggestions on ways of improvement. Unfortunately, in India, Sports Ministry is handed over to a person who has no choice of portfolio left with in the Cabinet.
There should be **changes at the central level in the administration of sports** which might trickle down to state level associations. There can be an “Independent Sports Regulator” in India who can be

**Private investment** in sports is something which if provided can help in improvement of infrastructure for various sports. It is commonly seen that money flows in for those sports which are internationally followed like cricket, tennis or football. Some of the less followed sports like badminton or athletics can be encouraged this way.

**More people like P.Gopichand need to be encouraged** and provided financial assistance by the government as it would help in training and nurturing the upcoming talents of India.

Sport is something directly proportional to the national pride of a country. India may not have fared well this time but the need is to brace ourselves up and take a step towards improvement in sports and take this matter seriously.

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**The Big Picture- Home Minister In Kashmir: Where Does the Solution Lie?**

The Kashmir Valley has been under continued curfew for last one and a half months now. The latest round of problems began with the killing of Burhan Vani, young commander of Hizbul Mujahideen and has continued unabated since then. Hundreds of people including civilians and security forces have lost their life. The Prime Minister’s concern and pain over the violence shows that there is a clear effort from the government’s side to restore normalcy in the valley. Taking cognizance of recent happenings, Home Minister Mr. Rajnath Singh visited Kashmir and said that the government was willing to engage into dialogue with everyone within the ambit of Insaniyat, Kashmiriyat and Jumhooriyat.

**What should be the mission?**

1. The immediate concern for both Central and State Governments should be to create **preconditions for ending curfew and initiate a political dialogue with all the stake holders.** It is much needed now that the freedom of movement is restored in the valley and they start living their normal lives.

2. There is **hatred among young people** in Kashmir. The people in the valley who have taken to streets in past few cases are mostly students. There are **larger issues of unemployment, economic development and poverty** which have to be addressed here.

3. Another major issue is the **use of pellet guns** by the security forces. There have been a **significant number of pellet injuries** among people and the results so far have been outrageous and provocative. It has failed to stop people from pelting stones at symbols of government authority. Government needs to look into **gentler methods of crowd control.**

4. The turmoil in last 45 days has **badly affected tourism, local shops and trade.** The government needs to reach out and provide economic relief to these people for gaining their trust.
What should be the approach of Government?

1. It is being suggested by many people that the government should go for the dialogue process without any precondition. It has been said that the Home Minister was willing to meet people within the framework of Constitution. If this precondition is removed, then the government might be successful in bringing the Separatists and other parties on the table as well.

2. Social media has a great impact on youth. The government can aim to reach out to the angry young students on this platform as well.

3. The development and dialogue process should go together. Simply providing assurance to people is not going to help. The repeal of AFSPA, reduction of troops and providing economic support to people are some steps that might help.

As far as the dialogue process is concerned, this is the appropriate time when the visit has been made by the Home Minister because it is most important to douse the flames when the house is on fire.

The Big Picture- Proposed Surrogacy Law: Does It Address All Concerns?

For some years now, surrogacy has become a widespread practice in India. In the last several years, with the spread of IVF technology for reproduction, surrogacy also has been noticed by the couples both native and foreign because of low cost. Some of the celebrities have also opted for this method to have a child. However, on the flip side, it has also led to some unethical practices which have led to exploitation of surrogate mother. While the demand for regulation has been long pending, the proposed Surrogacy (Regulation) Bill, 2016 has provoked debate as well as criticism.

Provisions:

1. It aims to regulate surrogacy by permitting it only for those Indian couples who cannot have children by natural methods or the technologies present in this field.

2. The proposed Bill bats for altruistic surrogacy which is an arrangement without transfer of funds to the surrogate mother and is presently practiced in some centres of India.

3. The child born through surrogacy will have the rights of a biological child.

4. Couples married for 5 years between the age group 23-50 years for women and 26-55 years for men who do not have a surviving child are eligible for surrogacy.

5. The surrogate mother should be a close relative of the intending couple in the age group of 25-35 years and shall act as surrogate only once in her lifetime.

6. Implementation will be done through Central and State surrogacy boards.

7. OCI’s, NRIs, foreigners, unmarried couples, single parents, live-in partners and homosexual couples are barred from commissioning the services of surrogate mothers.
Pros:

1. The proposed Bill will help in preventing exploitation of women especially those from rural and tribal belts.
2. By bringing in altruistic surrogacy model and allowing a woman to be a surrogate only once in her lifetime, the government aims to ensure better health and life of the surrogate mother.
3. It proposes that if any establishment undertakes commercial surrogacy, exploits the mother, abandons the child or tries to sell or import a human embryo, there would be punishment with imprisonment of not less than 10 years along with a fine up to Rs.10 lakhs.
4. Adoption, an underutilized option for having a child can be taken into perspective where the orphan child and the couple’s happiness will be ensured at the same time.

Cons:

1. The proposed provisions in the Bill might act as a ground that breeds underground surrogacy. It is not necessary that all the medical clinics will adhere to law. There will be corruption and unethical practices and exploitation of poor women.
2. It has to be understood that a woman who enters into surrogacy is not out of will but because she is pushed towards it for a decent livelihood. Therefore, altruistic surrogacy will lead them to look for other means of living to sustain themselves.
3. Given the nature of Indian society i.e. patriarchy, inheritance of property by the male child, a close relative might be forced by the family to become a surrogate mother for an infertile couple in the family without her will and there would be no place for her to complain.
4. If a couple gets married at the age of 38 years, then it would be very difficult for them to have a child through surrogacy at the age of 43 years as there are other health issues attached with increasing age.
5. The effectiveness of the proposed Bill will be questioned given the fact that there are laws in India which prohibit sex determination, female foeticide and organ donation with little achievement so far.

The Government has sent a clear message through this Bill that there are certain cultural values attached to India which it cannot overlook. Whether the Surrogacy (Regulation) Bill, 2016 is able to address the concerns of all stakeholders involved or not is a matter that remains debatable.

The Big Picture- Defence Blacklisting Policy: Will Procurement Improve?

Link

For many decades now, there has hardly been any defence procurement in India that has not faced controversy. The defence contractors including foreign companies have come under suspicion or allegations of shady dealings leading to their blacklisting affecting the defence preparedness of Indian military. In light of the recent incidents
like Augusta Westland Chopper scam, Scorpene Data leaks, the Defence Ministry has come forward with a new draft for defence blacklisting.

Some of the provisions of the new draft for Defence Blacklisting Policy as mentioned by the Defence Minister Mr. Manohar Parrikar are as follows:

1. The companies will face action only when there is a clear or enough evidence of criminality or corruption. Companies in future are not supposed to be blacklisted indiscriminately unless the charges against them are of criminal nature or they have committed a serious crime like stealing documents or paying a bribe.

2. There will be no clause for automatic blacklisting. The punishment for corruption and wrongdoing by a defence manufacturer will be applied in a graded manner. After receipt of an initial complaint, the procurement process will be put on hold for a few weeks for a basic enquiry into the merits of the charge. If the charges are substantial and are found correct, it will lead to a suspension of the firm pending a full investigation hence doing away with the blanket rule of blacklisting companies under previous governments.

3. At present, a company can be barred from contracting with the government as soon as suspicion of wrongdoing emerges, and it remains blacklisted throughout the investigation. If the firm is prosecuted and convicted, it can be debarred for up to 10 years.

4. The government will not stop from buying a product even if any equipment or software is embedded into it which has been manufactured by a blacklisted company.

5. An internal audit to rule out any security breach is also being taken into consideration.

6. The fact that allegations against a defence supplier are being examined by the CBI will not become a reason for blacklisting as CBI might take 10 years to examine and finalize a case and may not find the case strong enough for conviction.

7. There are various pre blacklisting stages mentioned either in the contract signed with the company or an integrity pact. The violation of the integrity pact could invoke a pre fixed penalty but will not lead to blacklisting of company.

**What needs to be the course of action?**

1. As far as procurement is concerned, it should not be stopped after the field trials are conducted for the weapons. Officials who are found guilty of corruption can be punished separately. Our country should not be penalized for a few bad men. Further, it also hampers the development, modernization of defence and harms operational readiness. Manufacturers investing through FDI in defence tend to get cut off and negotiations come to a halt in terms of business.

2. Blacklisting of companies even if required should not be done in an impulsive manner without an enquiry. It can be done for a short while but procurement should not be stopped. All these controversies tend to begin beyond the boundaries of armed forces headquarters in terms of field trials and everything else. Operational
requirements are laid down by the special branches of all three services. They are passed on to the post structure development branch which does rest of the process in terms of induction.

3. Later, at political level when these dealings pass through various layers of decision making, these problems begin. Since a lot of money along with political and non-political interest is involved, our politicians tend to take cognizance of the matter only when such issues are over emphasized by the media. In case of Augusta Westland deal, no FIRs have been done; there is no charge sheet, investigation, enquiries or case. Just because of an allegation, an excellent deal has been cancelled. Till the enquiry is incomplete, the procurement process should go on. Action can be taken after the enquiry is over.

4. The Government of India being a single buyer of defence equipments for the country, it needs to create an ecosystem where the incentives for corruption and criminal activities are reduced which has not been done yet. There are gaps in our political system which gives way to corruption.

At present, if the new policy is applied to the Scorpene Deal in an objective manner, it will not be delayed. As far as the draft is concerned, it has made it clear that acquisition and investigation should go on together and this is what is rightly needed at present. What is needed is to strike a balance between moralities and ensure preparedness at place as well.

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**Spotlight/News Analysis (7th August 2016): Swachh Survekshan 2017**

The Swachh Survekshan 2017 (second survey after the launch of Swachh Bharat Mission) was launched recently to assess and rank 500 cities and towns on the basis of the level of sanitation and efforts made respective urban local bodies towards keeping the city clean. The aim is also to capture progress towards Open Defecation Free status. A web portal **Swachhta App** and **Swachhta Helpline 1969** were also launched to associate more citizens in urban areas with Swachh Bharat Mission.

Criteria for Ranking:

1. The ranking will be based on reports by urban local bodies on progress made towards construction of toilets.
2. Feedback of citizens and independent observation of sanitation levels.
3. Cities to be included:
4. **With population of one lakh and above**
5. **Heritage and tourism cities**
   * **Capital cities with less than one lakh population**

The survey being conducted by the **Quality Council of India** this time has increased its ambit from 73 to 500 cities and incentivizes various players involved by rewarding the cities performing better, rewarding RWAs and workers at the
grass root level. This will help in mobilizing and changing the mindset of people towards cleanliness and induce a competitive spirit among them. It is often seen that people attach themselves to their class, language etc. What is most needed here is the fact that people should associate themselves with their city i.e. a city identity which will further help in making the cleanliness campaign successful.

However, it is important to realize that the administrative and technological machinery can work only up to a certain extent. What is needed here is participatory governance seeking commitment from the communities and people as well. For example- Construction of toilets only is not going to ensure cleanliness. There has to be utilization of toilets as well by the people. By and large, the maintenance and management of toilets to make them functional has to be looked upon by people and community. This can be made possible by bringing changes in social, attitudinal and behavioural aspects of the people.

**Areas of Concern:**

1. The percentage of household using safe drinking water in the urban areas has decreased a little in the previous years. Therefore, there is a need to monitor and validate the governments results obtained through surveys by community feedback and resource allocation should be done accordingly next time.

2. States like Kerala, Andhra Pradesh and Gujarat aim to be Open Defecation Free by 2017. It has been seen that the northern states of India are lagging behind. The possible reasons for this are the socio-economic conditions, illiteracy and higher poverty levels in northern part of India. It is expected that with better economic growth and increasing levels of literacy in the coming years, this gap will be bridged to some extent.

**Way Ahead:**

1. Education is going to play a major role in determining the success of sanitation and cleanliness programmes. While primary and secondary educations are of utmost importance, educating people through indirect sources like media and newspapers can also be of great help.

2. Community and people’s participation at large has to be made a reality for implementation of these programmes. Personal health and hygiene not only affects the individual but others around him/her as well. Personal priority on health has to be more than social priority.

3. Children’s education should be given more importance at school level.

4. Involving celebrities who have a good social acceptability can further enhance the impact of these programmes.

5. Civil society organizations can use folk themes and combine healthy entertainment with a strong social message.

6. ‘Asli Tarakki’ campaign has also been launched highlighting the need for construction of toilets and using them well. This campaign is to be mounted on TV channels and in print media soon brings out that having two wheelers, air coolers, TV sets etc., is not ‘Asli Tarakki’ (real development) if such people did not either have toilets or don’t use them.
This whole process will surely bring out positive results in the areas of cleanliness and sanitation and will help the government and people to move in the right direction.

**Spotlight/News Analysis (10th August 2016): Dedication of Kudankulam Plant to the Nation**

India Russia relationship has moved a mile ahead with the dedication of the 1st Unit of Kudankulam Nuclear Power Plant. With 1000 Mega Watt, Kudankulam Unit 1 has become the largest single unit of electrical power in India. This also signals the joint commitment of both the nations to develop a partnership ahead for green growth. The first unit of this plant attained criticality in July 2013. Since then, more than 10,800 million units of power have been generated. It was further integrated with the southern grid and commercial power generation began by the end of December 2014.

**Significance:**

1. For a grossly power deficient nation like India, this is a big boost in power generation to meet the demand-supply gap. With 1000 MW power generation, up to some extent Kudankulam Power Plant will be successful in decreasing the power starving of states like Tamil Nadu, Kerala, Karnataka and Andhra Pradesh.
2. Being a clean source of energy, it will help in reducing the dependence on fossil fuels and further addresses the issue of global warming due to Greenhouse effect.
3. In a small area high power generation is possible. There is no such requirement like coal loads to be transported to the power stations through wagons in this case. Thus, there is no question of fly ash disposal.

**Energy Security:**

1. India depends on other nations for supply of Uranium. There are not much resources of Uranium in the country itself. Taking into account the sanctions implemented on transportation of nuclear elements, India cannot be said to be fully secure in terms of energy.
2. Design of this plant has been done using Russian technologies. Although there are a lot of inputs from Indian nuclear technologists to make the nuclear reactors work according to India’s conditions but we still need support from other nations.

**Public Opposition and their Perception:**

The opposition from public has delayed the operation of the plant by ten years already. It appeared that most of the agitators were fishermen concerned with their safety. However, it has been assured by the Indian technologists that Kudankulam nuclear reactors are one of the safest in the world. There have been no nuclear accidents so far in India and this is a very good safety record for the country. There are rumors among local people which can be eliminated
when the Atomic Energy Department and Nuclear Power Generating Companies interact with these people to increase awareness among them and remove their fears.

**Safety Measures Taken:**

1. KKNPP is well protected from a possible rise in sea level by locating the entire plant site at a higher elevation. The safe grade elevation of KKNPP site has been kept at 7.5 metres above the MSL (mean sea level) and a shore protection bund has been constructed all along the shore to a height of + 8.0 metres to the MSL.
2. Passive heat removal system to provide cooling automatically.
3. Double containment.
4. Core catcher to provide safety in the unlikely event of fuel meltdown.
5. Passive hydrogen recombiners which do not need any power supply to absorb hydrogen liberated inside the containment.

Thus it can be safely concluded that Kudankulam reactors are built with state of the art technology, with best safety features that will not impact our environment and the public. It will further take Indo-Russia strategic partnership to a new level.

**Spotlight/News Analysis: Hardship of Indians in the Gulf**

**Issue**

With the fall of oil prices, economy of the Gulf nations has slowed down. It resulted in the loss of jobs of several thousands of Indian workers in Saudi Arabia, Kuwait and many other countries. The condition is so bad that Indian Consulate is distributing food to these people.

**Reasons for the Economic Hardship**

It was a well anticipated development in the wake of historic fall of oil prices. Saudi economy which depends on oil export, suffered a great deal. It affected every aspect of Saudi economy particularly construction sector.

Saudi economy is in dire straits. They are drawing from their reserves. IMF has given caution about Saudi economy. Their credit ratings have been revised downwards by Moody’s and others.

Saudis defence expenditure in Yemen, Syria and elsewhere is mounting. They have challenges on all fronts. Their huge reserves of Sovereign wealth funds can last for 5 to 6 years.

According to analysts, $70 per barrel will give a budgetary balance in Saudi Arabia.

Pharmaceutical industry is still in an early stage. 90% of the economy is dependent on oil.

So much oil is available in other countries. Iran, Iraq, shale oil, and new sources of oil is emerging in many countries.
Indian Government response

India has 3 million workers, working in Saudi Arabia, most of them being skilled and unskilled workers. Construction sector was badly affected, which resulted in job loss of many Indians. The Indian government is planning to send Minister of state for External Affairs – General V K Singh, to bring them back in orderly manner. External Affairs Ministry has appealed to Indian community to help the fellow Indians and asked the Indian Consulate to ensure that no Indian remained without food. This is very challenging task, given their number, logistic and their needs.

Indian community has always risen to the task in Middle-east. Earlier in Kuwait in 1991 evacuation, and during various other times. Next challenge is to get them back to India. Saudi Arabia has a very rigid system of Exit Visas, clearing all their dues and exit formality.

The Hajj flights are going to Saudi Arabia where thousands of pilgrims travel and the flights will travel back empty. The Indian people can be brought back in these flights for low cost.

Challenges for Indian Government

The task for the Indian Embassy is to arrange for the wages for these people once the construction activity recovers and company gets money. It is a Diplomatic and Legal challenge to Indian Embassy.

Many of these workers are semi skilled or unskilled. The challenge for the government is providing jobs to these people in India.

Similar situation was seen earlier in UAE, where thousands of workers were sent back to India and their wages were not paid.

Saudi Laws in hiring and firing of labourers.

They have a legal system, except for domestic workers. Domestic workers don’t have legal protection. Saudi Arabia is a member of International Labour Organisation (ILO). Everything is well written on papers. While implementing these laws, it is always biased towards Employers.

Saudi policy does not favour expatriate workers. Local Saudis get more employment at all levels. They call it Saudiaisation.

All jobs cannot be done by Saudis. They need Expatriates for this. There are 3 million Indians in Saudi Arabia. Indians are preferred for several reasons

Hard working, good skills. competitive wage structure and above all low crime rate, discipline and their political nature.

India – Saudi Arabia Ties.

- Saudis have succeeded in diversifying their economy. India is a beneficiary by using Saudis Phosphate mines and SABIC (Saudi Arabian Basic Industries Corporation) Saudi diversified manufacturing company, active in chemicals and intermediates, industrial polymers, fertilizers, and metals
• There are Indian IT companies in Saudi Arabia.
• Saudi Arabia is close ally of India. India has developed strategic ties. our PM was honoured highest civilian award of Saudi Arabia when he visited Saudi Arabia. 19% of crude oil supply to India comes from Saudi Arabia. India and Saudi trade was almost USD 25 billion last fiscal year.
• PMs visit to Saudi Arabia yielded extraordinary results. Agreements were made regarding Intelligence sharing on sources of terror financing and money laundering.

Spotlight/News Analysis (16th August 2016): Human Rights Violations in Balochistan and Pak Occupied Kashmir

Honorable Prime Minister Of India Mr. Narendra Modi while addressing the nation from the ramparts of Red Fort on 15th August 2016 made an interesting reference to Balochistan which is now being looked upon as a significant game changer in India’s stand towards Pakistan. The Prime Minister was quite effectively able to bring out Pakistan’s vulnerability on the forefront in quite a diplomatic manner.

The Prime Minister made it clear that the Indians look at the deaths in Pakistan with anguish be it school children of Peshawar or killing of innocent people in Balochistan. The overall aim of India remains the same that is maintaining good neighbourhood relations. However, this Indian strategy could help in drawing global attention towards one of the oldest problems in Pakistan.

Historical Background of Balochistan:

• Balochistan is Pakistan’s one of the largest and least developed provinces resided mostly by Balochis. At the time of independence, there were 565 princely states which signed Instrument of Accession and merged with either of the nations.
• In case of Balochistan, the rulers of Khanate of Kalat, which was a princely state under the British (presently a part of Balochistan) refused to join any of the new nations. In 1948, Pakistan sent troops to annex the territory though a Treaty of Accession was signed later between Yar Khan (the then ruler of Kalat) and Mohammad Ali Jinnah while Yar Khan’s brothers kept the fight on against Pakistan. Since then, there have been around five waves of insurgencies (1948, 1958, 1962-63, 1973-77 and 1999). There have been violent campaigns from Baloch nationalists for independence from Pakistan.

Present Scenario:

There has been brutal use of armed forces and weapons on innocent people. There has been use of even Air Force to control unrest in the region. These atrocities committed by Pakistan have invited international condemnation as well. It is the people there who have to face the brunt of paramilitary forces as well as militants. Extra judicial killings and enforced disappearances are quite common leading to severe violation of Human Rights in this part of the world.

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misused the American weapons against its own people. This is a resource-rich province, and instead of the people benefiting from those resources, end up migrating in other parts of Pakistan.

**Strategic Importance:**

1. Because of geopolitical and economic conditions at present, these provinces hold a lot of importance for Pakistan. This is one of the important locations where deep water port of Gwadar has to be linked with Kashgar (a trading hub in Xinjiang, China).
2. Iran Pakistan gas pipeline crosses Balochistan. Therefore, Pakistan has to handle this problem with tact and diplomacy.
3. Afghanistan has tensions with Pakistan as well where the Pashtoons don’t accept the Durand Line.

Prime Minister has with his loud and clear words has given a firm reminder to Pakistan that it is not going to sit back quietly if provoked. If they play gaes with India, they have to be made aware about their own vulnerability. What Mr. Narendra Modi has said was long overdue.

**AIR Spotlight: SAARC Home Ministers Meeting**

**Issue**

There was another Diplomatic slowdown between India and Pakistan in SAARC Home Ministers meeting. **India choose to talk about Terrorism.** In response **Pakistan spoke about Kashmir** issue. This is in violation of bilateral issue being brought at Regional level. This time the Host was Pakistani Home minister Chaudhry Nisar Ali Khan.

India looked upon it as entirely SAARC meeting. Ever since jan 2004 meeting in Islamabad, India has been consistently in the front line supporting SAARC and push **SAARC agenda.**

There is an Agenda in the Home ministers meeting and Terrorism figures prominently on this Agenda. It has issues like Trafficking on women and child, drug offences, Terrorist offences monitoring desk and cyber crime.

The Agenda is supported by institutional arrangements. There is a **SAARC convention on suppression of terrorism** which was signed in late 1980s and **SAARC protocol on financing of terrorist activities.** In this context it is natural for India and focus on Terrorism and forthrightly put forward its views.

It is also incumbent on the host to focus on the Agenda of the meeting for which ministers are meeting.

Generally the Host country has an additional responsibility. The atmosphere in Pakistan is different. They have misperceived the global and regional situation.

The international community is very much against terrorism. This can be seen by the reaction of the US state department which said Pakistan should address issues of terrorism and not single out those terrorists who are against them and leave the others.
The SAARC charter clearly mentions that bilateral or contentious issues will not be dealt with. It also emphasises on peaceful coexistence in the charter. Pakistan is violating this.

**India and SAARC:**

Importance that India attaches to SAARC. Even our PM attaches at most importance to SAARC. The statement of the Home Minister in the SAARC meeting begins with the importance India gives to SAARC, Its neighbourhood first policy, and how SAARC figures prominently.

**Indian Home minister's address in the meeting.**

Home minister in his address says ”I thank pakistan for the excellent arrangement made and outstanding hospitality extended”. India played exactly according to the books, but the response is altogether different from pakistan. Pakistan must realise that, not talking is not an option.

India emphasises that, there is nothing called good terrorist and bad terrorist. There should be immediate action on Pathankot incident.

The biggest challenge for the SAARC is terrorism. Home minister talked about terror links between cyber crime and others. Terrorism constitutes a biggest danger for Human Rights. For respecting Human Rights, terrorism is a big obstacle.

Home minister mentioned, the terrorists sanctioned by international community should be arrested and should be given a profile in pakistan. The state and non state actors who support terrorism are deserved to have effective action. There should be tough action against individuals, organisations, agencies and governments who support terrorism.

**SAARC convention on mutual legal assistance** against criminal matters, should also be ratified. pakistan is the only country which has not yet ratified.

There are Terrorist offences monitoring desk and drug offences monitoring desk under SAARC. Both these desks are in sri lanka. India is been supporting these desks and their activities and providing technical assistance. All countries should support them. Here again pakistan’s attitude has been ambivalent.

The world today knows pakistan involvement of terrorist activities.

USA refused giving pakistan $300 million assistance recently.

The absence of Bangladesh Home minister was very eloquent. They have very strain relations with pakistan.

**The outcome of the meeting**

Pakistan subordinated the SAARC agenda to their bilateral issues. The meeting got wasted in the whole process.

**AIR Spotlight: Benami Transactions Prohibition Amendment Bill**

The agenda for the present government is to reduce the amount of Black money circulation. we already have the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 which is aimed at bringing back money from abroad.
The other big sector where black money exists is the Real Estate sector. But to some extent it is being regulated by enacting **Real estate regulation and development act 2016**. What remains now is Benami transactions.

**Problems with earlier act.**

- The penalty for entering into benami transactions is imprisonment up to three years, or a fine, or both
- Enforcement of the act was little more long winded, in terms of confiscation

In the recent budget, the **Income disclosure scheme** was brought about, where people were encouraged to disclose black money and pay the tax on it. The reaction has been very muted.

**Provisions in the new bill**

- whoever is found guilty of the offence of benami transaction shall be punishable with rigorous imprisonment for a term which shall not be less than one year, but which may extend to seven years and shall also be liable to fine which may extend to 25 per cent of the fair market value of the property.
- Government’s power and procedure to confiscate benami property.
- relaxations to those who are voluntarily disclosing their income.
- The Bill seeks to establish four authorities to conduct inquiries or investigations regarding benami transactions: (i) Initiating Officer, (ii) Approving Authority, (iii) Administrator and (iv) Adjudicating Authority.
- The Initiating Officer may hold the property for 90 days from the date of issue of the notice, subject to permission from the Approving Authority.
- The process of confiscation has been laid out very clearly.

Bill specifies certain cases will be exempt from the definition of a benami transaction.

- These include cases when a property is held by: (i) a member of a Hindu undivided family, and is being held for his or another family member’s benefit, and has been provided for or paid off from sources of income of that family; (ii) a person in a fiduciary capacity; (iii) a person in the name of his spouse or child, and the property has been paid for from the person’s income

In 1951, after India became Republic, Economists calculated that 10% of GDP was getting into black channels. subsequently in 1970s it turned out to be 30% and it got exacerbated. At present 60% of the GDP is getting converted and shifting to black channels.

Threats to black money and other fundings from black money – Drugs, Arms, terrorists

The scope for getting in lot more people to disclose will increase, if the fear of imprisonment is taken away.

**Government’s efforts to curb black money:**

In India, historically the two channels where the black money has gone is either Real estate or Gold.

- At present government is trying to curb foreign money through **Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.**
In addition to it, the Benami bill is to curb domestic black money. With this the government has tried to make two pronged attack.

The recent Gold Monetisation scheme is trying to bring back gold held with households into financial system.

**Implications of Benami Transactions Prohibition Amendment Bill**

- In Real estate, the financial transactions and black money is very rampant. The Real estate bill which regulates the market and with this Benami transactions prohibition bill, the government can control the layering that happens, where lot of black money is converted to white.
- This can control the inflation on property prices. prices are artificially high in Real estate. With the Real estate bill and the Benami transactions prohibition bill in place, we may see the corrections in the property prices

**Conclusion**

The government is trying systematically to cut down those channels where black money is used. As a moral responsibility of the individual, we should insist on white transactions and should say sno to black transactions. Stopping the supply of black money will reduce the demand of black money. This is a revolutionary legislation, and in years to come it can curb the black money generation.

**AIR Spotlight: Prime Minister’s alert against fake Cow Vigilante**

**Introduction**

Prime minister has called for strict action by states against vigilant groups, who have tried themselves to enforce cow slaughter law. We have a law in our country, enacted by states which are applicable to cow slaughter. There has been a lot of anguish in the country, the latest being in Gujarat, where there was beatings of Dalit youths.

The reason for this is to gain popularity in certain sections and motivation of business.

**Highlights of Prime ministers address**

- Prime Minister was very clear that the cow vigilantism in parts of the country is done by anti social elements. This is an intolerable situation and needs to be corrected.
- Prime minister has given a direction to the nation that anti social elements cannot rule.
- The basis of modern democracy is to treat individual with dignity. Self respect of the people is to be restored and the prime minister’s speech will go a long way in rebuilding the confidence
- The prime minister’s appeal will bring an end to all these things.

According to constitution there is a Directive and majority of the states have the provision of banning cow slaughter.

**Social and political aspect**

- It is very complicated issue and it involves social fabric, commerce, and also economy. Either in the context of community i.e. Dalit in particular or the poor cannot be attacked.
Empathy is essential. It is the duty to treat every individual as a sacred entity. The India’s fabric built on constitutional democracy is quite an important indicator of our stability and any violation of that will not be tolerated.

**Enforcement of law is a state subject.** Every state government has the responsibility and authority to enforce law on taking action against vigilant groups. We have seen a case registered against a Punjab gau rakshak samiti in Punjab. This was the first action after Prime ministers address. Justice should be brought to the people who have suffered

Law should be enforced by authorities and not by mobs. In the context of cow vigilantism something else is happening.

Even Gandiji’s ideas were targeted towards social reforms rather than on political mileage. With the continuation of this sprit, after long years on independence, the large segment of Dalits are still poor. Gandiji’s ideas of social awareness and motivation for doing good to the people have still not achieved even after many years of independence and economic development.

**Economic aspect**

The economic aspect should be equally highlighted. The meat export and the relation with the economy.

India is the 5th largest exporter of leather in the world. Almost $6 billion of trade happened in 2015. Raw hides are the beginning of the chain in leather industry. This is labour intensive and creates lot of jobs and if those jobs shrink, that will have a repercussion in the entire economic system.

The council for leather exports estimates that, this sector generates 2.5 million jobs in a year. We should look to expand the employment opportunity in this area, because unemployment is one of the serious problems in India. We should create proper atmosphere so that these industries can grow and absorb more and more people.

**Other aspects**

Dalits have been at the receiving end. There are reports that, some vigilant groups are collecting money and allowing trade and cattle being shifted from one state to another

This is also a question of livelihood. The cow vigilantism, instead of looking at the problem of cow slaughter, should have concentrated on the issues like the garbage the cow eats and the plastic eating issues. But instead they targeted on some people without any basis.

There are some sections of the society who are dependent on the cleaning on the entails of the dead cow and prepare raw hides. There are not many people who are taking up these activities. In this context they should have societal support and also economic wellbeing.

If people are concerned about the welfare and protection of the cow, they should pay attention to the automated milching of cattle where cattle’s undergo lot of pain
**Conclusion**

- There should be legislative awareness, that these are also important work done by certain sections of the Indian population from one generation to another and they should get the support and economic incentive as well.
- Ultimately what needs to be dealt with is to look at the entire problem and make people aware that the economic factors are equally important and these people who were targeted are very important in the context of our economy. By this a better climate can be created.
- India’s unity in diversity is to be the basis, and if there is any violation it cannot be tolerated. It is the states who have to be vigilant against cow vigilantism, by which these actions can be stopped.

**AIR Spotlight (19-Aug-2016) on Merger of Associate Banks with SBI**

**Introduction**

The five banks set to merge with SBI are **State Bank of Bikaner and Jaipur**, **State Bank of Travancore**, **State Bank of Mysore**, **State Bank of Hyderabad** and **State Bank of Patiala**. SBI will also absorb **Bharatiya Mahila Bank**.

This is a bigger merger. 6 banks will be merging at the same time. This has never happened in the country earlier.

What has strengthened the case for such mergers at this stage is the need to infuse capital in state-owned banks that are burdened by a large pile of non-performing assets

**Consequences of the merging**

- The merger will result in a “win-win situation” for the bank and its associates. It will be good for the staff because they will be getting good facility almost at par with SBI.
- It has been assured by SBI management and Government that there will be no retrenchment and all staff will be absorbed, like the earlier mergers of State Bank of Saurashtra and State Bank of Indore where that staff dint have any problem.
- It will be a big bank with around 23700 branches. It will be in the top 50 banks of the world. SBI was at rank 52 in the world in terms of assets in 2015, the combined entity would be ranked at 45th position. It will be 5 times to the asset size of ICICI bank.
- Our country doesn’t have any bank in top 10 or top 50. It will be good for the bank also as it will be big in size. They can lend more, the amount of the loan will be high, their risk operations could be better, their treasury will be united, and lot of economy will be there in the operation.
- The associate banks can avail the facility of **Risk Management**. Risk Management means, when a bank lends, it assess the repaying capacity of the borrower, assess the project viability and the risk the bank takes in lending.
- This Risk Management is done by the experts with scientific and computerised models and assesses the Risk of the project.
The net profit of SBI is Rs 9950cr, as against Rs 1600cr for associate banks. The NPAs of associate banks are 7-9%, while that of SBI is 6.8%. After merging the total NPAs will be around 7-8%. This quantum of NPA for the whole of State Bank group would not be high.

SBI has better advanced system of recovery and management. These benefits will now percolate down to the associate banks.

SBI’s reach and network will multiply, efficiency will likely increase with the rationalisation of branches, there will be a common treasury pooling and there will be proper deployment of skilled resources. Overlapping of business will be reduced.

An enhanced scale of operations and the rationalisation of common costs will result in big savings.

It will benefit the customers in terms of pricing of loans and deposits. The pricing which was offered by the SBI to its customers, the same will be offered by the associate banks.

The state Bank’s Base rate and MCLR are the lowest in the industry. Base rate is the minimum rate set by the Reserve Bank of India below which banks are not allowed to lend to its customers. In MCLR, interest rate for different types of customers should be fixed in accordance with their riskiness. The base rate will be now determined on the basis of the MCLR calculation. With the merging, the Base rate and MCLR rate will not be affected.

The associate banks will follow the policies of SBI. The policies of SBI are better in comparison to associate banks. Merging might reduce the lending rates of the banks.

SBI offers more innovative products in terms of technology, like SBI Intouch Earlier these were not available with associate banks. Now they become part of associate banks. These bring more facilities to the customers of associate banks.

Regarding ownership of shares, there is a swap ration which has been decided through a formula approved by RBI and the Government. The share holders will be benefitted by this. SBI shares are one of the highest traded shares in the stock market.

As the health of SBI is relatively better amongst other banks, the benefit of this will be available to the investors.

SBI recently brought out wealth management which is a new product. It is for the High Net worth Individuals, who have disposable funds for the investment in stock market, but don’t have enough expertise. The benefits of expertise of SBI would be available to these customers.

Employees of the associate banks would benefit by the merging. They will have opportunities for promotion. SBI is a well organised professional bank.

Government share holding will change from 60.3% to 59.7%. SBI has got good opportunity to raise capital from the market when the need arises. SBI has more than 100 branches globally. They could offer more innovative products.
Internationally as SBI would be under top 50 after the merger. SBI’s innovation and pioneering should be followed by
other PSB’s also.

**AIR Spotlight (11-Aug-2016) on Debate on Dalit issue in Lok Sabha**

**Issue**

There was a special discussion in lok sabha on the *atrocities against Dalits* that have arisen in various parts of the
country. Leaders spoke about *injustice and oppression* the dalits have had to face for centuries. There have been
greater incidences being reported, in una where dalits were publically flogged by the Gau Rakshaks

We have enough laws to deal with, the atrocities against dalits. But it has not made any effect on these issues. There
should be a *social movement* by political parties on the ground that could make an impact. We need reformers of the
old like **B.R Ambedkar, Vivekananda, Mahatma Gandhi, Martin Luther King**, and **Abraham Lincoln** who
fought for the rights of the blacks and some more of the similar kind.

The Dalits atrocities have taken the country by storm. The issues like the suicide of Rohit vemula, Dalits who were found
to be skinning a dead cow were flogged in una, and the case in Andhra Pradesh. These incidents seem to be increasing
or they are coming to light much more.

Somehow these incidents take the fight forward, particularly in a democracy where a dalit has a vote.

**Highlights of the Debate**

- There were only few members in the lok sabha, considering the kind of agitation these incidents have created and
  the kind of demand made by all parties.
- This is very tragic, considering the seriousness of the issue, and the electoral impact this issue is going to have on
  the future elections in the states of Punjab which has a large section of dalit population around 30%, 22% in Uttar
  Pradesh, 7% in Gujarat
- Most of them who spoke were dalits themselves. In women issues, we see women MPs speaking. Whether it is
gender inequality issue or dalit issue, we see the concern only from the people of that community. These issues are
  of equal concern for all of us, and the society at large.

**Governments approach towards Dalits**

- Dalits should not be job seekers, but the job givers and should lead the professions. If this happens, we can see a
  fundamental change in the society. The process of awakening and constant growing amongst the community will
  have its own dynamics
- There is little minuscule percentage of *dalit entrepreneurs*, who are doing very well for themselves. Government
  is working towards encouraging more entrepreneurship. **Pradhan Mantri Mudra Yojana (PMMY)** has been
  able to give Rs 50,000 crore worth of loans to 80,000 small entrepreneurs so far, most of them from backward
castes.
Government has taken significant steps, but we still have a long way to go. The time has come, where we need to look forward to dalits. Dalits are emerging as new leaders.

Steps taken by the government like Jan Dhan yojna and pension and insurance schemes. “The PM has inculcated courage among those who did not have courage to face the gates of a bank,”

Prime ministers strong words against gau rakshaks and that these attacks won’t be allowed and they should not take law into their hands.

Some facts

- 1 dalit is killed every 18 minutes. 40% of the dalit girls are uneducated. Dalit girls are the largest group in the world who are illiterate. In recent times we see some improvement, but it is not enough and 40% is a very large number.
- The conviction rate is very low. Its only 2 to 3 %. Even under Scheduled Castes and Tribes (Prevention of Atrocities) Act, 1989
- They are not getting the basic elementary education. Along with education, the economic wellbeing and social discrimination makes the dalit women a triply exploited entity in our society today and because of caste, class and gender.

Need of the Hour

- The issues remain very serious. It is only through quality education which takes the dalits to the tipping point.
- We need a reformer now like R. Ambedkar and Babu Jagjivan Ram. The movement may not come from the political party, but it will come within the dalit society. Political parties must take note of it and act accordingly.
- Political parties must undertake social change movements. Only then we can see the real change on the ground.
- Attention is required in case of nutrition provided to dalit women.

Conclusion

Today dalits have political participation and can raise their voices to demand their rights. In terms of social discrimination, the things are changing in towns. But that is not the case in rural areas. Dalits have been dormant since 70 years of independence, but an awakening has come into them. We may not be able to stop them from here onwards.

**AIR Spotlight (21-Aug-2016) on Challenges before the new RBI Governor**

**Introduction**

Urjit Patel has been named as Raghuram Rajan’s successor as a new RBI Governor. Urjit Patel is the 8th deputy governor who is promoted as the central bank chief.

**Inflation Targeting and Monetary Policy**

- One of the criticisms Raghuram Rajan had was that he ignored growth and focused on Inflation Management.
  There were expectations that interest rates will be lower, so that more industries particularly small and medium
industries are able to borrow, it will help real estate where consumer borrowing from banks for housing loans, and borrowings by developer will lead to growth, and employment.

- There has been a significant change in the mechanism of Monetary Policy. There has been a clear cut guideline for the RBI and that is targeted Inflation rate, which is 4% plus or minus 2%. The indicator used is CPI.
- Now there is a 6 member Monitory Policy Committee headed by RBI governor, which will be meeting for first time.
- There has been a call to reduce Repo Rate. This is the rate at which banks borrow money from RBI. With reduced Repo Rate, the rate for retail lending comes down.

**Highlights of Urjit Patel in the Banking sector**

- Urjit Patel has been the basic architect behind Raghuram Rajan’s focus on Inflation.
- Urjit Patel has been credited for his idea on Inflation Management.
- Inflation Targeting and Monetary policy Committee were recommended by Urjit Patel as a Deputy Governor.

**Challenges for Urjit Patel**

- How Urjit Patel handles NPAs will have a significant impact on the overall economy.
- There is a need for the banks to pass on the benefits of rate cut to the customers. The task for Urjit Patel in dealing with commercial banks is
  1. Working with them to pass on the benefits of rate cut to the customers.
  2. Management of Non-Performing-Assets (NPA), which is increasing day by day and the level it has reached (around 10%) is causing uncomfortable levels in the economy.
- Here is a very difficult task. If we try to force banks to pass on the benefits of rate cut to the customers, it will reduce the profitability of the banks, which are faced with large NPAs. On the other hand decision has to be taken so that, people at large, government, and stakeholders, should feel that those who are doing wrong are not let scot free.
- He also has to play a very critical role as a leader for Bank Management, particularly public sector banks management. PSBs will be looking towards him not only as a regulator, but as a leader, help them in the difficult situations of crisis, both in interaction with the government and managing the public perception.
- In dealing with PSB, his difficulties are many more in consoling them to pass on the benefits of rate cut to the consumers. 75% of banking is in PSBs.

**Issue of NPAs**

- There is a view that large number of corporate along with bank management misused the banking lending facilities, where those loans were given in a risky manner for the projects which are not viable.
NPAs have primarily resulted from the bad performance of the banks, economy in general and with some external considerations like, large infrastructure projects not taking off, delay in land acquisition, and environmental clearance. Global environment has also affected the banks.

Banks lending money without due diligence have to be punished. If it is done with a clear mala fide intension, then there is a need to punish them. Otherwise any punishment gives a wrong signal regarding managerial decision or the future lending.

A clear signal has to go, that no wrong doers will be protected or saved. Otherwise banks will never perform in the right manner. This is a very difficult task for the new governor.

Public Sector Banks (PSBs)

- **Merger and amalgamation** of PSBs into a consolidated unit will make it more efficient, transparent and ultimately accountable.
- Larger banks will be able to withstand such bad situations.
- But just being large may not be good enough. Banks have to improve their capacity, infrastructure, IT facilities, decision making and transparency. Along with merger, other **administrative issues** also have to be pursued, so that working of banks will become more transparent, driven by more competence and technology rather than arbitrary decision making.
- **RBI as regulator and custodian** of the banking system has to take up regulatory effort, developing effort to improve the PSBs decision making and wherever required a swift commitment or swift disciplinary actions.
- It requires a delicate handling both in terms of strengthening banks management, banks decision making, and banks appraisal mechanism. There is a need to relook at the banks appraisal and lending mechanism.

**Conclusion**

The need of the hour is to bring **private banking efficiency** into the core banking system so that banks failure is not an option anymore and ensure tax money is not used for compensating PSBs inefficiencies.

Common public is hurt by the reduced deposit interest rate, and high rate of interest on borrowing. The RBI governor along with his team will have to have a proactive role in guiding the new licensees (like the payment banks) so that they are able to perform the role assigned to them in a manner that they don’t become a liability later on.

**AIR spotlight summary: Income Declaration Scheme**

Prime minister has warned black money holders that stringent action would be taken including imprisonment if they did not declare black money before 30th September. People are investing their black money in gold and a message has to be delivered that they should come clean with the onetime compliance window ending on 30th September.

**Highlights of the scheme**
• This scheme has been announced by Ministry of Finance which is applicable from 1st June till 30th September 2016. The Income Declaration Scheme is not an amnesty scheme to reward dishonest taxpayers.

• The scheme extends an opportunity to come clean by paying more than the normal tax. Under this the undisclosed income and the high net worth transactions without PAN number are called Black Money.

• Now people can pay 45% tax and can regularise this money. This kind of scheme was introduced in 1997 with the tax rate of 30%. At that time as many as 260 billion rupees assets and 70 billion rupees tax were deposited by people. The scheme was very successful.

• The government does the same thing once in a while so that both the government and the people are benefited.

• If the provisions are not obeyed, then strict actions are taken including imprisonment.

• Prime minister said the government should not be forced to take action against black money holders. Government should compliance self discipline which is the best kind of discipline. Notices to around 7 lakh of high net worth individuals have been given. The government has relaxed the norms and allowed people to pay in three instalments over a period of 1 year.

• The idea is to make the scheme successful. To make the scheme more effective the government should reduce the tax rate to 35% to attract more people to comply.

**Why is it important to pay taxes?**

Many counties have higher tax rates than in India. In counties like Switzerland and Sweden the rates are 50%. In America the rate is 45%. In India the tax rate is reasonable and government provides subsidies for fertilizers, gas etc. We expect so much from the government and for that people should pay taxes.

We expect lot from the government. We expect education, roads, electricity, metro etc. The money required must come through taxes or else the government should print the money which leads to inflation.

John f Kennedy has rightly said that “Ask not what your country can rightly do for you, ask what you can do for your country”

This is the least contribution to the civil society we make and take the full advantage.

The other issue is Benami transaction Amendment bill. Once the bill is passed the Benami transaction ceased by the authorities will be confiscated by the government. The income declaration scheme gives an opportunity to those holding such Benami property to come clean by paying 45% tax.

**How is black money generated?**

The money is generated by corrupt practices. The nexus between government officials and business people during the period of licence Raj. At present it is called Permission Raj. To get those permissions, like to open a school we need 53 permissions, to do an investment banking we need 90 permissions. For all these permissions the money is paid. This generates black money.
Black money is generated by *Over–invoicing or under–invoicing of the exports or imports* from the countries like Singapore, UAE and Hong Kong.

Most of the black money is parked in jewellery business and real estate. When the value of the rupee goes down and if somebody has invested in gold and the prices of gold is going up, they would be benefitting.

If people are not sure about the market for starting a business, they invest in gold or real estate. Real estate is a safe way because usually the prices of land go up. But in the last 4 to 5 years real estate market is down for so many reasons, but usually land has been a good investment.

There are lot of offshore schemes by which black money is generated. India has Double Taxation Avoidance Agreement (DTAAs) with more than eighty countries, of which comprehensive agreements include those with Australia, Canada, Germany, Mauritius, UAE, the UK and US and Singapore.

Tax planning is always welcome, but Tax avoiding is not. Now there is a great opportunity for those people who have not disclosed their income.

Various estimates say that the total exceeds of black money is $50 trillion; some say it is $500 billion. There is a sharp difference of the quantum of black money in India. Generally the black money in India is 50% of its GDP. There are no specific data and these are only speculations.

**Conclusion**

Supreme Court ordered setting up of *Special Investigation Team*. Progress has been made in India in sharing black money information with other countries like Switzerland which has agreed to share information with India. Sharing of information and declaring the names is a big step and governments are cooperating with each other.

Let’s hope those people who avail black money will avail the facility of *Income Declaration Scheme* and come clean, pay their taxes and get rid of their tension on this front.

**AIR spotlight: Prime Minister’s Address on Citizen Engagement portal MyGov.in**

This is a first of its kind initiative, where Prime Minister interacted with citizens on governance and delivery related issue. This was modeled on *Town hall kind of system*, which we see abroad. Prime Minister also said “*Bad politics loses to good governance*”. This was also the celebration of 2 years of MyGov.in digital platform.

Prime Minister is making conscious effort to reach out to people and involve people in governance. Making use of *ICT platforms* and applications like emails, SMS, twitter etc.

Prime Minister wants to make India a *Participatory Democracy* by involving people in policy matters. Where people can share their opinion, make ordinary people reach out to Prime Minister and suggest ideas and opinions, so that they can help in governance. Even in *Mann ki baat* programme people are sharing their opinions with the Prime Minister. But still it takes a long time for India to be an example of Participatory Democracy, as we still remain as a *Representative Democracy*. 
**Highlights of Prime Minister’s address.**

- Prime Ministers vision on Rural Development, culture, economy, and public grievance redressal system which should be very strong.
- He emphasized on the government delivery system, how the government works, how at every stage accountability should be fixed, and how the policy initiatives taken by the government should reach out to the people meant for.
- Prime Minister indicated **Time bound Redressal** of people’s problems.
- Farmers should adopt alternative system of resource generation. Farmers should be trained in animal husbandry, fishery, e-mandi, use of seeds, fertilizers, and pesticides.
- Laid stress on **water conservation or water harvesting.** Making available for the water to be channelized in water bodies in order to sustain our agriculture, life of animals etc. State government and district administration should respond to water conservation
- Governance is a complex process for a vast country like India. It remains a challenge and Prime Minister admitted it. Last mile delivery is still a challenge.
- **Maximum governance and minimum government** has been the motto of this government.

**Issue of Accountability**

- Accountability should be held to the person, from whom we are seeking at, instead of pointing it on somebody else.
- Prime Minister cannot be held responsible if state government is not working well. Similarly a state government cannot be held responsible if a municipal commissioner is not working well.
- A mechanism of accountability should be ensured. This is a lacking feature of Indian Democratic system ever since its inception.
- Accountability has been a week factor. What is missing is, incase people are unhappy with any component of governance, the right to complain, and the right to seek change.
- If the state government is not working to the best satisfaction of the people, there is no mechanism for **Right to recall** that has been provided in our system.
- If an MLA or MP is not performing his duty as an elected representative, there is no system of right to recall. So that people can seek replacement of that particular representative.

**Role of Bureaucracy**

- This is a standard set by Prime Minister, for others to follow like state governments or local bodies.
- The message would reach the bureaucracy in the best possible way. The system in India has the responsibility on bureaucracy for delivering what is decided at the political level. Bureaucrats are the tools of delivery mechanism.
- The very weak point that has been there for a long time in our system is that the “Delivery mechanism has been the weakest” especially in the field of health, education, public distribution, etc.
• If bureaucracy takes note of what Prime Minister said, then surely it will have an impact on the Delivery system and better mechanism will come in place.

Conclusion
Prime Minister launched PMO App, which is towards transparent governance. People can use the app for grievance redressal at the PMO level. Messages will go down the line of PMO level for effective grievance redressal.

Through Digital India, government is trying to reach out to people and making the government services accessible to all citizens. People’s awareness is heightened through these instruments of governance. Implementation of all the assurances made by the Prime Minister, should deliver good results.

AIR Spotlight: Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)

Introduction
Prime minister laid the foundation stone for All India Institute of Medical Sciences (AIIMS) in Gorakhpur in eastern Uttar Pradesh. The state where medical care is very poor. AIIMS will provide tertiary care for the people. Gorakhpur is a significant area, but always in news for one bad reason that is the Japanese encephalitis which takes many lives.

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)
• The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced in 2003 with objectives of correcting regional imbalances in the availability of affordable/ reliable tertiary healthcare services and also to augment facilities for quality medical education in the country.
• Pradhan Mantri Swasthya Suraksha Yojana was approved in March 2006. The first phase in the PMSSY has two components – setting up of six institutions in the line of AIIMS; and up gradation of 13 existing Government medical college institutions.

Importance of AIIMS
• Health care is a very important dimension of Good Governance. Quality health care has been lacking in Gorakhpur region. Having AIIMS in those area is to take the AIIMS level of quality to those places where previously people from all parts of the country use to come to AIIMS in Delhi.
• AIIMS was considered the best in terms of what government can provide in terms of public health care. Today medical sciences have made lot of improvements and advancements. When it comes to availability to the people, it is the urban people who benefit invariably.
• So the new project is very important in terms of providing high quality medical facilities to those places where there is no medical attention.
• We have schemes for Ambulance services, primary health care etc. Having AIIMS in Gorakhpur is important for access to specialist services.
Sometimes there are complicated health cases. Providing specialist care along with basic health care facilities is very important. For specialists and diagnostics, people are forced to come to cities for treatment.

It is very difficult for poor villagers to come to city and stay for the purpose of availing medical treatment. So having a super speciality hospital with areas of excellence will benefit the people of Gorakhpur.

The basic idea of setting up AIIMS at various places was to provide quality and affordable care. Along with this quality medical education is also created.

State of Health care in India

In India 10 lakh people die every year due to lack of medical care facilities and 70 crore have no access to medical specialists. 80% specialists are in urban areas.

The world average is 3.96 hospitals per 1000 population. In India it is 0.7 hospital beds. 70% of state’s budget goes in paying salaries and wages. This is very dismal situation.

Life expectancy has gone up to 66 years as compared to 32 years when India got independence. Health care is going to be more significant aspect. In a country where social welfare and social development indices are yet to grow, the new project shows some kind of commitment by the government for the welfare of the people.

The public funding for health care is 22%, while 78% is going to private hospitals. The share of the richest 20% of the population gets 31% of the total public subsidies. The real intended portion of benefits is not reaching the lower end of the ladder of population. This is a very grim picture.

The available medical facilities are not reaching the people who badly need them. In government hospitals there is apathy in terms of attending to patients, availability of facilities and availability of modern technology.

India has 0.7 doctors per 1000 population. In the present scenario even 7 doctors per 1000 population may not be sufficient, by looking at the lifestyle diseases (Non Communicable Diseases). The diseases we normally thought would affect only a particular section of the population like obesity is prevalent among low income people. The diseases are striking at every strata of the society. How people cope up with it is a big question.

According to Lancent report of 2015, in India 25,300 public health centres have no doctors, 80% of the community health centres do not have a specialist/surgeon, 76% don’t have access to gynaecologist and 82% don’t have a paediatrician. At one hand we are expanding medical services, while the real staff to treat or diagnose and support staff, we have a long way to go.

Need of the Hour

The private health care can fill up that space. In recent times there are issues about quality health care provided by private sector. So government cannot leave healthcare completely to private sector.

Private healthcare is equally important because government alone cannot provide health services to the citizens. The government must supplement the services available by creating the centres of excellence.
80% of the medical doctors work in urban centres. Government has tried to correct it by making rural service as compulsory. But things haven’t improved. The other side is doctors find it difficult to stay or have a hospitable living in area where they can move and stay with their family. The facilities for the doctors to stay in rural areas have to be created by the government.

In terms of developed countries, the quality medical facility we get in any part of that country is equal to what they get in the bigger cities. India should also aim for the similar system where the super speciality services are available at least at the district level.

India has 0.7 doctors per 1000 population, china has 1.5 and Pakistan has 0.8. Recently health minister said India need 7.5 lakh doctors where as the intake of medical colleges are 50,000 students. There is a huge gap in terms of availability of doctors and the need to provide quality medical care. This is to be addressed.

**Conclusion**

We need to have quality medical facilities at all places. They have to be at affordable prices. Only the government can make the high quality medical care affordable to the people.

38,000 to 45,000 doctors pass out every year. But in terms of post MBBS super specialisation there are not more than 17,000 seats. There is a need to fill this gap. The Medical Council of India and the Government of India have been looking at the issue. The foundation stone of AIIMS at Gorakhpur is a step in the right direction.

**AIR spotlight summary on Recent Prime Minister’s Mann Ki Baat Address**

**Introduction**

Prime Minister started the 22nd edition of Mann Ki Baat edition with Rio Olympics and called up on the nation to encourage the Athletes. He touched upon a host of issues, like science, rains, floods and dangers of uncontrolled Antibiotics.

The basic theme of the Prime Ministers address was linked to the process of social development, economic development and environmental development. He primarily focussed upon sports, innovation in terms of technology including Information and Communication Technology, health issues, environment and cyber crime.

We see governmental efforts towards development, towards better governance, and on the other hand, the responsibility of the society towards these issues.

**Emphasis on sports**

- Prime minister said, in the next Olympics there should be at least one Athlete from almost every village. Emphasised on improving the sports culture in our country.
- The issue of sports and India’s capability of participation in sports is been a serious issue. In a country of more than 125 crore population and not able to win medals in international events is really a matter of concern.
It’s a matter of concern at every level. How much state is supporting the sports. How much sports persons are themselves keen about that and how much society takes account of the sports. We have issues at the three levels.

State support to the sports has been very minimal. At the societal level everyone is mad about cricket. As far as athletics, football, hockey is concerned, social and corporate support to them is lukewarm. The money the private sector invests in these is minimal.

The Athletes are not taking these sports seriously for various reasons. Like fight among themselves for the participation in International events and failures in the doping test.

Sports in these days in any country are very important from various aspects. The question of winning doesn’t matter. Sports are very good for health. They are necessary for the integration of the country. While playing on the field the athletes play for the country and not for any particular caste or class. Therefore sports need to be encouraged.

The state, various departments, and society should take cue from the Prime Minister's address and it is time now to invest in sports. Investment in sports is always a long term investment.

There should not be any differentiation towards those who won the medal and those who dint win. Participation and encouragement to participate is what is required.

**Emphasis on Science and Technology**

It was the 1st death anniversary of A.P.J. Abdul Kalam. Prime Minister emphasised a lot on Science and Technology. How to increase the scientific temper in the society, and how to innovate new ideas.

Without innovation the technology becomes obsolete and it becomes a burden. There is a constant need to innovate and experiment. Prime Minister emphasised on Atal Innovation Mission, labs in the schools etc. There is a concerted effort on the part of the Prime Minister to push the scientific agenda in the society.

India is trying to be a force in the world. In terms of our capabilities to grow economically, strategically and to participate in international affairs. At present world over the technology is getting innovated 3 months or 6 months at a time. Therefore innovation is imperative in India if we have to play a desired role in international politics or economics.

Investment in Research and Development is very important, which is very insignificant in our country. Neither state nor private sector is investing in R&D as it should be. We are competing not only with far away developed countries, but also with neighbouring countries like china.

Therefore it is very important to take interest and invest in innovation and encourage our young generation right from the school level to be innovative. Not simply to follow the given technology, rather to improve, invent and discover. The spirit of innovation and the spirit to start something new have to be inculcated at the school level.

The new programmes like Start-up India and Digital India are dependent on innovation. It becomes imperative that R&D is supported at every level in our society.
Health care and Antibiotics

- There is an uncontrolled consumption of Antibiotics in our country. A British journal had published that how the drug resistance is developing in Indians.
- There are multiple problems in the society regarding health.
  - There are no sufficient number of doctors and hospitals.
  - Health in public sector is quite difficult and health care in private sector is very costly. For a common man it is very difficult to get a prescription from the doctor. Either because of non-availability of health centres or because of their financial conditions. So people follow the easy course like getting medicine from chemists or continuing the prescribed medicine of the doctor even after 2 years and relying on internet for self medication by the educated class.
  - It is the duty of the state to provide health care to its citizens at reasonable prices and wherever required at free of cost. This is an immediate necessity.
  - In any society education in health is very important. Control over the sale of Antibiotics should be implemented and enforced.
  - To reduce the mortality rate of pregnant women Prime Minister called upon doctors to dedicate 9th of every month to examine the pregnant women. There are shortages of doctors in the rural areas. Therefore doctors from urban area should visit rural areas at least once in a month for this purpose.

These initiatives have to be taken far away in the implementation level. There is a need for the linkage between development, environment and Science and Technology. These three have been neglected all over the world. In the name of development and scientific progression we have forgotten the relationship between development and environment. This needs to be taken care of.

AIR spotlight summary on 15 years Vision Document of Niti Aayog

Introduction

- Prime Minister held a review meeting of the planning since independence that India has seen. He also took a review meeting of the last 18 months of performance of Niti Ayog, the institution which took over from planning commission.
- The whole purpose of the review was to identify the good points and the weak points of a particular process. The idea was to learn lessons from those weaknesses and make sure that the 15 year vision document should not repeat those weak points.
- Prime Minister highlighted that planning should not be for 15 or 20 years, but for a century. We have analysed the past and should now lay the foundation for a strong 21st century. This is an opportunity of lifetime. The government is ready to experiment and take bold decisions and ready to support growth rates.
• It is not the growth rate which is essential; it is the **economic development** which is essential. Whatever the government does should percolate down the pyramid. Therefore the planning should be in this direction.

**Role of Science and Technology in the economic growth.**

• The way **Science and Technology** is growing today will impact each and every segment of our economic development. These include **E-governance**, transparency, connectivity, direct subsidy transfer, providing education at remote places, providing healthcare using E-technology, and proving data for doing better analysis.

• Today data should be available in real time, so that the decision making process is concurrent. Technology should be used in each and every sphere. Because the technology is growing, the skill level of the people using the technology should be tuned accordingly.

• The skilled man power will be the advantage of India today in terms of 600 million young people. They will be able to provide support not only to India but to the whole world.

• There should be sourcing of talented people from outside if they are not available in India. The 15 years vision document acts like a foundation for the next century. We should not hesitate to take ideas from anywhere on the globe. Best ideas should be taken so that we have a robust plan today.

• Government is ready to experiment on new ideas. Unless we experiment we cannot achieve a leapfrog growth. Traditional approach gives incremental growth. What is required today is an **accelerated leapfrog growth**. This will come only if we experiment with the planning process, execution process, and synergy among all towards a common cause.

• The impact of Science and Technology on the growth and economy of our country is not commensurate. While in Science and Technology we have moved up the ladder, but its impact on economic growth is yet to be seen in a significant manner.

• Whatever is needed to maintain **law and order** should be provided through technology.

**Importance of Planning**

• India can grow when both the pillars that is the centre and the state works together. Working together does not mean they work in silos. They should work together right from the conception of the programme, planning, execution, and evaluating of the programme.

• So while designing the mission for next 15 years, it is essential that there should be a very strong dialogue with the states, their views should be considered and the planning process should be tuned to that particular state.

• The planning process should customize for specific reasons. The planning for hinterland states is not valid for north eastern states. Tune the planning process which is geographically, ecologically and socially compatible with that region.
• The planning should create the **job opportunities**. It should create opportunities for an individual to become an Entrepreneur. Today the need is for individual jobs and not for institutional jobs. Individual should be a job provider and an Entrepreneur who becomes employed in that.

• The programmes like **Atal Innovation Mission** and **Self Employment and Talent Utilization** should be accelerated so that large number of enterprises comes up. **Stand-up India** and **Start-up India** will not only provide Entrepreneurship, but create more job providers than job seekers.

**Need of the Hour**

• The vision is for the nation in which the states are an integral part. If one has to create wealth, it can be done by losing the natural resources. If we are exporting our natural resources, then we are not creating any wealth but only distributing wealth. So there is a need for **value addition**.

• The **satellite technology** helps to assess our natural resources, to mine them and to use them. We need to identify our natural resources, identify our strengths and design programmes accordingly.

• India has abundant **uranium reserves**, but still we are looking for imports mainly because we are not in a position to identify the real locations in the big way.

• India has an advantage of being a littoral state with long coast line. All the nations having long coast lines have grown economically in the past because of the trade opportunities and movement of logistics etc.

• India has 7000 kms of long coast line. There is a need to work towards **Blue Economy**. Blue Economy means extracting wealth from the sea, using the sea routes for variety of applications like trade so that our economy grows better.

**Conclusion**

So far our focus was on creation of knowledge. We did not concentrate on converting knowledge into innovation, commercialisation and production. The trajectory of Science and Technology in our country has to be now changed where its relevance will be more societal, and it should be more for creating wealth along with creation of knowledge. Country is looking towards transformational approach and not incremental approach. Therefore the vision has to be transformational. The clear mandate of the Niti Ayog and the plan for the future will take India to a higher level of growth and status in the global scenario.

**AIR spotlight summary on Deteriorating Flood situation in several states**

**Introduction**

India is facing worst floods in the last 30 years especially in **Assam, National Disaster Management** division of **Ministry of Home Affairs** has reported that over a million people in 8 to 9 states have been affected by floods. States like Arunachal Pradesh, Assam, Bihar, West Bengal, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh and Uttarakhand are badly affected. Several villages from many districts are badly affected.
**Disaster Management**

- Under the changed structure of National Disaster Management there seems to seriousness to tackle the situation. As per the **National Disaster Management Act, 2005** at the national level Prime Minister Chairs the **National Disaster Management Authority**. At the state level we have **State Disaster Management Authority** and **District Disaster Management Authority** at the district level.

- For quick response there is **National Disaster Response Force (NDRF)** and **State Disaster Response Force (SDRF)**.

- In India the major issue is flood and drought. Historically disasters are not new to us. Even before independence we have seen droughts and riverine floods. Today we have overcome drought situation basically because of increase in irrigation facilities. Earlier irrigated land was only 11%, now it is more than 35%. We don’t face the kind of famine that we had during British times. Therefore India is surplus in cereal production.

- In terms of natural disasters, the maximum losses happen because of floods. Maximum deaths in the country are because of floods. Many people go missing and get washed away in flood waters.

- There should a comprehensive mock drill so that the misery can be avoided.

**Flood Management**

- Rains should always be welcomed. According to meteorological department the rainfall is below normal in many parts of India. Rains are not the major causes for floods. There are many other reasons for it.

- For instance in Assam the local people had informed about the breaking of the embankment of Brahmaputra. But no action was taken by the authorities. We also saw in Uttarakhand in 2013 that the flood warnings that had been given were not taken heed too.

- It is not the amount the rain which is causing wide spread floods, it is because of urban planning. Now a day’s not only the rural areas, but even urban areas are affected by floods because of the kind of urbanisation going on in the country in almost all the metropolitan cities.

- Rain water is basically a resource. We have made it a disaster. This is the time to conserve water. This should start at village level and city level. The number of lakes and water bodies has come down and there is no proper drainage system in urban areas.

- There should be proper planning of urban areas near river embankment, and command areas. Earlier the major damage due to floods was crop damages. Now there are more damages like Infrastructural losses in urban areas.

- Important thing is to manage rainfall. It is basically the **water management**.

- A recent report published by **European Environmental Agency** on the floods in Europe. The observation made which is also relevant to our country is that there is significant increase in floods in many parts including china and Nepal as well. There is fivefold increase due to **Climate Change**. There is a need to free up areas for natural way of flood protection and giving room forever.
Flood Preparedness

- There is a need that districts should know the vulnerability of each block, each area and each village and the possibilities thereof. There should be a proper plan for each and every natural disaster.
- There are unprecedented rainsfalls on some days in Uttrakhand, North East and other parts. Assam is a flood prone area. People know how to live with floods. People’s preparedness for floods is much more in Assam. There are concerns about Kaziranga National park which is home to Rhinos and Deer’s which will be affected by floods.
- There should be people’s cooperation while tackling disasters. Use of police force while evacuating people from flood prone areas.
- More emphasis should on Adaptation and not on Mitigation.
- Flood preparedness should be two fold, one for rural areas to save agricultural crops and other for urban areas
- The vulnerability due to floods is well known. The government, people, local authorities and local NGOs should work co-ordinately and in a district every year there should be a meeting before floods.

Role of climate change in flood situation

- Climate change is a reality. There is rise in Temperature. The first climatic impact due to increase in atmospheric temperature will be on rainfall. There will be abrupt rainfall.
- Few years back there were floods in Rajasthan and Gujarat, which are basically drought prone areas. This is the impact of climate change and because of that the drought prone area will become flood prone area and vice-versa. People in Rajasthan are prepared for droughts and not for floods.

Conclusion

The central water commission has flood zone map for every river and there is flood commission report. The important thing is implementation of those recommendations. It is the duty of the state to implement the recommendations of flood commission.

The flood zone should be free of any economic activity. World Bank report says there is equivalent loss of 2% of our GDP because of natural disasters. Government should spend money on preparedness and mitigate people’s sufferings.

Insights into Issues: South China Sea – Understanding the dispute and implications

What is the argument about?

It is a dispute over territory and sovereignty over ocean areas, and the Paracels and the Spratlys – two island chains claimed in whole or in part by a number of countries.

Alongside the fully fledged islands, there are dozens of rocky outcrops, atolls, sandbanks and reefs, such as the Scarborough Shoal.

Who Claims What?
China
- claims by far the largest portion of territory – an area defined by the “nine-dash line” which stretches hundreds of miles south and east from its most southerly province of Hainan.

Vietnam
- hotly disputes China’s historical account, saying China had never claimed sovereignty over the islands before the 1940s. Vietnam says it has actively ruled over both the Paracels and the Spratlys since the 17th Century – and has the documents to prove it.

Philippines
- both the Philippines and China lay claim to the Scarborough Shoal (known as Huangyan Island in China) – a little more than 100 miles (160km) from the Philippines and 500 miles from China.

Malaysia and Brunei also lay claim to territory in the South China Sea that they say falls within their economic exclusion zones, as defined by UNCLOS – the United Nations Convention on the Law of the Sea. Brunei does not claim any of the disputed islands, but Malaysia claims a small number of islands in the Spratlys.

Understanding UNCLOS
- United Nation Convention on the Laws of the Sea defines the rights, responsibilities of nations with respect to their use of world’s oceans, establishing guidelines for businesses, environment, and the management of marine natural resources.
- The following diagram explains the various demarcations as per UNCLOS.
- **Territorial waters** – Exclusive enforcement jurisdiction for security and all other matters
- **Contiguous Zone** – Security jurisdiction for customs, immigration and sanitary measures
- **Exclusive Economic Zone** – Limited enforcement jurisdiction, reserved for pollution, marine natural resources, other issues which affect national security. Note that, EEZ can go up to 300nm in case the country can prove that there is an extension of continental shelf
- **High Seas** – Beyond EEZ. No jurisdiction of home country

**Importance of South China Sea**

- **Strategic reasons**
  - China currently facing Malaccan Dilemma, dependent for its energy needs on West Asia. The Sea Lanes of Communication from West Asia to China passes through several choke points such as Malacca Strait, Sunda Strait, Lombok Strait which can be blocked in exigency situations, proving to be a great harm for China
  - Part of China’s aims to project People’s Liberation Army Navy as true blue water navy having extensive domination over Indian Ocean and Pacific Ocean
  - Asia Pacific has emerged as the new focal point in the quest for one man upmanship between USA and China. China feels uncomfortable with USA’s Pivot to Asia policy and is working towards its aim of emerging as a counterpoint to USA’s hegemony

- **Economic reasons**
  - Control over huge reserves of natural resources – oil (7 billion barrels) and gas (900trillion cubic feet)
  - Rich fishing grounds
  - Major transshipment route – becomes important in an era of economic globalization
Recent Flashpoint

In 2013, Phillipines took China to a UN Tribunal under the auspices of UNCLOS to challenge China’s claims of sovereignty over the portion of South China Sea enclosed by Nine Dash Line. The Permanent Court of Arbitration gave its award rejecting China’s claims and the judgement and its implications need to be understood in greater detail.

The Contention:
Charges by Phillipines on ground of

- Sovereignty over South China sea and the issue of 9 dash line declared by Kuomintang government of China in 1946
- Activities of China in the islands and reefs of South China Sea
- Construction activity by China in the form of reclaiming reefs, constructing airstrips etc

The Ruling:

- Wrt Sovereignty
  - Permanent Court of Arbitration ruled that according to UNCLOS, any jurisdiction over ocean space derives solely from jurisdiction over land i.e. one can have jurisdictions over territorial sea from coast (12 nautical miles), continental shelf (200 nautical miles)
  - Also when countries became a part of UNCLOS, earlier historical claims had to be given up at the time of acceding to UNCLOS. This negates any legal basis of Nine Dash Line

- Wrt Islands
  - One can not claim any territorial sea or EEZ on the basis of sovereignty over islands which are uninhabited, can’t support human life or which submerges in High Tide
  - This is a rejection of Chinese motivation in South China Sea of reclaiming islands

- Wrt Construction Activities
  - The judgement served as an indictment on the conduct of China by saying that China violated the spirit of UNCLOS through aggressive posturing in South China Sea

Impact of the judgement:

1. Even if China categorically rejects the award (which it has), the diplomatic fallout will be huge, particularly for a country which is a permanent member of UNSC and claims to uphold international law (remember China’s intransigence to India’s membership of NSG by bringing in the issue of NPT)

2. Short Term impact:
   1. Slightly tempered down rhetoric of China wrt countries of ASEAN with which it had disputes over SCS. This is evident in the conciliatory tone of statement by Foreign Minister of China exhorting countries to negotiate and reach a settlement
   2. Aura of invincibility that China had built around itself hit as a result of the judgement.
3. This might lead to a slightly greater balancing in China’s relationship with Japan and USA

3. **Long Term Impact – China has two options**

   1. Go for continued conciliatory approach
   2. Go for aggressive posturing in South China Sea – This includes enhancing naval deployment, declaring Air Defence Identification Zone (like it did over East China Sea), intensify construction activities in the region.
      1. This step, however, will create a dent in the “responsible power” tag that China covets.
      2. China is going to soon host the G20 summit. In case it goes for this approach, it will undermine the diplomatic outreach of China.

   Moreover China is looking to implement OROB initiative, AIIB etc which will require greater tact in dealing with such a contentious issue

4. **Whether Sanctions can be applied on China:**

   1. Unlikely, as China currently is the powerhouse of world economy and a lot of countries, particularly European countries, are joined at the hip with China

5. **Possible escape routes for China:**

   1. Bilateral dialogue
   2. Joint management of fishing zones
   3. Faster negotiation with ASEAN countries to come up with a “Code of Conduct for activities in South China Sea” (India at ADMM+ meeting has supported this initiative)
   4. CBMs to avoid intransigent situation in SCS

6. **Impact on relations with other countries such as Japan, Vietnam etc:**

   1. These countries have already initiated a process of bolstering themselves against a marauding China by
      1. Enhancing their own military capabilities
      2. Bolstering relations with other stakeholders in the region. Eg India planning to sell Brahmos to Vietnam, Japan – US partnership, Malabar coast naval exercise etc
   2. This limits the effectiveness of aggressive posturing by China

7. **Impact on East China Sea:**

   1. USA has adopted an aggressive posturing in the region. US is not a signatory to UNCLOS. Thus it deploys its Asia Pacific fleet within 3 nautical miles from Chinese coasts. These sort of activities make China very jittery
   2. East China Sea is potentially more volatile because of the presence of erratic actors like North Korea
   3. Japan’s “Proactive Pacifism” through an amendment of Article 6 of its Constitution also makes China wary in East China Sea where it is involved in an equally bitter dispute with Japan over Senkaku/Diaoyou Islands
   4. All these factors make East China Sea potentially more volatile

8. **Impact on India China Bilateral Relation**
1. India has emerged as a moral winner in this entire episode. The world sees India as a moral, responsible power as India had resolved its dispute with Bangladesh over territorial waters under the auspices of UNCLOS.
2. It would provide greater leveraging power to India wrt negotiating with China over membership to NSG.
3. However, it is unlikely to cause a paradigm shift in India China relations unless we bolster our own border security arrangements, continue on the path of reforms. These steps would help us in becoming a “Credible Power” and also being seen as one by international community.

Insights into Issues: Political Developments in Arunachal Pradesh and its Constitutional Implications

Events leading up to SC Judgement

- Grumblings of discontent in Congress camp against the leadership of Arunachal Pradesh CM Nabam Tuki
- 20 Congress MLAs along with 11 MLAs from BJP and 2 independents had supported a motion to impeach Speaker.
- Speaker initiated Anti Defection Law Proceedings against them
- Governor advanced the session of state assembly by nearly a month. This decision was taken without consulting the CoM

- He asked the house to take up a motion to remove the Speaker as the first item on the agenda
This led to a shutdown of the legislature at the behest of the Chief Minister and the Speaker, and the dissidents held a parallel session at a makeshift venue, where the Speaker was ‘removed’ and a ‘no-confidence’ motion against the government adopted.

The speaker under the provisions of Anti Defection Law disqualified the dissenting MPs of Congress. This decision was challenged in Gauhati HC which, later on, provided relief to the disqualified MPs.

The Governor submitted a report to President highlighting the breakdown of law and order machinery in the state. Centre, acting on the report of the Governor imposed President Rule in the state. Since the No confidence motion at the makeshift venue was adopted, it led to the dismissal of Nabam Tuki Regime and the installation of BJP led Kalikho Pul regime.

Recently, Constitutional Bench of SC reversed President rule, ordered dismissal of BJP led govt and asked Nabam Tuki to prove his majority in a floor test.

Significance of the judgement:

The judgement of SC is historic as it is the first instance when SC announced reinstatement of govt dismissed under President’s Rule. In previous cases such as SR Bommai v/s UoI, Rameshvar Prasad v/s UoI, declaration of President Rule was held unconstitutional, but reinstatement was not done.

Several constitutional angles were analysed in the judgement such as:

- What is the ambit of discretionary powers of the governor
- The authority of governor over the speaker
- Constitutional propriety of governor discharging the speaker’s role such as setting the agenda of the house etc
- Speaker’s authority with respect to Anti Defection law cases and whether such cases can be decided by the speaker at a time when removal proceedings have been initiated against the speaker

Understanding President Rule:

U/A 356, the President on a report of the governor or otherwise can impose President Rule in the state under condition of breakdown of Constitutional machinery

- Breakdown of Constitutional Machinery occurs U/A 365 when the state fails to comply or give effect to the directions given by the Centre in exerciser of its executive power
- Also, U/A 355, it is the responsibility of the state to protect the state from external aggression or internal disturbance

President Rule has been misused several times in the past in the game of political one man upmanship. The imposition of President Rule was challenged in SR Bommai v/s UoI, 1994 case. In this case the SC gave several important guidelines wrt imposition of President Rule. These are:

- Held that Federalism and Secularism are part of Basic Structure
- Majority of CoM shall always be tested on the floor of the house
Centre should give a warning and 1 week for the state to reply (Audi Altrem Partem = one of the principles of natural justice which is everyone has the right to be heard)

Court cannot question the advice of CoM to President (Art 74(2)) but can scrutinize material that led to imposition of President rule

Judicial review is applicable. In case of review by court, three aspects will be analysed

- Whether any material exists which justified imposition of President Rule
- Whether the material is relevant
- Whether there has been any malafide use of power

If improper application of Art 356, court will provide relief including reversal of all actions of Centre

Art 356(3) limits power of President within first two months, when approval by Parliament is pending. Till the time Parliament approves, no permanent action can be taken i.e. state government can be suspended but not dismissed

Art 356 is justified only in case of breakdown of Constitutional Machinery and not under cases of breakdown of Administrative Machinery

**Understanding Anti Defection Law**

- Anti Defection Law bought by 52nd CAA, 1985. It is contained in 10th Schedule

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<tr>
<th>HIMALAYAN CONTROVERSY</th>
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<td>The political slugfest over the imposition of President’s rule in Arunachal Pradesh refuses to die down</td>
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**RIJiju’s Take**
- The Governor sent several reports on the situation in the State and the Centre waited for a month before acting
- The former Assembly Speaker locked the Assembly premises and did not allow Congress rebels and BJP MLAs to enter the Assembly
- The killing of a ‘Mithun’ at the gates of Raj Bhavan had no relation with cow slaughter

**Shatrughan’s Googly**
- BJP member of Parliament embarrassed the party once again by questioning the imposition of President’s rule
- He wondered who advised the PM to impose Central rule when the matter was before the Supreme Court

**Tuki’s Counter**
- There was no war-like situation in the State and it won’t ever take place

4 grounds of disqualification under Anti Defection Law

- Independent member joins any political party
- Nominated member joins a political party after 6 months of becoming a member
- Legislative party member voluntarily gives up membership of party/ joins another party/ indulges in anti-party activities
- Legislative Party member goes against direction of whip (action has to be reported by party within 15 days)
2 exceptions to above cases

1. If not less than 2/3rd party members break away and merge with another party (91st CAA, 2003) i.e. group mergers are allowed
2. Presiding officer can resign from their party on assuming office and re-join same party post demitting office (to maintain neutrality of Speaker’s chair)

Speaker is the final adjudicating body wrt Anti defection law proceedings

Earlier speaker’s decision was final. But in Kihoto Hollohan v/s Zachithu, SC held Judicial Review applicable in such cases as it is a part of Basic Structure (Maneka Gandhi v/s UoI, 1980)

SC also limited disqualification to proceedings affecting the stability of govt. Otherwise, the court held, that it leads to curbing Freedom of Speech U/A 19(1)(a)

ADL applicable in following cases

- Money bill
- Confidence Motion
- No Confidence Motion
- Vote of Thanks to President’s Address

Understanding SC Ruling in Arunachal Pradesh

What is the ambit of discretionary powers of the governor (Note that, U/A 163(2), what falls within the ambit of discretionary power of governor is also a discretion of the governor)

1. Discretionary powers to be interpreted very narrowly and in a limited manner. A governor can act in his own discretions if his actions are justified by or under the Constitution, but the governor’s exercise of this discretion would be open to challenge where it can be shown to be perverse, capricious, fallacious, extraneous or for a motivated consideration

2. A governor can’t use his discretionary powers to run a parallel administration or ‘diarchy’ challenging the existence of an elected state government.

3. Governor is not an elected representative but only an executive nominee whose powers flow from the advice of the cabinet. The governor is not “an all pervading super constitutional authority”.

The authority of governor over the speaker

1. The Governor is not an ombudsman for the Legislature nor the speaker’s mentor. The Governor can’t require the speaker to discharge his functions in the manner he considers constitutionally appropriate

Constitutional propriety of governor discharging the speaker’s role such as setting the agenda of the house, interfering in ADL proceedings

1. Using discretionary powers to summon or dissolve assembly sessions, setting the agenda of the house without the aid and advice of the CM and his Cabinet is unconstitutional
2. Any action taken by the governor based on the proceedings being carried on under the 10th Schedule would be a **constitutional impropriety**.

- Speaker’s authority with respect to Anti Defection law cases and whether such cases can be decided by the speaker at a time when removal proceedings have been initiated against the speaker
- The speaker cannot proceed with Anti Defection Law proceedings at a time when a motion for his removal is under consideration of the house. **Speaker has to prove constitutional confidence before using the power of adjudication under Xth Schedule. Not doing so would be an”anathema to the concept of constitutional adjudication”**

**Counterpoints to SC Ruling**

- Primarily wrt judgement on curbing discretionary power of governor
  - Constituent Assembly Debates – Governor could exercise discretionary power in matters of emergency or where they were widely accepted. And Summoning and Dissolving Assembly was one such power.
  - Literal Interpretation of Article 163(2) makes Governor the sole authority on what falls within its discretion. Court can’t exercise JR to judge Governor’s Discretionary power.
  - The SC Judgment reduced Governor to a figurehead
- However, line of argument should be in favour of SC ruling.
  - The way the office of governor has been utilized – it has affected Centre State Relations
  - Constitution envisages a Parliamentary form also at state level. In a Parliamentary form discretionary power to nominal head militates against the doctrine of limited government
  - Healthy conventions should ideally be developed, which unfortunately has not been the case
  - Punchhi Commission : ambit of discretionary power very narrow. Not to be used in an arbitrary or fanciful manner. Must be a choice **dictated by reason, activated by good faith and tempered with caution**

**Punchhi Commission Recommendations on President Rule:**

- If situation envisaged u/a 355 occurs, all alternatives to be tried first. President rule should be the last recourse
- Application of Article 356 only to rectify a case of failure of constitutional machinery
- Incorporate guidelines given in SR Bommai case wrt exercise of power u/a 356 through suitable Constitutional amendments
- State emergency u/a 356, national emergency u/a 352 only a measure of last resort
- Inter State Council u/a 263 should be the appropriate forum to resolve all inter state and centre state disputes

**Other SC judgements on Office of Governor**

- **BP Singhal v/s UoI**, 2010 (On question of removal of governor)
  - Can’t be removed arbitrarily
  - Can’t be removed on the basis of difference in ideology
• No reason to be provided at the time of removal, however, if PIL filed in SC, then the centre will have to provide a reason for removal. If reason is arbitrary, governor will be reinstated

• **Hargobind Kaur v/s Raghukul, 1979**
  • Office of governor is not an employment under Central government
  • It is an independent constitutional office

Reforms suggested for Office of Governor

  • Appoint governor by consulting CoM
  • Politically active persons especially in last 5 years not to be appointed
  • Appoint eminent persons in some walk of life as governor
  • Not to be appointed in home state
  • Not to be from opposite party in a state
  • While recommending President rule, governor to highlight grounds of constitutional machinery failure
  • To be allowed to complete 5 years
  • Should always ask government to prove majority on floor of house

• **Punchhi Commission** on removal of governor
  • To be on the same lines as that of President mutatis mutandis (change whatever that needs to be changed)
  • Should be allowed to complete 5 year term

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**Insights into Issues: Goods and Services Tax**

**Goods and Services Tax**

**Introduction**

GST encapsulates the dictum – “One nation, one indirect tax”. It will make India one unified common market.

GST was first mooted in the year 2003 by Kelkar Task Force on indirect taxes, who had suggested subsuming various central and state indirect taxes into one indirect tax. To implement this vision, an Empowered Committee of State Finance Ministers was created and tasked with the responsibility of ironing out the differences and taking this monumental reform forward.

**Features of GST**

• Single tax on supply of goods and services, right from the manufacturer to the consumer
  
• It is a destination based tax unlike the present taxation scheme which is origin based
  
• It is a value based tax as credits of input taxes paid at each stage will be available in the subsequent stages
  
• The final consumer will bear only the GST charged by the last dealer in the supply chain
  
• At the central level, following taxes are being subsumed under GST
1. Central Excise Duty
2. Additional Excise Duty
3. Service Tax
4. Countervailing Duty
5. Special Additional Duty of Customs

- At the state level, following taxes are being subsumed under GST
  1. State VAT/Sales Tax
  2. Entertainment Tax
  3. Central Sales Tax
  4. Octroi and Entry Tax
  5. Purchase Tax
  6. Luxury Tax
  7. Taxes on lottery, betting and gambling

- Administration of GST
  1. Since there is a federal structure in India, there are two components of GST – Central GST and State GST
  2. Both CGST and SGST will be simultaneously levied across the value chain, both on goods and services
  3. The tax will not be levied on exempted goods (alcohol, petroleum and its products) and those transactions which are below the prescribed threshold limits
  4. Input tax credit of CGST will be available for discharging liability on CGST itself. Similarly for SGST. Thus no cross utilization of credit would be permitted except in case of IGST
  5. IGST would come into picture when there is an inter state transfer of goods and services (u/a 269A(1)). IGST rate would be roughly equal to the sum of CGST and SGST. Following diagram explains the working of IGST
  6. For implementation of GST in the country, Central and State governments have registered Goods and Services Tax Network (GSTN) which is a not for profit, non government company to provide shared IT infrastructure to central and state government, tax payers and other stakeholders. The tax payments and credit will be done through an online network.
  7. Taxation on Imports – CVD and SAD on imports to be subsumed under GST. The states where goods are imported will gain their share from the IGST paid on imported goods
Features of 122nd Constitutional Amendment Bill

- Conferred simultaneous power upon Parliament and State Legislature to make laws governing GST
- Subsuming Central and State taxes under GST as described above
- Levy of IGST on inter state transactions of goods and services
- GST on all goods and services except alcoholic liquor. Petroleum and petroleum products shall be subjected to the levy of GST on a later date as decided by the GST Council.
- GST Council, a constitutional body, created with 2/3rd representation from states and 1/3rd from centre to examine issues related to GST and Make recommendation on rates, taxes, cesses, surcharges, exemption list, dispute resolution etc. All decisions in GST Council to be taken by 3/4th It will function under the chairmanship of Union Finance Minister
- Compensation to states for the entire amount of revenue losses for 5 years

Benefits

- For Business and Industry
  1. Easy compliance as one tax to be paid
  2. Creation of one market which will facilitate Ease of Doing Business in India
  3. Removal of cascading taxes which will lower price, thereby boosting demand, a shot in the arm for the beleagured corporate sector
4. Improve competitiveness as the transaction cost for doing business would reduce. Also, now the most competitive good will sell across the country irrespective of the location where it is manufactured.

5. All the above advantages are expected to provide a boost to the ambitious Make in India programme of the government

- For Consumers
  1. No cascading burden of taxes which would moderate inflation
  2. More transparency in taxation regime and easier to understand for the customers

- For government
  1. The new taxation regime will be easier to administer for the government
     1. The input tax credit system creates a mechanism for self policing
     2. Dual monitoring by centre and states will lead to tax competition and cooperation between centre and states. On the flip side, corporates fear two sources of interface with tax department
  2. Better control on leakages due to lesser evasion
  3. Higher revenue efficiency
     1. More money to spend on welfare expenditure
     2. Since, GST is a destination based tax, poorer states which have low level of manufacturing and services industry are expected to benefit

**GST and its impact on Fiscal Federalism**

The Constitutional provisions with respect to Fiscal Federalism has two major imbalances

1. **Vertical Imbalance** – The mismatch between expenditure and revenue requirements. The centre possessed more revenue but less expenditure whereas the vice versa is true for states

2. **Horizontal Imbalance** – There is disparity in revenue accrued by the states

So far, states also had autonomy in deciding tax rates for those items falling in the state list, as well as deciding VAT rates.

With the advent of GST, following issue is likely to crop up in Fiscal Federalism

- States will lose their autonomy in deciding taxation rates based on their expenditure plan. In GST regime, rates will be decided by GST Council. However, as per the GST Bill, the Council will fix the “floor rate along with bands”. This will leave some autonomy for the states to tinker with the tax rates to suit themselves.

- There is also the issue of states having the ability to impose sin tax on goods such as fast food (done in Kerala recently)

However, it is to be realized that GST is the need of the hour. Moreover the Indian GST regime offers advantages unlike the GST regime in other large federal polities, where the system is either

1. Too centralized, which deprives sub federal levels of fiscal autonomy, such as in Australia, Germany, Austria
2. Or, independently administered, which creates too many differences in tax bases and rates that make compliance difficult and also makes inter state transaction difficult to tax, such as in South Africa. The Indian system however establishes a modicum of coordination like in Canada. Common base and common rate will facilitate tax administration and ensure compliance. Reasonable exceptions, as decided by GST Council, will provide a degree of fiscal autonomy to the states.

The Empowered Group of State Finance Ministers during the course of their discussion have kept the interest of states on board and GST Council has emerged as a key institution of Centre State Relations. A reform of the nature and magnitude of GST will require a leap of faith to be taken, as issues are certain to crop up, which has to be resolved effectively through the aforementioned mechanism.

Other Issues with GST

- Deciding a Revenue Neutral Rate – A revenue neutral rate is one which does not lead to a fall in tax revenues. It is also to be ensured that the rates are not fixed too high as to lead to inflation. In the report by Arvind Subramaniam, he has suggested creating 3 bands with a RNR OF 16%.
- Deciding the exemption limit below which traders will not come under GST regime
- Readying the IT infrastructure for administration of GST
- Devising an effective mechanism to deal with dual policing by centre and state to administer and implement GST

Insights into Issues: BREXIT and Its Impact

BREXIT

Brexit is a term used to define United Kingdom coming out of EU. Recently in a referendum conducted in United Kingdom, UK voted by a narrow margin in favour of Brexit. Negotiations are undergoing currently between United Kingdom and European Parliament to negotiate the terms of the exit deal.

About EU

European Union or EU is an experiment to transform the relations between nations based on functionalist ideology. It envisages to transform the relations between nations by enmeshing them in economic, social, cultural, political partnership. EU is currently a block of 28 countries and 19 countries have formed Eurozone.

Constitutional Provision of Brexit:
Lisbon Treaty (Article 50) provides for exit of member countries from European Union. For any country to come out of European Union, it has to negotiate a deal with EU. The deal will provide for a settlement between EU and UK.

Opinion of Political Groups
- UK Independence Party, under the leadership of Nigel Farrage led the “Leave” campaign of UK
- Labour Party, under the leadership of Jeremy Corbyn led the “Stay” campaign of UK
- David Cameron, ex PM of UK agreed to hold a referendum on United Kingdom’s future in EU. Conservatives were in favour of staying in EU.

Why the clamour for Brexit
- Economic reasons – The primary contention was that economically, Britain loses more than what it gains.
  1. The first issue being that of membership fees paid – about 340 pounds per year per household
  2. Secondly, it was said that EU’s policies were too protectionist and did not favour competitiveness to the extent that would be beneficial for the British economy
  3. Post the Sovereign Debt Crisis, EU introduced Fiscal Compact and tighter control on national budgets. Britain was not comfortable with these ideas
  4. Germany’s proposal to impose taxes on financial transactions (Tobin Tax) also did not find favour with London, which is an important financial hub
- Immigration issues
  1. Half of British legal migrants come from EU. There is this feeling that they have a negative impact on UK born workers. Adding credence to local fears was the fact that since 1997, 3/4th of jobs created are taken up by EU immigrants
  2. EU’s obligation on its members to accommodate more refugees also did not find favour with UK. Especially at a time when the refugee influx in Europe is at an all time high in light of multiple crisis in Middle East and Africa
  3. There is also this perception that immigrants pose a threat to national security
- Sovereignty Issue
  1. EU is a transformative idea in many senses. One of the things that it leads to is the weakening of national sovereignty. EU has been pushing for creation of an Ever Closer Union which would accord greater decision making powers to European Parliament, while, limiting the authority of British Parliament.
Impact of Brexit:

On UK

Economic
1. EU is a large market. 45% of British exports are directed towards EU. EU is the largest market for UK's exports and one of the major sources of UK's imports. Except Germany and Sweden, UK has a positive Balance of Trade with all other countries of EU. Post Brexit, access to EU markets would suffer for UK.
2. Britain has emerged as a major financial hub. Post Brexit, the financial/services sector in UK would take a hit. We have already seen the London Exchange soaring down post Brexit.
3. Immigrants to EU are better educated and skilled and offset the demograpahic disadvantage. That advantage will be lost for UK.

Geopolitical
1. It raises questions over the future of Scotland and Northern Ireland. Their desire to stay in Uk was preconditioned on UK remaining a part of EU. The Scots have already started demanding for a referendum on Scotland’s future in UK. Even in Northern Ireland violence erupted post the Brexit vote.
2. In an interconnected world, being a part of multilateral organizations is key to influence policy matters. No country can do it alone in a rapidly changing international environment. Similarly UK would lose some of its leverage now that it has voted for Brexit. Pursuit of sovereignty in purist terms in an interconnected world is a utopian idea.

On EU
1. The idea of EU stands challenged. EU whose origin lied in the centuries of war that ravaged Europe was a transformative idea in international relations, enmeshing countries in cooperation. With the exit of UK, there is a possibility of other countries such as Greece etc to follow suit. Thus the idea of EU stands challenged.
2. EU is currently under multiple crisis emanating from financial slowdown, Russian challenge, security concerns. EU and Britain separately would not be able to handle a resurgent Russia. Similarly to deal with the security threats in Europe requires countries to act in concert and not independently.

On India

Cons
1. The immediate impact of Brexit is an increase in risk aversion when it comes to investing, especially in light of the possibility of other countries following suit. This will affect the FPI outflows from foreign portfolio investors.
2. Rupee may depreciate because of the double effect of foreign fund outflow and dollar rise.
3. IANS report says that Britain ranks 12th in terms of India’s bilateral trade with individual countries. It is also among 7 in top 25 countries with which India enjoys a trade surplus. India invests more in UK than the rest of Europe combined, emerging as the 3rd largest FDI investor. Access to European markets, therefore, is a key driver for
Indian companies setting shop in UK. Britain coming out of EU is likely to affect the business prospects of these companies.

4. Nasscom in a recent report held that IT and ITeS industry of India will have a negative impact of close to $108bn. The impact can be seen in medium term (2-3 years)

**Pros**

1. While on the positive side, Brexit has driven away fears of a US Fed rate hike and could lead to lower commodity prices
2. Brexit has become a new worry for commodity producers, coming on top of concerns about China’s slowing economic growth. If news flows from both these sources continue to cloud the outlook for commodities, then prices may turn weak. Brexit’s impact will then be a fateful one for commodity producers and producing nations
3. Devaluation of rupee might enhance India’s export competitiveness

**Draft National Education Policy**

**Objective**

The National Education Policy 2016 envisages creation of a credible education system capable of ensuring

- Inclusive quality education and lifelong learning opportunities for all
- Producing students/graduates equipped with the knowledge, skills, attitude and values that are required to lead a productive life
- Participate in the country’s development process
- Respond to the ever changing requirements of a globalizing, knowledge based society
- Develop responsible citizens who respect the Indian tradition of acceptance of diversity of India’s heritage, culture and history as well as promote social cohesion and religious amity
- The vision recognizes the central role of education in India’s economic, social, political and cultural development

**Key Challenges in India’s education system**

I. **Access and Participation**

1. Research highlights the importance of early childhood education. Participation in pre-school education remains low in the country
2. Expanding access to early childhood education and provide equal opportunity to all children to prepare them for formal education is a priority task
3. While nationally the % of out of school children aged 6-13 years has declined since 2000, still the absolute number remains high
4. Currently there is a situation of relatively lower enrolment rates in upper primary and secondary education. Ensuring mobility of students from elementary to primary to secondary to tertiary education is a key challenge. Currently Gross Enrolment Ratio in higher education is 23.6%. The target is to increase it to 25.2% in 2017-18 and to 30% in 2020-21

5. Relatively slower progress in reducing the number of illiterates is also a huge challenge. India currently has the highest number of non literates in the world

II. Quality Issues

1) Poor quality of education leading to unsatisfactory learning outcomes is a huge challenge. At the pre school level the following challenges are there
   - Inappropriate curriculum
   - Lack of trained educators
   - Ineffective pedagogy

Resultantly students coming out of pre schools do not have school readiness in terms of cognitive and language domains

2) Biggest challenge remains the unsatisfactory level of student learning. ASER reports, PISA reports all point towards the same. Finding of National Achievement Surveys covering Grades 3, 5, 8 and 10 suggest that learning levels of a significant proportion of students do not measure up to expected learning levels which has a cascading effect on the next stage

3) Factors affecting unsatisfactory quality of school education are
   - Large proportion of schools not compliant with prescribed norms and standards
   - Students and teachers absenteeism
   - Gaps in teacher motivation and training which affects teacher quality and performance
   - Slow progress with regards to usage of ICT
   - Sub optimal personnel management
   - Inadequate attention to monitoring and supervision of performance

Perceived failure of government schools has triggered entry of a large number of private schools, many of whom also fall prey to the same vices

4) Quality at higher education level – Issues are
   - Very few universities and colleges accredited by NAAC are in A grade
   - Mushromming of private players of indifferent quality
   - Shortage of well qualified faculty
   - Vacancy in faculty positions
   - Poor infrastructure in both private as well as public institutions
   - Slow renewal of curriculum to align it more closely with skills demanded in a diversified economy
• Inadequate funding for research and development

III Equity
1. Whereas substantial improvement is seen in enhancing enrolment rate in pre-school, still, children from disadvantaged population still lack access to pre-school education
2. Percentage of Out of school children (OOSC) has declined since 2000, but the absolute number is still high. Moreover, OOSC still very high among SC, ST and Muslims
3. Children from certain sections like children with disabilities, children in remote location, children belonging to nomadic families, migrant children and other vulnerable disadvantaged group are yet to take full benefit of educational opportunities
4. National Learning Achievement Surveys highlight the following
  • Urban students do better than rural
  • Students of private schools do better than those in government schools
  • General and OBC students do better than SC and ST students
5. Relatively higher gender gap in youth (8.2 % points) and adult (19.5 percentage points) literacy rates

IV Skills and employability
1. India is a young nation with 54% of population below 25 years of age. Thus skilling is necessary to take care of livelihood needs
2. However institutional arrangements to support technical and vocational educational programme quite inadequate

V Curriculum and Assessment
1. Growing disconnect between existing school and higher education curricula
2. Curriculum thrust needed for promoting acquisition of relevant skills by students is missing
3. Assessment criteria in schools focus primarily on rote learning and ability of students to reproduce content knowledge

VI ICT potential not fully tapped by educational institutes in the country

VII Teacher development and management
1. Not equipping teachers with competencies required to cope up with new profile and roles expected of teachers
2. Mismatch between institutional capacity and required teacher supply resulting in shortage of teachers. Problem more acute in Eastern part of the country
3. Research, innovation and experimentation in teacher education is very limited

VIII Governance and Management
1. It has assumed complexity especially at tertiary level due to
  • Advent of multiplicity of providers
Multiplicity of programmes
Multiplicity in modes of financing

IX Research and Development – Following are the reasons for India’s poor performance in R&D

1. Limited initiative for upgrading skills of existing faculty
2. Lack of synergies between training and research to promote excellence in both
3. Lack of engagement with institutes around the globe to improve quality of research
4. Lack of creation and facilitation of alliances for research purpose
5. Lack of linkage between research institutions and industry to accelerate process of knowledge development

X Budgetary Constraints

1. Target of 6% of GDP envisaged in National Education Policy 1986 yet to be met

Reforms Suggested

1) Pre-school Education:
1. Pre-school education for children in the age group of 4 to 5 years will be implemented.
2. To strengthen the pre-school education in Anganwadis, steps will be taken in consultation with states to frame curricula and develop learning materials.
3. State Governments will prepare cadres of pre-primary teachers.
4. All primary schools will cover pre-primary education.
5. Appropriate regulatory and monitoring rules and mechanisms will be designed for private pre-schools.

2) Curriculum Renewal and Examination Reforms
1. Curricular reforms will be carried out to meet the emerging aspirations and align to national goals of social cohesion, religious amity and national integration.
2. NCERT will undergo a re-orientation to address issues of deteriorating quality of school education and periodic renewal of curricula and pedagogy to move from rote learning to facilitate understanding and encourage a spirit of enquiry.
3. Procedural reforms will be undertaken, such as, doing away with migration certificate, school leaving certificate, etc. in order to encourage mobility of students from one institution to another.

3) Learning outcomes in School Education
1. Norms for learning outcomes will be developed and applied uniformly to both private and government schools.
2. Within the parameters prescribed by the RTE Act, States will have the flexibility to design and plan for the infrastructure keeping in view the local conditions.
3. The present provisions of no-detention policy will be amended, as it has seriously affected the academic performance of students. The no detention policy will be limited up to class V and the system of detention will be restored at the upper primary stage.
4. Effective steps will be taken to improve teaching standards in schools

4) School Education

1. Each State will undertake a detailed exercise of school mapping to identify schools with low enrolment and inadequate infrastructure.
2. Minimum standards for provision of facilities and student outcomes across all levels in school education will be laid down.
3. Kendriya Vidyalayas (KV) and Jawahar Navodaya Vidyalayas (JNV) will be expanded and Kasturba Gandhi Balika Vidyalayas (KGBV) will be expanded and upgraded.

5) Protection of Rights of the Child & Adolescent Education

1. Framework and guidelines for ensuring school safety and security of children will be developed.
2. Every Principal and teacher will be made aware of the provisions of the relevant Acts, Rules, Regulations, etc.
3. The Adolescent Education Programme and National Population Education Programme will be integrated into the curriculum of schools in a phased manner.
4. Adolescent Education will be included in pre- and in-service training programmes of secondary school teachers.
5. Self-learning online programmes on child rights will be developed for the benefit of students, teachers and parents.
6. Schools will engage trained counsellors to confidentially advise parents and teachers on adolescence problems faced by growing boys and girls.

6) Inclusive Education and Student Support

1. Curriculum will cover the issues of social justice and harmony and legal measures in order to avoid social discrimination.
2. With the objective of encouraging merit and promoting equity, a National Fellowship Fund, primarily designed to support the tuition fees, learning materials and living expenses for about 10 lakh students will be created.
3. A zero tolerance approach on gender discrimination and violence will be adopted.
4. There will be dedicated funds for R&D to strengthen disability studies in higher education.

7) Literacy and Lifelong Learning

1. Existing initiatives will be strengthened and curricula revamped with multi-pronged strategies involving Self Help Groups, NGOs, Government etc.
2. The Government will set up an apex body of experts to look into remodelling and strengthening of adult literacy programmes and develop scientific criteria for assessing the learning outcomes of adults in literacy, skill development, prior learning and equivalency for certification which may also facilitate entry into the formal education system.
3. Adult literacy programme will incorporate skill development and digital, financial and legal literacy.

8) Skills in Education and Employability
1. Skill development programmes in school and higher education system will be reoriented
2. A detailed plan for the creation of skill schools for improving employment opportunities for secondary school students in special focus districts will be prepared.
3. Joint certificates by the Sector Skill Council and the School/College authorities to help students take up wage-employment or start their own enterprise.

9) Use of ICT in Education
1. A concerted effort will be made to make ICT an integral part of education across all levels and domains of learning.
2. Online maintenance of all records of a child from the time of admission till the time of leaving the school will be made mandatory.
3. IT reporting systems will be a powerful tool to better school management and performance.

10) Teacher Development and Management
1. A transparent and merit based norms and guidelines for recruitment of teachers will be formulated in consultation with the state governments.
2. All vacancies in teacher education institutions and all positions of head teachers and principals will be filled up.
3. At the National level, a Teacher Education University will be set up covering various aspects of teacher education and faculty development.
4. A separate cadre for teacher educators will be established in every state.

11) Language and Culture in Education
1. All states and UTs, if they so desire, may provide education in schools, upto Class V, in mother tongue, local or regional language as the medium of instruction.
2. Indian culture, local and traditional knowledge will be given adequate space in the school education.
3. Keeping in view special importance of Sanskrit to the growth and development of Indian languages and its unique contribution to the cultural unity of the country, facilities for teaching Sanskrit at the school and university stages will be offered on a more liberal scale.

12) Self -Development through Comprehensive Education
1. Extra-curricular activities like games, yoga, NSS, Bal Sansad will be emphasized upon
2. Funds will be earmarked by the government/ school management for all co-scholastic activities in schools.

13) School Assessment and Governance
1. The framework of school standards with various parameters and indicators to measure school quality, professional competence of teachers, school leadership and the school management, as well as, self-appraisal and performance assessment will be used throughout the country
2. A mechanism will be put in place for accreditation of school boards.
3. Principals/head teachers will be held accountable for the academic performance of the schools and its improvement.

14) Regulation In Higher Education

1. An independent mechanism for administering the National Higher Education Fellowship Programme will be put in place.
2. A Central Educational Statistics Agency (CESA) will be established as the central data collection, compilation and consolidation agency with high quality statistical expertise and management information system which will be used for predictive analysis, manpower planning and future course corrections.

15) Quality Assurance In Higher Education

1. An expert committee will be constituted to study the systems of accreditation in place internationally. It will draw from the experiences of some of the best practices followed by countries having well performing systems and will suggest restructuring of NAAC and NAB as well as redefining methodologies, parameters and criteria. 
2. Evaluation/ Accreditation details of each institution will be available to the general public through a dedicated website, to enable students and other stakeholders to make informed choices.

16) Open and Distance Learning & MOOCs

1. The National Institute of Open Schooling (NIOS), in collaboration with Ministry of Skill Development & Entrepreneurship, will redefine itself to address the large potential demand for vocational education. The issues of management, monitoring and oversight of NIOS will be addressed appropriately.
2. A quality assurance mechanism for accreditation of all universities/institutions offering ODL / MOOCs will be put in place to ensure quality, promote, innovation and reshape and modernize the ODL / MOOCs courses and programmes.

17) Internationalization of Education

1. Selected foreign universities, from the top 200 in the world, will be encouraged to establish their presence in India through collaboration with Indian universities.
2. In order to increase acceptability of Indian students abroad and to attract international students, Indian HEIs will be encouraged to work towards internationalization of curricula aligned with international levels so as to make it globally compatible with best ranked institutions of the world.
3. Internationalization will be included as one of the components for allocating additional financial resources to government-funded HEIs.

18) Faculty Development in Higher Education

1. A task force of experts will be set up to study the recruitment, promotion and retention procedures, followed by internationally renowned universities and institutions and suggest measures to promote intellectual and academic excellence in HEIs.
2. A national campaign will be launched to attract young talent into the teaching profession. In order to attract young talent into teaching profession, a career growth of research students, such as M.Phil & Ph.D scholars, will be created.

3. A mechanism of assessment of academic performance of faculty including peer review will be put in place so as to ensure academic accountability of public-funded institutions.

19) Research, Innovation and New Knowledge

1. A clear reorientation of research agenda of National University of Educational Planning and Administration (NUEPA) will be undertaken to reflect actual issues on the ground.

2. Steps will be taken to promote generation of new knowledge and their applications and introduction of these new domains into the curricula of higher education to consolidate and strengthen India's position as a soft power.

3. In order to promote innovation, creativity and entrepreneurship, 100 more incubation centres will be established in HEIs over a period of next 5 years.

4. International collaborations and networks will be promoted for developing human resources required to sustain new knowledge with special focus on inter-disciplinary research and studies.

20) Financing Education

1. The government will take steps for reaching the long pending goal of raising the investment in education sector to at least 6% of GDP as a priority.

2. Instead of setting up new institutions, which require huge investments, priority of the Government will be to expand the capacity of existing institutions.

3. In order to encourage excellence and efficiency, performance-linked funding of higher education institutions will be implemented.

Insights into Issues: Regulation in Higher Education

Regulation in Higher Education

Background

1. Post War Development of Education Report (1944) recommended creation of UGC. It was thus formed in 1945 but was shortlived

2. Post Independence, University Education Commission under Dr S Radhakrishnan recommended creation of UGC. UGC was created in 1953 and granted statutory status in 1956

3. Mandate of UGC is

1. Primary
   * Quality maintenance and uniformity in higher education
   * Advise central and state government regarding regulation of university education
2. Secondary
   - Provide grants to universities

Regulatory Framework of Higher Education in India

Role envisaged for UGC
1. It’s a statutory body in charge of maintaining quality of higher education in the country
2. It is expected that UGC will appoint experts to suggest reforms for university education
3. Attract foreign faculty to enhance teaching levels
4. Provide grants for institutes

Criticism of UGC’s role
1. UGC could not maintain quality standards as evidenced in the “massification of education”. In 1956 there were 20 universities, 500 colleges and 2.1 lakh students in the country which has now risen to 726 universities, 38000 colleges and 2.8 cr students. While more no of universities and colleges is desirable in light of growing demand for education, however, the mushrooming of deemed universities and private colleges without adequate infrastructure and research facilities is a major problem. The Draft National Education Policy has also identified the above as a major challenge of the education sector.
2. Instead of experts in UGC suggesting reforms in higher education, there is a bureaucratization in the functioning of UGC which has resulted in “one size fits all” solutions being provided
3. There is a stark failure in attracting foreign faculties to Indian Universities
4. UGC has been accused of biased granting of funds
5. There is a flawed system of rewarding research. Research is Rewarded based on Academic Performance Index which are based on citations instead of peer review and expert appraisal
6. Autonomous institutes have often complained that they are not being allowed to function independently
7. UGC has been involved in several controversies as well
• With DU – with regards to 4 year undergraduate program. Initially they suggested to scrap it and then suggested a similar program months later
• With IITs – Asked to give degrees in accordance with UGC standards. IITs refused citing autonomy
• v/s AICTE – asked IIMs to give post graduate degree in management. IIMs currently award diplomas and not degrees. Institutes that award diplomas come under the functioning of AICTE and not UGC. The government intervened by allowing the UGC to regulate B-schools that award degrees and allowing AICTE to regulate those that award diplomas. There is currently an IIM Bill under consideration that empowers IIM to grant degrees, bringing them under the mandate of UGC

**Suggestions of various Reform Committees**

1. 2009 – National Knowledge Commission under Sam Pitroda recommended abolition of UGC and creation of an independent regulatory authority for higher education namely National Higher Education Authority
2. In 2011, Yash Pal Committee also recommended scrapping UGC and AICTE and restore autonomy to institutes providing higher education
3. In pursuance of Yash Pal Committee Report, UPA 2 introduced Higher Education and Research Bill. The Bill sought to create an overarching education regulator to replace the Universities Grants Commission and associated councils. It was withdrawn by current government citing violation of Federal principle as states were not consulted in drafting the Bill
4. NDA constituted the Hari Gautam Committee which gave the following suggestions
   1. Amend UGC Act as restructuring UGC would be a futile and cumbersome process
   2. Set up National Higher Education Authority as suggested by National Knowledge Commission and scrap UGC
   3. Suggested conducting National Research Aptitude Test to take admissions into PhD programmes
   4. Doing away with system of 10 years experience criteria for VC appointment
   5. Emphasized on yoga and meditation teaching
   6. Most important observation with regards to UGC’s functioning
      • UGC has sidestepped its primary function of being a guardian of educational excellence and focused more on awarding grants which is its secondary function
5. NITI Ayog chief has also criticized the cookie cutter approach (one size fits all) of UGC in light of dense network of educational institutes in the country and has emphasized on the importance of decentralized regulations for effective management
Civil Aviation Policy 2016

Objectives:

- The centre-piece of the policy is to make regional air connectivity a reality.
- The policy aims to take flying to the masses by making it affordable and convenient. Vision is to enhance ticketing from 8cr currently to 30cr by 2022 and 50 cr by 2030.
- Aim is to establish an integrated eco-system which will lead to significant growth of the civil aviation sector to promote tourism, employment and balanced regional growth
- Enhance regional connectivity through fiscal support and infrastructure development
- Enhance ease of doing business through deregulation, simplified procedures and e-governance.

Potential of the Civil Aviation Sector

- India has the potential to be among the global top three nations in terms of domestic and international passenger traffic. It has an ideal geographical location between the eastern and western hemisphere, a strong middle class of about 30 cr Indians and a rapidly growing economy. Despite these advantages, the Indian aviation sector has not achieved the position it should have and at present it is ranked 10th in the world in terms of number of passengers
- Development of this sector has a multiplier effect on the economy. As per an International Civil Aviation Organisation (ICAO) study, the output multiplier and employment multiplier are 3.25 and 6.10 respectively.
- The growth in aviation will create a large multiplier effect in terms of investments, tourism and employment generation, especially for unskilled and semi-skilled worker.
- It can generate additional revenues for the government through allied activities such as MRO operations (severely underdeveloped), cargo carriage (less polluting and more efficient both cost and time wise than road transport) etc

Salient points in the Policy

- **5/20 rule** (5 years of operation and a fleet of 20 aircrafts) will be no more applicable for airlines looking to fly abroad. For starting foreign operations, airlines will have to operate 20 flights or 20% of its fleet on domestic routes (whichever is higher, given the moniker 0/20 rule)
- **Maintenance Repair and Overhaul operations** – The MRO business of Indian carriers is around Rs 5000 cr, 90% of which is currently spent outside India. In the budget for 2016-17, customs duty has been rationalised and the procedure for clearance of goods simplified. Further incentives proposed in the policy to give a push to this sector
  * Airport royalty, additional charges not to be levied on maintenance service providers for a period of 5 years from the date of approval. This will give a boost to MRO sector which is severely underdeveloped in India
• MoCA will persuade State Governments to make VAT zero-rated on MRO activities
• Provision for adequate land for MRO service providers will be made in all future airport/heliport projects where potential for such MRO services exist

**Regional Connectivity Scheme**

- Purpose is to boost airlines flying to hitherto underserved/uneconomical/hinterland routes
- Capping of airfares on the routes under RCS – Rs 2500 for a 1 hour flight and Rs 1200 for half an hour flight
- Will be implemented by way of
  - Revival of airstrips/airports as No Frill Airport at an indicative cost of Rs 50cr to Rs 100cr
  - Demand driven selection of Airports/Airstrips for revival in consultation with state govt and airlines
  - 2% levy on all airline tickets to fund RCS
  - Viability Gap Funding to airline operators. Centre and state will bear the burden in the ratio of 80:20. For the North Eastern State, this will be in the ratio of 90:10. Govt will taper the VGF based on appropriate load factors achieved by the airlines. Once route becomes sustainable, subsidy removed. Subsidy to be provided based on reverse bidding.
  - RCS only in those states which reduce VAT on ATF to 1% or less, provide other support services and 20% of VGF
  - Tax incentives in store for all airlines operating on hitherto underserved routes
  - To increase viability of running routes from regional airports, government has abolished airport charge, reduced service tax and excise duty on Aviation Turbine Fuel

**Bilateral Traffic Rights**

• GoI will enter into ‘Open Sky’ Agreement on a reciprocal basis with SAARC countries and countries located beyond 5000 km from Delhi
• For countries within 5000 km radius, where the Indian carriers have not utilised 80% of their capacity entitlements but foreign carriers /countries have utilised their bilateral rights, a method will be recommended by a Committee headed by Cabinet Secretary for the allotment of additional capacity entitlements
• Whenever designated carriers of India have utilised 80% their capacity entitlements, the same will be renegotiated in the usual manner.

**Development of new Airports either by PPP or by AAI**

• Encourage development of airports by AAI, State Governments, the private sector or in PPP mode
• Future tariffs at all airports will be calculated on a ‘hybrid till’ basis, unless specified otherwise in concession agreements.
There are three methods for calculating airport tariff – single till, double till and hybrid till.

- The airport operator generates revenue by taking into account revenues from aeronautical activities such as parking, housing and landing. It also earns revenues from non aeronautical streams like duty free shops, food and beverage outlets, vehicle parking and advertisements
- In the single-till model both, aeronautical and non- aeronautical charges of airport operators are taken into account for fixing landing and parking charges.
- In the double-till model aeronautical charges are calculated taking into account revenues from aeronautical and non-aeronautical charges on the basis of collections from non-aeronautical.
- In the hybrid till model, the charges are calculated by taking all the aeronautical and 30 per cent of the non-aeronautical revenue into account.

**Aviation Education and Skill Building** – Estimated direct additional employment requirement of the Civil Aviation Sector by 2025 is about 3.3 lakh. All training in non licensed category will conform to National Skill Qualification Framework standards. MoCA will provide full support to the Aviation Sector Skill Council and other similar organisations/agencies for imparting skills for growing aviation industry.

**Assessment**

**Pros:**

- 5/20 rule had irked airlines for a long time now. At a time when most of the airlines are not posting profit and reeling under the burden of high taxes, 5/20 scheme proved to be a major impediment in enabling airlines to boost profits by initiating foreign operations. The guidelines in the present policy regarding foreign operations will ensure that airlines do not neglect domestic operations in pursuit of profit. The move has been criticized by established players like Jet Airways who are wary of increased competition.
- The initiative in the policy to boost MRO business is commendable as it leads to substantial loss of revenue for India. The MRO cost of Indian carriers is around Rs 5000 cr, 90% of which is currently spent outside India. Moreover, owing to India’s favourable geographical location India has the potential to become an MRO hub, a status currently occupied by Dubai.
- Regional Connectivity Scheme has been mooted with an objective of promoting connectivity in Tier 2, Tier 3 cities. Intent is to fast track the sector and harvest its multiplier effect on the economy, spurring investments, tourism and employment. Moreover, of the 35 crore middle class citizens, only 8 cr people fly. Capping of fares, enhancing connectivity will lead to an increase in the number of citizens who can fly and can take some burden off railways
- Open sky policy will enhance competition leading to better service and cost effectiveness

**Cons:**

- **Regional Connectivity Scheme**
  - Policy doesn’t mention from where VGF for RCS will come from
- Administration of VGF would require scrutiny of airlines balance sheet which would be a messy process. It has the potential of becoming another hotbed for controversy
- VGF would result in additional subsidy burden at a time when economic survey argued in favour of removing subsidies for the rich
- Subsidy based regime would be impacted by the vagaries of price changes in oil prices
- Capping of fares (1200 for half hour, 2500 for an hour) is criticized as airlines argue that it should be a fn of demand/supply
- Critical reform include depoliticization of identifying destinations. Resources ought to be deployed based on economics rather than a populist gesture to entice hinterland voters
- The success of RCS will depend upon support by the state govt in the form of free land, lower utility rates and tax cuts on airline fuel
- The subsidy regime under RCS where the subsidy for flyers on new routes will be financed levy on flyers on high traffic routes is questionable as it would make air travel expensive
- Airlines wished for 0/o rule. However the rationale is that domestic operations should not be ignored. The other side is that scaling up of operations by airlines is not an easy task. Mandating a min requirement of 20 airlines before initiating international operations doesn’t solve the problem for airlines
- The Open sky policy with SAARC countries is a good measure. However the one with countries beyond 5000km radius will fail to have much impact as India already has unused flying rights to EU, open sky policy with US and UK
- Assessment of Hybrid Till model for deciding on airport charges
  - According to International Air Transport Association (IATA), the approved policy states that “future tariffs at all airports will be calculated on a hybrid-till basis” – which can make air travel more expensive
  - Single Till model is considered to be more effective for airlines as airport charges constitute around 14% of the total operational cost of a passenger carrier.
  - Costlier airport charges will translate into costlier tickets which will interfere with the civil aviation policy objective of tripling passenger traffic by 2022
  - The model has been proposed to entice private operators into investing in building airports on PPP basis by providing them with an effective stream of revenue

**Assessment of Increasing FDI in Airlines Sector to 100%**

Increasing the FDI limit for airlines (including regional operators for whom FDI of 49 per cent was only allowed last November) to 100 per cent, with automatic approvals for foreign ownership up to 49 per cent, sounds good on the face of it.

But it will not bring new foreign players in the fray:-
This is because global airline players continue to be hemmed in by the 49 per cent ownership limit set by the United Progressive Alliance government in 2012, following which ventures such as AirAsia India and Vistara took off. This is because despite 100% FDI being allowed, securing a scheduled operator permit still requires an airline’s chairman and at least two-thirds of its directors to be Indian citizens, and substantial ownership and effective control to be vested in Indian nationals. It then begs the question why would a foreign airline invest so much in a JV when it can have very limited management control.

Comparative Data:
- The U.S. now allows around 25 per cent foreign ownership in airlines
- South Korea permits 49 per cent
- Chile a full 100 per cent, even as it has done away with national control and ownership norms.

India can follow the Australia Model
- Australia has now scrapped limits on airline ownership for aircraft flying within its airspace — a model that could very well serve *India’s aviation policy objectives of tripling passenger traffic by 2022 and developing regional connectivity*. To stay at the forefront of FDI reforms in a slowing global economy, India could have proposed a bolder reform in airline ownership norms and dovetailed that with its vision of an open sky policy within the SAARC region and beyond. That would have been a global game changer.

**Insights into Issues: Coastal Regulation Zone & Sailesh Nayak Committee**

**About Coastal Regulation Zone**
Under the Environmental Protection Act 1986, notification was issued in 1991 for regulation of activities in the coastal area by Ministry of Environment and Forests. These notification known as Coastal Regulation Zone Notification defined the Coastal Regulation Zone or CRZ as coastal land up to 500m from the High Tide Line and a range of 100m along banks of creeks, estuaries, backwaters and rivers subject to tidal fluctuations is CRZ. According to Coastal Regulation Zone notifications, it is divided into 4 zones

- **CRZ I** – It refers to the ecologically sensitive areas, essential in maintaining ecosystem of the coast. These lie between the HTL and LTL. Only exploration of natural gas and extraction of salt is permitted
- **CRZ II** – These areas form up to the shoreline of the coast. Authorized structures are not allowed to be constructed in this zone
- **CRZ III** – This includes rural and urban localities. Only certain activities relating to agriculture and public utilities allowed here
- **CRZ IV** – This includes the aquatic area up to the territorial limit (12 nautical miles). Fishing and allied activities permitted in this zone. Solid waste can be let off in this zone.
The CRZ notification, 1991 saw a series of reviews and amendments and was eventually replaced with a new notification in 2011. One of the critiques of the 1991 notification was that it did not account for the concerns of coastal communities. The 2011 notification tried to address (in how much ever limited manner) this lacuna by creating the District Level Coastal Committees (DLCC), a space for coastal communities to participate in some aspects of regulatory decision-making on the coasts. While the exact role of these committees was not specified, and in many states the committees are yet to be fully functional, it was still a start.

**About Sailesh Nayak Committee:**

The Sailesh Nayak Committee was formed with an objective to review the issues relating to Coastal regulation zone 2011. The CRZ Regulations amended in 2011 had dissatisfied a lot of States. The CRZ notification 2011 enshrined the concept of a Coastal Zone Management Plan (CZMP). It was to be prepared with the fullest involvement and participation of local communities. The amendment had mandated all states to submit coastal development plans for Centre’s approval which were pending since 1991, the date of CRZ notification.

Its other objectives were

- Protection of livelihoods of traditional fisher folk communities
- Preservation of coastal ecology
- Promotion of economic activity that are necessarily located in coastal regions

**Recommendations of Sailesh Nayak Committee:**

1. The committee acknowledged the discrepancy in baseline data demarcating the High Tide Line, the Low Tide Line and the coastal zone boundary which has created difficulties in preparing Coastal Zone Management Plan. The Committee observed that such plans are essential for the proper implementation of any CRZ notification

2. The Committee proposed changing the definition of No Development Zone. It is reduced from 200 metres from the high tide line to 100 meters only. This has been done to meet increased demands of housing of fishing and other traditional coastal communities.
3. Weaken regulation – It recommends that except for activities covered under environmental clearances, the state governments along with the local authorities should be left in charge of managing coasts in towns, rural areas as well as the waters up to 12 nautical miles. These relaxations are only for activities not covered under Environment Impact Assessment Notification 2006.

4. The Committee has recommended that local town regulations be preferred over existing Coastal Regulation Zone.

5. States to determine the Floor Area ratio rather than centre under Coastal regulation Zone.

6. Opening of seas for reclamation of lands for array of activities allowed. Calling for ‘larger public interest’ the panel has said that land can be reclaimed for “ports and harbour, fisheries-related activities and other infrastructure required in the larger public interest such as bridges, sea-links on stilts, roads, important national installations related to coastal security, tourism etc.

7. States are permitted, if they want to redevelop and rehabilitate slums in coastal zone.

8. Construction and other activities could be taken up in CRZIII (rural areas) zone just 50m from the HTL in densely populated rural areas under state norms with the responsibility to rescue and rehabilitate during disasters left to local authorities

9. The Committee proposed new, lightly regulated tourism in the No Development Zone

10. Determining the list of restrictive activities has been recommended to be left to the states and Centre will involve itself with matters that come under Environmental regulations.

**Importance of the CRZ Notification:**

- India has a long coastline of 7516 km, ranging from Gujarat to West Bengal, and two island archipelagos (Andaman Island and Lakshadweep).
- Our coastal ecosystems provide protection from natural disasters such as floods and tsunamis to the 250 million people who live in our coastal areas.
- Coastal waters provide a source of primary livelihood to 7 million households.
- Our marine ecosystems are a treasure trove of biodiversity, which we are only beginning to discover and catalogue.

Thus, our coastline is both a precious natural resource and an important economic asset, and we need a robust progressive framework to regulate our coast.

**Status of the Report:**

The committee was formed in 2014 and its report was made available to the public only in June 2016 after intervention by CIC. While the ministry has has not publically approved the findings of the report, the recommendations have been a source of several piecemeal but substantive amendments. For instance, upon request by the Municipal Corporation of Greater Mumbai to amend the CRZ regulation to allow for construction of a road, the notification was amended to allow “land reclamation for construction of coastal road”. So far the ministry has implemented 8 amendments on the basis of findings of the report.
Assessment of the Recommendations

• **Environmental Impact**
  - Opening of seas for reclamation for projects in “public interest” can open a pandora’s box with respect to sustainable management of coasts. Overexploitation in the name of development can affect marine life and coastal ecosystem. For instance, while constructing road by Municipal Corporation of Greater Mumbai, the local population complained extensively of pollution.
  - With the environmental clearance regime also relaxed especially for construction activity recently, if implemented, the Nayak committee recommendations could lead to a construction boom along the coast line.
  - Allowing construction activities so near to the coast will put the local population at greater risk from tsunamis etc. Allowing construction activities can also lead to depletion of mangroves, forests near coasts which act as the first line of defence in case of tsunamis, cyclones etc.
  - Proposing new, lightly regulated tourism in “no development zones” is also an extraordinary measure. The proper course would be to identify specific areas for such activity, assess its environmental impact, demarcate the area under the State’s management plans, and fix responsibility for enforcement, particularly for pollution control.

• **Economic Impact**
  - According to International Collective in Support of fisheries, any change in 2011 notification will directly impact 3200 marine fishing villages and 1.5 million people whose livelihood is dependent on fishing and allied activities.
  - For instance, post construction of road by MCGM, the local fishermen complained that the ferry route to the proposed route pass through their fishing ground and adversely impact their livelihood.

• **Governance Impact**
  - Transferring control of development in CRZII zone (built up cities and towns) from the environment department to state town planning authorities raises question over uniformity, efficacy and capacity of state town planning authorities.
  - The amendment to allow for same floor to surface area in coastal zone like in non coastal zone has not been accompanied by an the capacity of civic bodies, infrastructure and resources for sewage and waste disposal – demands for which will swell with taller buildings and more floors.

• **Secrecy Issues**
  - The report itself has been shrouded in secrecy. The amendments to the CRZ notification are being done without consulting all stakeholders which belies the principles of democracy.
  - The report was made public only post the intervention by CIC, which should have been done in normal course.
Constitutional Provisions Relating to Child Labour:

- Article 24 prohibits the employment of children below the age of 14 years in hazardous industries. Allows their employment in non-hazardous industries. Subsequently, the government passed Child Labour (Prohibition and Regulation) Act, 1986 which prohibited employment in 14 industries and regulated employment condition in the rest.
- Article 39(e) directs the state to ensure that health of workers be protected and children not to be exploited.

Provisions of the Amended Bill:

- The Child Labour (Prohibition and Regulation) Amendment Bill, 2012 was introduced in the Rajya Sabha on December 4, 2012 by the Minister of Labour and Employment, Mallikarjun Kharge.
- The Bill seeks to amend the Child Labour (Prohibition and Regulation) Act, 1986, which prohibits the engagement of children in certain types of occupations and regulates the condition of work of children in other occupations.
- The earlier Act prohibits employment of children below 14 years in certain occupations such as automobile workshops, bidi-making, carpet weaving, handloom and power loom industry, mines and domestic work. In light of the Right of Children to Free and Compulsory Education Act, 2009, the Bill proposes a blanket ban on employment of children below 14 years in all occupations except in “own account enterprises” i.e. family business and in entertainment industry provided education of child does not get hampered.
- The Bill adds a new category of persons called “adolescent”. An adolescent means a person between 14 and 18 years of age. The amended Act prohibits employment of adolescents in hazardous occupations as specified (mines, inflammable substance and hazardous processes).
- The central government may add or omit any hazardous occupation from the list included in the Bill.
- The Bill enhances the punishment for employing any child in an occupation. It also includes penalty for employing an adolescent in a hazardous occupation. The punishment for those employers, employing children for the first time, the fine has been increased from 20000 to 50000 Rs and 6 months to 2 years imprisonment. For repeat offenders the offence is cognizable (i.e. arrest can be made without warrant) and proposes a punishment of 1-3 years.
- The Bill proposes relaxed penal provisions for parents. In case of parents being repeat offenders, it proposes a fine of 10000 rupees.
- The government may confer powers on a District Magistrate to ensure that the provisions of the law are properly carried out.
- The Bill empowers the government to make periodic inspection of places at which employment of children and adolescents are prohibited.
• It also sets up a Child and Adolescent Labour Rehabilitation Fund to be set up under the Act for rehabilitation of children and adolescent employed

**Data on Child Labour**

• There are 33 million child labourers in India, according to UNICEF. As per the 2011 census, 80 per cent of them are Dalits, 20 per cent are from the Backward Classes

• According to Global Slavery Index, India has the 4th largest estimated prevalence of modern slavery in proportion to its population. 1.4% of India’s population live in condition of modern slavery including sex work, domestic work, child labour, manual labour or even forced marriages

• According to SECC 2011, 4 million children in working children in age group of 5-14 years

![Pie Chart of Child Labour](image)

**Criticism of the Amended Act:**

• Firstly, it has slashed the list of hazardous occupations for children from 83 to include just mining, explosives, and occupations mentioned in the Factory Act. This means that work in chemical mixing units, cotton farms, battery recycling units, and brick kilns, among others, have been allowed. Further, even the ones listed as hazardous can be removed, according to Section 4 — not by Parliament but by government authorities at their own discretion.

• Secondly, section 3 in Clause 5 allows child labour in “family or family enterprises” or allows the child to be “an artist in an audio-visual entertainment industry”. Since most of India’s child labour is caste-based work, with poor families trapped in intergenerational debt bondage, this refers to most of the country’s child labourers. The clause is also dangerous as it does not define the hours of work, it simply states that children may work after school hours or during vacations.
They also contravene the International Labour Organisation’s (ILO) Minimum Age Convention and UNICEF’s Convention on the Rights of the Child, to which India is a signatory. According to UNICEF, a child is involved in child labour if he or she is between 5 and 11 years, does at least one hour of economic activity, or at least 28 hours of domestic work in a week.

One-fifth of the child labourers rescued worked with their families. If the new law was in place they wouldn’t be rescued.

Regulation is going to be a big challenge, as it will be difficult to determine whether a particular family is running an enterprise, or whether some faceless owner has employed a single family to circumvent the law. The fallout will be a higher dropout rate. They may go to school for some years, concurrently work with their families, and graduate to being full-time adolescent workers, without completing elementary education.

According to UN Convention on Rights of Child (CRC) every child has a right to be heard. In the International Working Group on Child Labour which came up with Kundapura declaration stated that children be consulted, their products recognized, work be regulated and made safe, education, health and security be provided. Unfortunately, this has not been the case in the current legislation. The Act follows the least resistance path which will open a pandora’s box.

*Insights into Issues: Maternity Benefit (Amendment) Bill*

The Maternity Benefit (Amendment) Bill, 2016 was introduced in Rajya Sabha on August 11, 2016 by the Minister for Labour and Employment, Mr. Bandaru Dattatreya. The Bill amends the Maternity Benefit Act, 1961. The Bill has been passed by Rajya Sabha.

The Act **regulates the employment of women during the period of child-birth, and provides maternity benefits.** The Act applies to factory, mines, plantations, shops and other establishments. The Bill amends provisions related to the duration and applicability of maternity leave, and other facilities.

**Provisions of the Bill:**

Four major changes have been made to the law relating to maternity benefits. These are

- Firstly, it extends the period of maternity benefit from 12 weeks to 26 weeks of which not more than eight weeks can precede the date of the expected delivery. This exceeds the International Labour Organisation’s minimum standard of 14 weeks and is a positive development. However, a woman who has two or more surviving children will be entitled to 12 weeks of which not more than six weeks can precede the date of the expected delivery.

- Secondly, women who legally adopt a child below the age of three months or a “commissioning mother” will be entitled to maternity benefit for 12 weeks from the date on which the child is handed over to her. A commissioning mother is defined as a biological mother who uses her egg to create an embryo implanted in another woman.
Thirdly, it gives discretion to employers to allow women to work from home after the period of maternity benefit on mutually agreeable conditions. This would apply if the nature of work assigned to the woman permits her to work from home.

Fourthly, it requires establishments having 50 or more employees to have a crèche facility, either separately or along with common facilities. Further, employers should allow the woman to visit the crèche four times a day, which “shall also include the interval for rest allowed to her.”

The Bill introduces a provision which requires every establishment to intimate a woman at the time of her appointment of the maternity benefits available to her. Such communication must be in writing and electronically.

**Assessment of the Bill:**

**Criticism:**

- The Bill is steeped in an androcentric notion of family and the workplace. It assumes that only a mother is a parent or primary caregiver, while a father is the provider and an employee bereft of an active responsibility in childcare.
- Restricting the option of working from home to only women also reinforces gender-based roles within the family. Provisions like these will inevitably cause employers to view these measures as an undue burden.
- While it may marginally improve the working conditions in the short term, the amendment will undoubtedly perpetuate and sustain the gender gap in employment and in pay scales.
- The Bill weakens the argument of “equal pay for equal work” as it can be argued rationally that work conditions for males and females differ and hence their pay scales should also differ. Thus the directive provided to the state under Article 39(a) is not being fulfilled.
- Adoptive parents are discriminated. It also discriminates against adoptive fathers and transgendered persons who may adopt, as it does not even recognise their right to parental benefits. The state appears to be incentivizing the adoption of younger babies and discouraging the adoption of older babies and children.

**Positives**

- It would benefit about 1.8 million women in the organised sector. The new law will be applicable to all establishments employing 10 or more people.
- At a time when female participation in Labour Force is way below the parity levels, as highlighted by McKinsey’s “The Power of Parity” report, this bill would go a long way in facilitating female entry in LFPR. Parity in LFPR would lead to boosting India’s GDP by 27% as highlighted by Christine Lagarde. It would reduce poverty and income inequality. She highlighted that Legal restriction exists in 90% of countries which limits women participation. This step is one of the ways to remove those legal and perception barriers for female participation in Labour Force.
The Bill provides a maternity leave of 26 weeks which exceeds ILO’s minimum standard of 14 weeks and is a positive development. India will jump to third position in terms of the number of weeks for maternity leave after Norway (44) and Canada (50), said Labour Minister Bandaru Dattatraya while replying to a debate on the legislation.

Roughly one third of India’s children are malnourished. The increase in maternity leave as mandated by law from 12 weeks to 26 would help new mothers bond with their babies and also to enable them to breastfeed leading to enhanced nutrition and immunity for the child. Exclusive breastfeeding for the first six months is widely believed to be the easiest and most cost-effective way to fight child malnutrition. Last year, the Rapid Survey of Children conducted by the WCD Ministry showed 29.4% of children were underweight, 15% were wasted (low weight for their height), and 38.7% were stunted (low height for their age).

Such a step was long overdue as the family structure in India, especially in urban areas has changed from joint family to nuclear family, necessitating the presence of parents at home in the initial time post a child’s birth.

For More, Check this Mindmap

Insights into Issues: Non Performing Assets

What are NPAs

A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.

Banks are required to classify NPAs further into Substandard, Doubtful and Loss assets.

1. Substandard assets: Assets which has remained NPA for a period less than or equal to 12 months.

2. Doubtful assets: An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.

3. Loss assets: As per RBI, “Loss asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value.”

Status of NPA:

NPA problem is one of the most severe plaguing the Indian Banking sector posing questions over the stability of Indian Banking System. Raghuram Rajan, the ex Governor of RBI has identified the NPA problem as a major challenge facing the Indian Banking Sector. The problem which was largely hidden earlier as Banks used to do window dressing of their account statement has now come to the forefront after Rajan exhorted the banks to clean up their asset books by March 2017. Resultantly this led to 29 public sector banks writing off Rs1.14 Lakh Crore of bad debts between 2013 -2015, much more than what they had done in the preceding 9 years.

- The gross bad loans of 39 listed Indian banks, in absolute term, rose 92% in fiscal year 2016 to Rs.5.79 trillion even as after provisioning, the net bad loans more than doubled to Rs.3.38 trillion.
In percentage terms, the average gross non-performing assets (NPAs) of this group of banks rose from 4.41% of loans in 2015 to 7.91% in 2016; net NPAs in the past one year rose from 2.45% to 4.63%.

Public sector banks, which have close to 70% market share of loans, are more affected than their private sector peers. Two of them have over 15% gross NPAs and an additional eight close to 10% and more.

If we include restructured loans as well as those loans that have been written off, the total stressed assets could be as much as one-fourth of loans, at least for some of the government-owned banks.

**Impact of NPAs on Banks:**

1. Banks have to adhere to the provisioning norms set by RBI for the bad loans which eats into their profitability. This leads to banks having lesser capital to deploy, shareholders losing money and banks finding it tough to survive in the market
2. If banks do not classify an asset as NPA, they naturally have more money to advance to earn interest income on. If large NPAs goes unreported, the bank could reach a situation, where it has advanced more money than it has available leading to a situation of technical bankruptcy.
3. In light of attaining the Bessel norms, the burden on maintaining Capital Adequacy Ratio increases
4. It also affects the competitive position of banks
5. For economy, it is disadvantageous as banks become more circumspect in giving loans which affect the credit offtake in economy. India is still an economy which is largely dependent on banks to raise capital as the bond market is not that well developed. This leads to declining Gross Capital Formation affecting economic growth.
6. Rising of NPAs will lead to a crisis of confidence in the market. The price of loans, i.e. the interest rates will shoot up. Shooting of interest rates will directly impact the investors who wish to take loans for setting up infrastructural, industrial projects etc.
7. It will also impact the retail consumers like us, who will have to shell out a higher interest rate for a loan.
8. This will hurt the overall demand in the Indian economy which will lead to lower growth rates and of course higher inflation because of the higher cost of capital.
9. The trend may continue in a vicious circle and deepen the crisis.

**Reasons for growth**

- **Governance Issues**
  1. Diversion of funds by companies for purposes other than for which loans were taken
  2. Due diligence not done in initial disbursement of loans. Eg: loans given to road sector even before acquisition of land by the contractors. Agreed to TPCs (Total project costs) much higher than assessed by NHAI.
  3. Inefficiencies in post disbursement monitoring of the problem
4. Restructuring of loans done by banks earlier to avoid provisioning. Post crackdown by RBI, banks are forced to clear their asset books which has led to sudden spurt in NPAs
5. During the time of economic boom, overt optimism shown by corporates was taken on face value by banks and adequate background check was not done in advancing loans
6. In the absence of adequate governance mechanism, double leveraging by corporates, as pointed out by RBI’s Financial Stability Report, is also a reason for increasing bad loans
7. RBI Governor Rajan has pointed to the prevalence of “riskless capitalism” wherein time of economic swing, the corporate make hay, but when they face problems, resort to legal route, leveraging etc leading to problems galore for the banks

**Economic Reasons**

1. Economic downturn seen since 2008 has been a reason for increasing bad loans
2. Global demand is still low due to which exports across all sector has shown a declining trend for long while now
3. In the case of sectors like electricity, the poor financial condition of most SEBs is the problem; in areas like steel, the collapse in global prices suggests that a lot more loans will get stressed in the months ahead. Other stressed sectors include infrastructure, textiles and mining
4. Other stressed sectors include infrastructure, textiles and mining
5. Economic Survey 2015 mentioned over leveraging by corporate as one of the reasons behind rising bad loans

**Political reasons**

1. Policy Paralysis seen during UPA 2 regime affected several PPP projects and key economic decisions were delayed which affected the macroeconomic stability leading to poorer corporate performance
2. Crony capitalism is also to be blamed. Under political pressure banks are compelled to provide loans for certain sectors which are mostly stressed

**Resolution issues**

1. In the absence of a proper bankruptcy law, corporate faced exit barriers which led to piling up of bad loans
2. Corporates often take the legal route which is time consuming leading to problems for the banks

**Traditional solution**

1. Appointment of nodal officers in banks for recovery at their head office, zonal office
2. Thrust on recovery of loss assets by banks
3. Close watch on NPA by picking up early warning signals and ensuring corrective action
4. Directing state level bankers to be more proactive in resolving issues with state govt
5. Designating ARC as resolution agent of banks

Laws relating to NPA and Bankruptcy

- **SARFAESI** – The Act empowers Banks/ Financial Institutions to recover their NPAs without the intervention of the court, through acquiring and disposing secured assets without the intervention of the court in case of outstanding amounts greater than 1 lakh. SARFAESI, it is accused, has been used only against the small borrowers primarily from MSME sector

- **Recovery of Debts Due to Banks and Financial Institutions (DRT) Act**: The Act provides setting up of Debt Recovery Tribunals (DRTs) and Debt Recovery Appellate Tribunals (DRATs) for expeditious and exclusive disposal of suits filed by banks / FIs for recovery of their dues in NPA accounts with outstanding amount of Rs. 10 lac and above. DRTs are overburdened leading to slow disposal of cases

- **Lok Adalats**: Section 89 of the Civil Procedure Code provides resolution of disputes through ADR methods such as Arbitration, Conciliation, Lok Adalats and Mediation. Lok Adalat mechanism offers expeditious, in-expensive and mutually acceptable way of settlement of dispute

- Under **banking regulation act 1949**, RBI is empowered to monitor the asset quality of banks by inspecting record books

**Solutions proposed by RBI:**

- Restructured standard account provisioning has been increased to 5% making it easier for banks to go for restructuring. On the flip side, this has the potential to enhance tendency of evergreening of loans

- RBI has directed banks to give loans by looking at CIBIL score and is encouraging banks to start sharing information amongst themselves. This is to deal with cases of information asymmetry. RBI has directed banks to report to Central Repository of Information on Large Credit (CRILC) when principle/interest payment not paid between 61-90 days

- RBI has asked banks to conduct sector wise/activity wise analysis of NPA

- SEBI has eased norms for banks to convert debt of distressed borrowers into equity

- **5/25 scheme**
  - For existing and new projects greater than 500 crores and also for existing projects which have been classified as bad debt or stressed asset, bank can provide longer amortization periods of 25 years with the option of restructuring loans every 5 or 7 years
  - The advantage of this scheme is that it provides for longer lending period with inbuilt flexibility. Shorter lending periods leads to companies stretching their balance sheet to pay back loans
  - From bank’s point of view it is helpful as freshly restructured asset is considered as bad debt and requires 15% provisioning by banks against such loans leading to erosion of profitability for banks

- Strategic Debt Restructuring Scheme
• This scheme provides for an alternative to restructuring. Wherever restructuring has not helped, banks can convert existing loans into equity. The scheme provides for creation of Joint Lenders Forum which is to be given additional powers with respect to
  ▪ Management change in company getting restructured
  ▪ Sale of non core assets in case company has diversified into sectors other than for which loans were guaranteed
  ▪ Decision by JLF on debt restructuring by a majority of 75% by value and 60% by number
• On the positive side, willful defaulters are dissuaded as they fear the loss of their company
• However there are several issues with the scheme
  ▪ Banks do not have expertise of managing companies
  ▪ The Joint Lenders Forum mechanism has an inherent conflict between large banks and small lenders. The large banks have huge exposure and thus they want to restructure the loans so as to avoid provisioning. The smaller lenders fear arm twisting by large banks. Since they have less exposure they are unwilling to throw good money after bad and prefer to sell their exposure to ARCs as HDFC did in case of Essar Steel
• Assessment of SDR
  ▪ SDR is not performing too well. Of the 21 cases in which SDR has been invoked, only 4 have been closed. The problems are:
    ▪ Difficulty in finding buyers
      ▪ Buyers demanding prices that are unacceptable
      ▪ Creditor’s concern over their source of funding and credibility
      ▪ In the absence of potential buyers, bank wouldn’t want to hold onto these assets indefinitely. Unless and until a mechanism is devised which charts out a course of what to do thereafter, it doesn’t make much sense to do this conversion
    ▪ Disagreement over valuations
      ▪ Banks not willing to take severe haircuts
      ▪ Problem particularly acute in the infra sector where the valuations have drastically declined over the past 2-3 years
    ▪ Choice of merchant bankers used in SDR Process has a huge impact on the pace of the process.
      Quick resolution is necessary as otherwise provisioning for bad loans eats a major chunk of the bank’s profit
• Scheme for sustainable structuring of stressed assets – This allows banks to split the stressed account into two heads – a sustainable portion that the bank deems that the borrower can pay on existing terms and the remaining
portion that the borrower is unable to pay (unsustainable). The latter can be converted into equity or convertible debt giving lenders a chance to eventually recover funds if the borrower is unable to pay. The Scheme will help those projects which have started commercial operations and have outstanding loan of over Rs 500 crore. Banks will also need to set aside higher provisions if they choose to follow this route.

- Advantages of new scheme
  - To help restore credit flow to stressed sectors such as steel etc as credit lending condition have been eased in the scheme
  - Banks can rework their stressed accounts under the oversight of an external agency. This means greater transparency in functioning of banks. This is a provision of the scheme itself. Banks had earlier complained of activism by investigative agencies in probing bad debt which made it difficult for them to go for restructuring in even genuine cases
  - This scheme would not only strengthen the lenders’ ability to deal with stressed assets, but would also put real assets back on track, benefitting both banks and the promoters of troubled entities.

- Challenges
  - Evergreening of loans by banks
  - Distinction between sustainable and unsustainable debt might lead to problems later on
  - In its current form, S4A favours promoters more than banks as banks have to provide for the loss of interest from their profit, while promoters get away with lower interest payment
  - The scheme can only be used for operational projects. Banks cannot reschedule or reprice the debt that is remaining after converting part of it into equity. Also, they have to assess the sustainable portion of the debt based on current cash flows rather than any future projection of cash flows. Due to this, many firms would not be able to do much for some power projects which are still under implementation.
  - It also does not allow for banks to change the terms and conditions of the loan. This would mean that not too much support to the sustainable part of the debt can be extended.
  - Another concern could be the high level of equity dilution that may result from a scheme of this nature. This could be negative for shareholders and may also reduce the incentive for promoters to actually turn around the company.

Measures announced by government

- Government has announced recapitalization of the bank to the tune of 70000 crore. However, given the situation, this amount is grossly inadequate. Government will have to find a way to increase the capital it provides to state-owned banks. An upfront capital infusion, along with reforms to ensure its proper usage, is the best way to reduce the pain of the bad loan clean-up.
Finance Minister has recently mentioned setting up of stressed asset fund in association with banks that can provide equity or debt capital.

- It is different from an ARC as the assets would remain on the books of the banks whereas ARC transfer the acquired assets to one or more trusts at the price at which financial assets were acquired from the originator.

- A different mechanism from ARC has been proposed as experiences so far say that setting up yet another ARC is pointless. There are a number of existing ARCs in the market, and many large global funds are planning to enter the segment. Among these, many are bank-sponsored ARCs. They have done little good because the banks and the ARCs have failed to agree on the price at which assets are to be sold. Besides, the recovery track record of ARCs has been modest at best.

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