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1. AIR spotlight summary

1.1 Government to monitor progress on Ease of Doing Business

Introduction
A committee has been set up to oversee the oversight functions of the government to ensure that the government does not interfere much in the business and at the same time allowing the business to flourish in the economy. The Ease of Doing Business is now the central policy of the government and is crucial for the Indian economy. India is improving in the Ease of Doing Business. Before 3 years India was at 144th position, now we are at 130th position. This is because of many policy reform measures by the government and attracting more investments from the foreign market and promoting exports from India in the last 3 years. Even at 130th position, the growth rate is more than 7% which is appreciable.

Government’s focus on Ease of Doing Business

- If the Ease of Doing Business ranking goes below 100, then the potential for growth is in double digits in the next few years. Therefore the government’s focus is majorly on Ease of Doing Business.
- There are improvements in getting electricity connection. There are areas which require more improvements like in enforcement contracts, starting a business and registering property. The government is providing guidelines to the concerned policy departments for the implementation of the reforms.
- The complaint of the overseas investors was that the procedures, time and the cost to start a business was always an issue. These hurdles have been removed especially while obtaining clearances and permits. Many of the states have implemented single window system to provide clearances required for the manufacturing processes. In the medium term we should focus on the core factors for production.
- The Prime Minister Narendra Modi has been making visits across the border to different countries, signing MOUs and commercial treaties to ensure that the trade, commerce and intercourse goes up. All the major macroeconomic and investment parameters are improving like there is improvement in real GDP, decline in Inflation and fiscal deficit which is a major indicator for foreign investment.
- Demonetisation, implementation of GST in coming days, implementation of labour laws, and resolving Insolvency are all business friendly and would go a long way in improving the ease of doing business in the coming times.
- After the implementation of GST, the ease of doing business ranking may come below 100 because GST will resolve so many issues in ease of doing business. Government wants to be with top 50 in ease of doing business by 2018.

Attracting FDI inflows

- There have been around 7000 reforms which are carried out and in process by the state and the centre. 90% of these reforms implementation is complete. These reforms include Business start-up policy, construction permits, access to electricity, property registration, tax structure like GST, trading across borders, enforcing contracts, resolving insolvency where Insolvency and Bankruptcy code is a major success and access to credit. All of these are combined to ensure that FDI into the economy will improve. There are indicators that FDI inflows will improve.
- For the contract enforcements, the fraud and breach of contract enforcements is always a concern for the foreign investors. There are courts and Alternative Dispute Resolution Mechanism where amendments have been done in the Arbitration and Conciliation Act. All these factors encourage the FDI into Indian economy.
- FDI increased by 37% after the announcement of Make in India and the government’s focus on ease of doing business. Industrial investments in the states are also progressing with recent investment meets in some states
which have attracted lot of investments which shows that these states are progressing in attracting investments from foreign countries.

Need of the Hour

- There are reforms required in the land acquisition which is a basic necessity to set a production unit. The finance minister has announced in the budget that the government will reform the labour laws.

- Trading across border is important for Indian businesses because most of the raw material inputs are coming from foreign countries. If the rules for trading across border are simple and leveraging e-commerce for trade, it will help in ease of doing business.

- Banking support and access to finance is very important especially for small businesses. Banks should come forward for the full transmission of policy rate cut by RBI to the customers.

- MSME sector is a major growth progressive sector, and contributing to the growth of manufacturing and exports. The sector is facing lack of available credit; the rate of finance is very high compared to other countries. If these issues are taken care of, then the sector has the potential to grow more than 20% which gives a major push for the Indian economy.

- There is a need to concentrate more at the grass root level; states should not focus only on the implementation of reforms; there should be comparison of outcomes also like how states are performing, how they are improving their socio economic parameters and how states are attracting investments.

1.2 Task force to weed out shell companies

Introduction

- The government announced a crackdown on shell companies, used largely for tax evasion and money laundering, after it found strong evidence of misuse of these firms over the last few months during demonetisation. The Centre announced the setting up of a task force, co-chaired by secretaries in the revenue department and corporate affairs ministry, to weed out the shell companies.

- In order to create a credible deterrence a ‘whole of government approach’ will be adopted through coordinated efforts by different government departments, Enforcement Directorate etc and by leveraging technology.

Need for Tackling Shell Companies

- The Special Investigation Team setup by the Supreme Court gave a report in November 2015 which said the shell companies need to be tackled very strictly. Over 2600 people are directors in more than 20 companies which can’t be the case practically.

- The Serious Fraud Investigation Office (SFIO) has also filed criminal prosecution for cheating the exchequer after investigation by it showed that entry operators, who accept cash and route it through several companies to avoid detection, were involved in running a group of 49 shell companies.

- A small sample analysis has revealed deposit of Rs 1,238 crore cash into these entities during November-December. Separately, an official statement said that 559 beneficiaries had allegedly laundered Rs 3,900 crore with the help of 59 professionals. These professionals are qualified Charted Accountants, Law Professionals etc. This shows the problem which exists even among professionals.

- Official data showed that there are around 15 lakh registered companies but only 6 lakh file their annual returns, leading to suspicion that a large number may be involved in financial irregularities.

- Typically, shell companies have nominal equity base with low turnover and assets but have high reserves and surplus as they issue shares at a premium, invest in unlisted companies, do not earn dividend, the shares are
closely held apart from nominal expenses. The problem of shell companies is not limited only to India, it is seen in countries like US and there is global coordination regarding this.

Need of the Hour

- A database of such companies and their directors should be built by pulling in information from various agencies. The database must also capture Aadhaar number of individual directors in the companies. Any investigating agencies like IT department or Enforcement Directorate (ED) can investigate based on the information in the database.

- Shell companies are not getting caught because of the loopholes which allow them to do money laundering and go for tax evasion. The government must ensure that every company discloses the information to the tax department even if they have zero income.

- The entire concept of shell companies could be the result of the complex corporate structure that exists in India. There is a need to simplify the entire corporate structure in terms of legal obligations.

- The moment government publishes data through media about the money laundering by the shell companies, it creates deterrence. The government must create an institutional body which must collect the data on a daily basis about the investigation and the results of it must be looked at the top level like Prime Minister’s Office. This creates a serious deterrence; the results will send a strong message to stop money laundering.

- The government wants to ensure Ease of Doing Business and so it provides an opportunity to register a company within 24 hrs. This facility should not be allowed to be misused.

- Create a permanent body under Ministry of Corporate Affairs which oversees all the agencies so that a better coordination can be achieved. The IT return filing system should be simplified. Any government action must not come in the way of honest business houses.

1.3 Kansas Killing and safety of Indian Americans

Introduction

- Recently there was a shooting in Kansas City on two Indians. This was termed as a hate crime. The shooter shouted at the Indians “get out of my country” before opening the gun fire. Race has been an important component in American politics and culture. Gunnar Myrdal wrote a book “The American Dilemma” and there he looked at the entire racial equation. Another dimension to the problem is due to immigration. There are conflicts between normal residents and arriving immigrants

- This individual action may be due to his frustration but it is not acceptable in a civilised society. Many have expressed their concern about the safety of Indians who are going and working in US.

Protectionist policies and National Interest

- US is a nation and the primacy for the domestic concerns is bound to arrive at a particular time. Alexander Hamilton is the first protectionist in the world at the time of American Independence and subsequently. US did follow a protectionist policy; it was followed during the time of Abraham Lincoln. It all depends on the context of the competitiveness.

- Even India followed protectionist tendencies through import substitution. China and all the rising powers are also having their own concerns and so is the case with US. US is a sovereign nation and it has every right to control the process of migration and expel illegal migrants because the concerns of the citizens are the topmost.

- In Trump administration, both in the context of protectionism and building a wall between US and Mexico, it is the national interest and not identity politics.
• Few years back there were alleged racial attacks on Indian students in Australia that led to a dramatic decrease in the number of Indian students going to Australia. Many say this would likely be the trend for Indian students going to US. Most of them who come for studies will stay back and acquire citizenship. Obtaining citizenship legally is not a matter of concern. The problem which becomes acute is the illegal migration. The nations which look to its own interest and guide its domestic and foreign policy within the parameter of international law can address these kinds of problems.

Immigration and Visa rules

• Bulk of the migration is because of the economic reasons and because of Kennedy administration’s decision to wide open the immigration. US is a nation now where the original inhabitants may fear that they might become a minority at a particular time.

• In the world today only 3% of the world population are international migrants. The remaining 97% of the population who are nationalistic and patriotic and it is imperative on the part of the state to look after the welfare needs of this nationalistic population. The Trump presidency is an indication of this and is reflected in Europe also with Brexit as the first example.

• Recent reports points out that President Trump wants to bring changes in the H1B and L1 visa’s which is going to affect many Indians because more than 50% of the H1B visa’s is used by Indians. Every nation formulates its Foreign and Domestic policy on the basis of self interest. No country has a claim over the visa policies. India may express its concerns if the policy is very abrupt. Rather we should provide proper employment opportunity to our qualified people.

Conclusion

• The relations between the nations are normally determined by mutual interests. The incidents of immigration, racial, identity politics does not have a bearing on US-India relations.

• Looking to the effectiveness of American administration which is a developed state, well established democracy, they will be able to address the problems quite well within the constitutional framework that has continued for more than 200 years.

1.4 National Science Day

Introduction

• February 28th is celebrated as National Science Day. The theme for this year is “Science and Technology for specially abled persons”. Most of the people are still unaware about Science Day and why is it celebrated. The World Science Day is observed on 10 November across the world to raise awareness of benefits of science in our daily life.

• The Prime Minister Narendra Modi has said that India needs more scientists to harness technology for the benefits of the common man. There are sufficient number of science graduates and post graduates. The basic problem is the quality.

Importance of National Science Day

• This day is celebrated not to commemorate anyone’s birthday but to commemorate an event which is very important for India. On 28th Feb 1928 C.V Raman discovered an effect named after him that is Raman Effect which has changed research in science tremendously. C.V Raman was the first Asian to win the Nobel Prize. This was the last one India got in scientific segment. There are many scientists, lot of innovations and technology coming from India, yet we have not received another Nobel Prize in science.
Promoting Science Education

- **The learning of science has to start at the school level.** The current method of teaching in schools is not the ideal one. **Science cannot be learnt just by reading books.** Unless the students have an opportunity to handle apparatus and do the experiments themselves there can’t be any learning. This facility does not exist in most of our schools. This is a big drawback which needs to be changed. Only when these habits are inculcated at the school level the students will pursue science at higher levels.

- It is important to **provide right environment, good qualified teachers and laboratory for the students.** Science and mathematics are considered difficult because of the way it is taught. There is need of improving the ability of our teachers. We have to change the method of teaching science so that it inculcates some interest and thrill in studying science.

- Many parents think that if their children pursue science, they may not earn as much as they do in the corporate sector. This mind set has to be changed and **students must think that earning money is not the only goal in life and their work should have a higher cause.**

- There are many schemes from the government side like **Council of Scientific & Industrial Research (CSIR)** which provides several fellowships and scholarships to students.

Research and Development in Science

- China and many western countries are spending huge amount on scientific Research and Development. There is a **need for India to increase the quantum of investment** and also to decide on what areas we need to Invest in.

- At present lot of money is spent on research. But **research on problems which are of no relevance is the major concern which needs to be looked at.**

- **India is in a very strong position in the world in the software development.** Indian software developers are the world’s best. Today research is done by universities, national laboratories and very little research is done by the corporate sector. In US most of the best research is done by the private sector and corporate sector. Many of the Nobel Prize is won by the researchers of the private sector which is not happening in India.

- **India is lagging behind many developed countries in publishing research papers.** We have only 140 researchers per 10 lakh population compared to US which has 4651 researchers per 10 lakh populations. This is because of the high illiteracy in our country.

- In **India one problem with the government sector is the issue of accountability.** In private sector if a task is assigned to them, they have to meet the target. This is not the case in government sector. If someone does not follow the instructions there are hardly any action taken. Scientists in the government sector are not answerable if they do not deliver any results. This attitude is harming our research.

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1.5 Air Pollution – a serious health hazard

**Introduction**

Air pollution is again hitting the headlines with 2 reports pointing to its catastrophic effects in India. The reports have pointed out that **India’s poor air quality causes 1.1 million pre mature deaths every year.** Delhi and Patna are among the worst polluted cities in the world.

**Increasing Air Pollution**

- It is clear that the **problem of air pollution has increased very seriously and over the years its intensity and seriousness has grown.** In many places there is no proper air quality measurement mechanism. The **main constituent of the pollutants are the particulate matter** which breaches the standard prescribed by Central
Pollution Control Board (CPCB). CPCB standards are fairly above the international WHO standards. The standards are breached for longer periods of time.

- There are **thermal power plants** around Delhi and the polluted air moves towards the neighbouring cities. Many industries are using **high sulphur oil** which is highly polluted. There are **large mounds of solid waste** Seasonally farmers of Punjab and Haryana **burn their crop residues** for preparing their fields for next crop and during the winter the air becomes heavy, there is temperature inversion and the dispersal of the pollutants is very low. During winter we also see people **burning fire during night** to bear the cold. **All this put together has a cumulative effect on the air quality.**

- The thrust towards renewable energy is time consuming and expensive. **Construction and demolition are the two major sources of Particulate Matter** in the atmosphere. Most of the vegetation has been denuded, there is deforestation taking place and soil erosion acts a source for Particulate Matter pollution.

**Consequences of Air Pollution**

- **Large number of deaths** (around 2000) is attributed due to pollution which is very frightening. The figures may not be correct because they are only estimates. To find out precise data it requires a serious investigation for which neither the man power is available nor are the time and resources available. Therefore we need to take a precautionary approach towards tackling pollution.

- India has recorded 50% increase in the premature deaths linked to PM 2.5 and this is between 1990 and 2015 almost coinciding with the economic liberalisation.

- **Air quality has become a serious health issue** because the pollutants enter deep inside the lungs and the lungs capacity to purify bloods gets reduced which affects the person’s growth, mental ability and the working capacity especially for children, pregnant women and elderly people.

- **Poor people are more vulnerable** to air pollution because they are the one who spend more time on roads.

**Climate Change and Air Pollution**

- **Climate change has a bearing on the poor air quality.** Because of Climate Change the permafrost in the higher Himalayas is melting. As a result we are seeing landslides which create floods and bursting of many lakes. Therefore we have to tackle global warming and work very hard for which **India is making serious efforts. It the global efforts which are required to tackle global warming.**

**Concerns / Challenges**

- In the present situation the **nutritional level of general public is very low and therefore their susceptibility and resistance to air pollution is also very low.**

- The problem in China about air pollution is as severe as anywhere else. We see emergency measure declared in China. They are able to impose these measures with more tightness and implementation of these measures is more effective. In India the implementation is very loose.

- We see police men imposing fine for moving in the red signal, while we hardly see imposing fine for vehicles emitting high smoke.

- Many of the trucks and the heavy duty vehicles are Bharat Stage (BS) 3 and some are Bharat Stage (BS) 2 which is emitting high level of smoke. It has been notified that by 17th March all vehicles will conform to Bharat Stage (BS) 4 and by 2020 to Bharat Stage (BS) 6. We are conforming to BS 6 at least 8 to 10 years late in India compared to Europe.

- While the vehicular strength keeps on increasing, the road conditions are poor. The mechanical cleaning of the roads has not taken place and the efficient public transport system is not in place.
Need of the Hour

- Recent government initiatives include the notified National Ambient Air Quality Standards, formulation of Environmental Regulations; setting up of monitoring networks, etc. There is much more which needs to be done. It is not the question of sensitisation; it is the question of making people themselves committed towards maintaining air quality. **Ultimately the action at the individual level is what matters.**

- There is a need for more publicity, transparency and online readily available data which will help in reducing air pollution. People should be committed by preventing those activities and processes which cause air pollution.

- It is not the question of additional research, but the question of implementing what we already know which matters a lot.

### 1.6 World Wildlife Day

**Introduction**

World Wildlife Day is celebrated on 3 March, the day of signature of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), to celebrate and raise awareness of the world’s wild animals and plants. At the same time, the Day reminds us of the urgent need to step up the fight against wildlife crime, which has wide-ranging economic, environmental and social impacts. The INTERPOL estimates the wildlife trade is between 7 billion to 23 billion.

**Wildlife Protection in India**

- All courtiers who have adopted to CITES are efficiently preserving their wildlife. In India it is not the case. In India there is a law called Wildlife Protection Act, 1972 which is hardly followed. The required amount of protection which should be given to an animal is not in place. The **conservation of wildlife is focused only on big animals like tiger, lion, elephant, rhinoceros etc.** There is huge biodiversity which exists beyond these animals but there is never a talk of that. All these species need to be conserved. The problem with the Wildlife Protection Act is that there are only 6 schedules and the number of species covered is very less whereas the recorded number of species in India is much more.

- There is **little awareness about the wildlife** which is a flaw in the policy. In the protection of wildlife, the preference has to be given to the endangered species. In the Wildlife Protection Act, the protection to the Schedule 1 animal is more than the other schedules. The animals in the other schedules should also be protected equally.

- We have limited amount of landmass and we have to accommodate our population of humans and wildlife. It also depends on how human beings who are not in government like NGO’s and civil society react to the issue of wildlife.

**Need of the Hour**

- **Zoological Survey of India** every year records hundreds of species which are confined only in records and books. To enhance an efficient protection we have to bring those recorded species into the mainstream so that they are conserved in an efficient manner.
In any healthy ecosystem all the constituent species have to be in a very healthy state and all species have to coexist. The tiger can only exist when the constituent species in the ecosystem exist. There should be equal focus on tiger and other species in the ecosystem.

- The wildlife is huge and important subject. Even the small countries which have wildlife sustain their economy through tourism and they conserve their wildlife. In India despite we have a stringent law and rather than celebrating the Wildlife day as a one day event the Wildlife protection has to be sustained throughout the year.
- As part of the policy the government can enhance the scale of awareness, run awareness campaign at the state level, district level and at the local level. People do not know whom to approach whenever any crime takes place which have to be addressed. The talks about environment conservation in schools are confined only to the syllabus and textbooks. The school management should take the children to the forest and biodiversity areas and enhance their learning experience.
- Man-animal conflict takes place due to unplanned urbanisation. It is not the fault of wild animals. Rather than protecting only the protected areas, National parks, wildlife sanctuaries and biosphere reserves we need to conserve the landscapes in entirety. The problem of man-animal conflict also gets reduced and the larger biodiversity is also protected.

**Conclusion**

There is a need for greater awareness, stricter penalties under Wildlife Protection Act and if we can get children to the wildlife heritage we will be looking at the next Wildlife day in a positive note. The government needs to focus on landscape protection rather than focusing only on National parks and protected areas because 60% of the countries wildlife exists outside the protected areas.

### 1.7 First Indian Ocean Rim Association Summit

**Introduction**

- The first summit of Indian Ocean Rim Association (IORA) was held in Jakarta, Indonesia. IORA, formerly known as Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) was started in 1997 in Mauritius. It has got 21 members. It is a very diverse group consisting of members from Africa to South East Asia.
- 2017 is the 20th year of formation of this group which is very important landmark. Till now the emphasis was more on economic integration and economic collaboration. Since the whole global scenario is changing the emphasis could shift more to security areas. The IORA needs momentum and the summit will provide that momentum.

**Areas of Cooperation**

- The six areas where the member countries have been focusing are maritime safety and security, trade and investment, management of fisheries (the total stock of fishes in the ocean has been declining because of too much exploitation), disaster management, Science and Technology and tourism.
- 80% of India’s energy imports happen through Indian Ocean, 40% of the world’s global trade traverse through Indian Ocean. Therefore security is paramount. As of now Indian Ocean Region is very peaceful and there is no rivalry. The trade, transit
and sea lanes are clear. Whereas in different parts of the world the things are changing like in South China Sea because of China’s aggressiveness it has become the area of conflict and the Pacific Ocean which has always been the area of conflict.

**Focus on Security Issues**

- The **IORA members must focus more on security issues** in Indian Ocean Region and **make sure that there is no entry of foreign Navy** in a manner which can disturb the peace and tranquillity of the region; otherwise they will be opening the region for competition which will eventually harm all the countries.

- **International cooperation for anti piracy has been one of the fine success stories.** Earlier in Somalia and Gulf of Aden etc there was the issue of piracy which have now been contained. In 2008 there was Mumbai attack and terrorists from Pakistan came through maritime route. So **how to secure the maritime sea routes is difficult task but doable if all the IORA countries cooperate.**

- There has been an **accord signed on the cooperation against terrorism.** Sharing of information between members is very important. **Pakistan is not the member of IORA** but indirectly they influence the security in Indian Ocean region because of Arabian Sea and the Gwadar Port which should be watched closely by the member countries. It is also expected that more of Chinese presence will increase in Gwadar port.

**China’s presence in Indian Ocean**

- China is developing a **Blue Water Navy,** they have an Aircraft carrier, and they have their presence in Pacific Ocean and Indian Ocean. The members of IORA want the peaceful rise of China. China should not become assertive and aggressive and hinder the security aspects of the region.

- China’s **Maritime Silk route** project is the project through which china wants to dominate the sea route and trade route. During the colonial times when the colonial powers stared coming to India via sea route it is the colonial powers that benefitted because they had the technology, shipping and they controlled the market. In Sri Lanka for Hambantota port China gave $1billion as loan but there was no revenue generated, so Sri Lankan government has given the port to china on lease. So it could be a **new way of colonisation.** It could be **Chinese way of colonising small countries by first investing and when those countries are unable to pay back, then trying to get control over that port and inland facilities.**

- It is important that the countries who have embraced maritime silk route must understand what is likely to happen. We cannot expect that countries like Maldives and Sri Lanka will be exporting anything to China, it will only be Chinese goods and using these ports to connect to Europe and Africa. **China does not adhere to the United Nations Convention on the Law of the Sea (UNCLOS).**

- **India has been accepted as the net security provider in the Indian Ocean Region** and in many ways we try to project and enforce that role. Indonesia has many difficulties with China on issues like Nine Dash Line.

**Conclusion**

- It requires a **collective effort, more coordination among the member countries** and if there are any security concerns in Indian Ocean region it should be addressed. At present there are no security issues in Indian Ocean region, all the countries are working in harmony and if there are any foreign country presence in Indian Ocean the question should asked about the purpose and their intention behind it.

- **All countries must work together, come up with certain rules and regulations or code of conduct** so that it becomes difficult for any other outside power to violate those rules. IORA provides confidence to small countries like Mauritius and Angola and other places where India is dependent on oil imports.
1.8 Empowerment of Women and their contribution in Nation Building

Introduction

Right from the days of freedom struggle until today, Indian women have played an important role in all fields of life like in nation building, empowerment in various sectors and taking the country forward on the development index and leading the country in the cleanliness India drive. Women have found themselves in very important positions and played their parts almost to perfection.

Historical Context of Women in Freedom Struggle

- What happens to women affects everybody in society including the men. Even before the freedom struggle, in ancient and medieval times and during 1857 revolt we had important women participants like Jhansi Rani Lakshmi Bai, Begum Hazrat Mahal. It was during the time of freedom struggle that women in large numbers began to take part in national life.

- The manner in which women came into the public sphere particularly in political sphere is remarkable. The first public participation of women in mass movement started with the Swadeshi movement and went on increasing through the Non Cooperation Movement. In Civil Disobedience Movement we saw women coming in 1000s and leading the crucial parts of the National Movement like picketing of liquor shops and cloth shops, looking after the injured freedom fighters, going to jails like the men and thereby they earned for themselves what they got in the constitution in 1950 which was the Right to Franchise.

Women Participation in Indian Politics

- Women of those times were lucky to have leaders like Mahatma Gandhi, Jawaharlal Nehru, and Sardar Vallabhai Patel etc who assigned them important roles. If we move forward from the freedom struggle to post 1947 we had Indira Gandhi as the first women prime minister when western countries were not even dreaming of women leaders at that time.

- Women’s participation in Indian Politics has not improved at a rate at which one would have assumed that it would improve given the stellar role women played in national movement.

- In 1917 Annie Besant, an Irish women became president of Indian National Congress and in 1925 Sarojini Naidu was the president. So women worked very hard and made great contributions.

- In the political sphere where we are lacking today is in the number of elected representatives at the national and state level. At the grass root level at panchayat and municipalities we have lakhs of women representatives. The causes for low representation at national and state level are: the political parties are very reluctant to give seats to women. What has kept women shy of politics is because of increasing violence and criminalisation of politics which keep women out to a great degree.

- We have the grass root leadership ready who are waiting to get into higher spheres. The Women’s Reservation Bill has now become a necessity. The increase in the voting participation of women shows their interest in politics. In 2010 and 2012 assembly election in many states women had outnumbered men in terms of voting percentage. At all India level in 2014 the difference between men and women voting participation has come down to 1.5%. This shows that women are ready, they are keen, and they understand the importance of political process.

- Political representation of women is very important because that is how women’s issues and other major policies get the right kind of space. Evidence has shown that when women are in important leadership roles the policies change for good. The Right to Food campaign in many countries has paid dividends because women were in leadership roles in such campaigns.
Women in Social Sphere:

- Women do not face any discrimination in employment or promotion in the academic sphere and in pure sciences. In the new areas like banking and finance where young professionals dominate we see women in very large numbers. **The disparity is at the lower levels of society** like women are paid less in rural labour sector. The official **Minimum Wages Act discriminates between women’s and men’s wages in agriculture, construction labour etc.** We see that Bollywood heroines make the point of difference in payment with the male counterpart all the time.

- Recently when so many **women won Olympic medals for India**, the debate about the nutritional status of women got triggered. The Indian women are nutritionally not considered as strong as they should be compared to their western counterparts or in other continents.

- Despite their low nutritional status compared to the males, **Indian women performed so well in Olympics.** For women when an opportunity comes, she knows that if she utilises it, it will be a breaking point for her.

- In **Clean India campaign, women are leading from the front** like the advertisements where Vidya Balan was casted featured that women rejected the marriage proposals when the families did not have toilets at their home. In the areas of cleanliness and hygiene we have seen women are entrusted with the responsibility within the family.

- The government is celebrating **Swachh Shakti Saptapadi** to highlight the role of women in Swachh Bharat Mission, to recognize their leadership and honour the women sanitation champions.

### 1.9 Campaign for Open Defecation Free Nation

**Introduction**

**Swachh Bharat Mission** is a very ambitious programme which was launched by the Prime Minister on 2 Oct 2014 with the aim of making India open defecation free by 2019. It also had several components like construction of household and community toilets, door to door garbage collection, eradicating manual scavenging, proper disposal of municipal waste, waste management and treatment and bringing in behavioural changes and awareness generation.

**Progress under Swachh Bharat Mission**

- Since launch of the SBM, **there has been progress in the construction of toilets.** The priority was given to the construction of toilets at individual households and if there was no space available the community toilets were provided. Public toilets were constructed at public spaces like railway stations and bus stations.

- In **urban areas there has been progress in door to door waste collection. Transportation and processing of waste** is also taking place at faster pace compared to previous year. There has been an increase in the number of compost plants.

- The **Ministry of Fertilizers** provides Rs 1500 for market development assistance for per tonne of compost generated. For conversation of waste to energy, the **Ministry of Power has made it mandatory that the power generated from waste to energy plants has to be purchased by the state DISCOMs.**
- **Behavioural change** is a very important segment to make the progress sustainable. Apart from approaching through celebrities, the government has established *swachhata doot* (community volunteer), engaging community organisations, engaging local celebrities and those people who are having respect among the people, NGOs and media to bring the necessary behavioural change.

- **The impact of poor sanitation has been disseminated to the people in an organised manner.** Every day in India 400 to 500 children below the age of 5 die due to Diarrhoea. On a year basis 1.5 to 1.8 lakh children below the age of 5 die. In the present level of civilization this is unacceptable. The traces of polio and pneumonia can also be found. 1 gram of fecal material contains 1 crore viruses, 10 lakh bacteria and 1000 parasites. So open defecation can create a great harm to the society.

- The money for construction of toilets is shared between centre and state government. The people must also contribute towards it to feel the sense of ownership.

- There has been **institutional support and capacity building**, analysing the weaknesses and addressing them so that the objectives of Swachh Bharat Mission can be met. Through NGOs, women Self Help Groups (SHGs), advertisements through print and visual media the information is spread to the people about the importance of using the toilets to sustain the efforts of eliminating open defecation.

- For those working for the mission, the government is strengthening and empowering them, providing skills and training, adopting the best practices and keep them motivating so that people see this as a respectable job.

- In some rural areas women are forced to defecate in open which leads to risk their dignity and there will be chances of snake bites etc.

- As per **World Bank report**, per person in the country spends around 6500 rupees per year on health issues. If this amount is invested on sanitation, this will help to increase the productivity of people in particular and the nation at large.

**Swachh Survekshan**

- **Swachh Survekshan** is a very important initiative of Ministry of Urban Development though which the government is bringing competition among cities towards creating cleaner cities and towns. The objective of the survey is to encourage large scale citizen participation and create awareness amongst all sections of society about the importance of working together towards making towns and cities a better place to live in.

- ‘Swachh Suvikshana-2017’ was done to assess and rank 500 cities and towns based on levels of sanitation and efforts made by respective urban local bodies and also to capture progress towards achieving ‘Open Defecation Free’ status.

### 1.10 First International Agro biodiversity Congress

**Introduction**

Prime Minister Narendra Modi inaugurated the first **International Agro biodiversity Congress** where 900 delegates from 60 countries participated. The conference was organised by the Indian Society of Plant Genetic Resources and Biodiversity International, a CGIAR Research Centre headquartered in Rome, Italy.

**Significance of the conference**

- This is important presently at a time when government is promoting ecological agriculture, sustainable agriculture, organic farming and aiming to improve the farmer’s income. The government has the target of doubling the farmer’s income by 2022.
- The Conference will lead to discussion and knowledge sharing on issues for efficient management of gene banks, science-led innovations in genetic resources, crop diversification, issues relating to quarantine, bio safety and bio security and intellectual property rights.

- Such conferences open up avenues for discussions and knowledge sharing. For example Mauritius use System of Rice Intensification (SRI) method for cultivation and Countries learn from each other’s best practices and try to adopt those best practices depending on the agro climatic situations and its feasibility. It helps innovation, improves productivity and income, and reduces cost.

- India learnt about drip and sprinkler irrigation from Israel which used it for fruits and vegetables cultivation. Sustainable agriculture or sustainable livelihood of small and marginal farmers depends on key knowledge and inputs. These conferences help in a long way.

- UN can declare one year as International Year of Biodiversity. This can play a part in generating more awareness. In 2014 it was the International year of family farming which created lot of awareness globally.

Emphasis on Diversified Agriculture

- Through diversified agriculture, the farmers risk in crop farming is reduced. The mono cropping cannot ensure enough income or adequate access to livelihood security and food security. Mixed farming is the best guarantee for farmer’s income.

- Traditionally Indian farmers use to follow mixed cropping and reduced their risk, and improved their income. Currently after Green Revolution we are heading towards mono cropping. This created lot of problems in terms of erosion of soil health, water depletion etc.

- Food grain production particularly cereals was the focus of Green Revolution. The government is working towards diversifying in favour of pulses, oilseeds, fruits, vegetables and promoting crops which India is deficient. The total contribution of food grains to the total value of output of all agricultural commodities is about 25%.

- Another area is Animal husbandry. Animal husbandry contributes about 28% of the total value of agricultural output. It requires small area for cultivating fodder crops. There is a huge potential and harnessing it is beneficial for the farmer.

Blue Revolution

- Blue revolution refers to fish revolution. Fish production has increased in the last few years but the growth rate is slow. India has a tremendous potential both in marine and inland fisheries. In places where there is good rainfall and with a small pond people can cultivate fish and earn lot of income. Under MGNREGA the government is emphasising on creating new ponds and tanks. These ponds are not only the sources for irrigation but also for fish culture.

- Government is also emphasising on how to improve marine fisheries with technological innovations, marketing etc.

Government’s role in improving Agricultural production

- Now the government is working towards organic farming, integrated pest management, proving soil health cards which are towards promoting ecological framing and protection of bio diversity. This way farmers risk in agriculture can be minimised and income can be improved along with maintaining soil health.

- Both centre and the states have an important role to play. Central government is currently focussing on critical schemes which will have impact on farmer’s income. Central government provides funds for the schemes implemented by the state government. For instance Agriculture Insurance scheme which is central sponsored scheme and 50% premium is borne by the states.

- Government is encouraging farmers for pulses cultivation by fixing higher prices and procuring them for centralised distribution through retail outlets and cooperatives.
The Indian Agricultural Research Institute (IARI) commonly known as Pusa Institute is India’s premier national Institute for agricultural research which is working towards new technologies and varieties for pulses production.

### 1.11 India-UK Bilateral Relations

**Introduction**

The Prime Minister of the United Kingdom Theresa May is on a three day visit to India. This is the first bilateral visit of Theresa May outside Europe since she became Prime Minister. That reflects the priority which Britain attaches with India. India’s approach is that the Visa rules to UK should be relaxed. India pushed for greater mobility for students and researchers and for short term business visits.

**The issue on Brexit**

- The world is trying to figure out the cost on commercial agreements and relations that would be after UK completes its exit from Europe.
- There is no commercial negotiation between countries and UK since the time UK became the member of EU. All the commercial negotiations were held under EU. After Brexit the Britain has to develop negotiations and make trade agreements with all their partners.
- Since the terms on exit of Britain are still to be worked out, India would watch before we get into detailed negotiations. Both countries are hopeful about bilateral trade and investment agreement.

**Immigration and Visa issue**

- In the whole Brexit debate one of the most critical issues is the immigration issue. They need to control the flow of immigrants into their country. There are people of Indian community in UK who voted for Brexit. India would not react so long as the rules are made in a non discriminatory fashion, without discriminating any country. There must be enough flexibility in the immigration rules for dealing with genuine cases, like people married to someone in UK or when there are medical reasons and people want to stay in UK for long periods of time. **The immigration rules should not be dampener for genuine travellers, students, research workers etc.**
- **Tourism** is another factor; lot of Indian’s visit UK and spend lot of money. For Chinese tourists, UK has reduced the tourist visa fee. It is unlikely that India will get the similar generosity. The number of Indian tourists is huge and there is a need for some kind of generosity. India has opened up electronic visa for people who want to travel to India and is willing to reduce the visa fee. There is need for generosity and pragmatism in the tourist visa fee issue.
- In the last 5 years the number of Indian students going to UK has fallen by 50%. This is because of the tightened rules. Indian students find opportunities that are as good as Britain in Australia and Canada apart from USA. It’s time to negotiate with UK for visas and making easy mobility between both the countries.

**India-UK Economic Relations**

- Economic cooperation potential is huge. Presently UK is the 12th largest export destination for India. **UK is the single largest investor among the G20 countries in India. It’s the third largest investor overall after Mauritius and Singapore.** It has invested in large number of industries including Energy, scientific and innovative industries. Similarly there are 800 Indian companies which have invested in UK and are looking to expand Indian Investment in UK.
- **London is still the global centre for finance.** Raising money for investment in India and for India’s development is one area UK will play a very big role. The **Masala Bonds** which are denominated in Indian Rupee are launched in London. This money can flow into development activities and other investable areas in India. **Trade needs to be expanded from its current level of $15 billion which is very small considering the potential on both sides.**
Bilateral Cooperation

- UK values its relationship with India just more than trade and India regards UK as an important player in world politics and development. There is convergence of views on the global issues. Both believe in rule based international order. UK is the permanent member of the UNSC and supports India for its permanent membership. Both support for the development in west Asia.

- There are areas in which UK seeks India’s support, opinion and share their views with us. At a time when UK is not the part of Europe, it is very important to have strong friends outside and India is one of those.

- UK is not necessarily a player in the India-China relationship. They view it entirely different. UK wants investment from China including in areas like Nuclear Energy. As China internationalise the Renminbi, the city of London would play a role in China’s evolution as a global economy and Chinese currency as a global currency. With China their considerations is only economic whereas with India it is more than just economy.

1.12 Judicial Decisions on Pollution Crisis in Delhi

Introduction

- Delhi is facing severe Air Pollution which is creating lot of health problems especially for children and elderly. There seems to be no quick solution. The Supreme Court has asked the Delhi government to come out with a common minimum programme to deal with this problem. It has asked the Delhi government for not doing enough in the last one year and not following the directions given by Supreme Court last year.

- The pollution level in Delhi is very serious and an emergency situation is prevailing which is not good for the population. These kinds of pollution levels are not normal. In 1952 the London fog created an alarm in the global community about the Air Pollution problem. The Delhi air pollution is almost similar to it.

Effects of Air Pollution

- This has long term health effects. It affects our longevity, affects the body metabolism and affects even the commercial interest. The flights are delayed, the visibility is poor which leads to road accidents, the traffic moves slower which further adds to air pollution.

Factors contributing to Air Pollution

- There are large numbers of factors which contribute including the meteorological condition. In winter the meteorological conditions are different because of the low temperature. The air temperature closer to the ground are low as compared to the high temperature in the column of air above the ground. As a result the pollution gets trapped below.

- Everyone is contributing to the pollution like pollution from small car, large truck, thermal power plant, construction, dirt on the road, bursting of crackers etc.

- The volume of activity has gone up. There is also an import of pollution. The dust from Rajasthan desert comes to Delhi when it is windy and the burning of agricultural waste in the neighbouring states. The lacksidal attitudes of those who manage the Air monitoring and administrative dispensation of the law are very weak. These factors are well known. Since there hasn’t been any work done to remedy them it has been a precarious situation.

- The road system has to be improved. Most of roads have potholes as a result the vehicle speed slows down. Average speed has come down compared to previous year.

- The illegal parking on the roads adds to the congestion and therefore slows down the vehicle speed thereby burning more fuel for less distance travelled.
The cleaning of roads is not done as a result the dust keeps on lifting frequently as the vehicles move. Supreme Court has also directed to clean the roads. There was an assurance that the vacuum cleaning of the roads would be done but unless the road surface is smooth the vacuum cleaning would not be very effective and practical.

Concentration of population in one city leads to higher generation of waste. There is no policy of urbanisation to guide how much urbanisation is permissible. The exporting of waste to other parts also creates lot of traffic on the roads.

Last year Supreme Court gave 10 point Action Plan for the Delhi government. The present situation shows that the Delhi government has not actively pursued and much remains to be done. This is attracting criticism from the outside world in a very big way.

These things are manageable which requires no technology. The solid waste collected in Delhi is huge in quantity and is dumped in an unscientific way. Due to complex chemical reactions certain amount of gases emanate from it and the most important of it is methane which is highly inflammable. There are places in Delhi where the smoke smouldering is there all the day which affects the air quality. There requires a concentrated policy and action.

### Measures required to control Air Pollution

- There is lot of population pressure in Delhi. There is a need for long term urban policy, long term developmental policy and avoid the concentration of development in only one city.
- There is a need to weed out the vehicles which are 15 years old which are emanating more pollution because their efficiency is low. This has to be done very firmly. The odd and even system deployed is a very small measure. It’s impact on the air quality was very negligible. Along with this there should be a slew of measures with equal amount of vigour and commitment to control the air pollution which has never taken place.
- Managing the air quality is the task of many departments. We need greater coordination, greater implementation and greater public awareness. Advertise and say very clearly the responsibility at individual and collective levels.
- Preventing air pollution is not a charity work rather it benefits the own individual or the community. This kind of an attitude must be inculcated to the public and keep on reminding to the people about their responsibility.
- The heavy traffic which uses Delhi as a corridor needs to be prevented. The trucks which pass to other states will pass through Delhi. Supreme Court has doubled the fine i.e. the Environment compensation. But fees are not the solution as people are capable of paying it.

### Safety measures required

- The citizens have to be very careful because the situation is very serious. People must come out of their home if it is necessary. Doing heavy exercise outside and games should be avoided because the intake of the air and the metabolism increases which means more pollutants enter the body.
- The activities like burning of waste should be minimum.
- We should not consume more electricity than what is required.
- Restrain on burning of crackers.
- Car pooling so that the number of cars on roads gets reduced.
- We should not throw waste on road which finally turns into pollution.
- Reduce waste generation because the city does not have the capacity to handle it.
- Individuals have to take care of themselves by using masks.
2. Lok Sabha TV

2.1 Public Forum: Improving Tax Administration

Link: https://youtu.be/YE4jxOSWZEY

The Union Budget has suggested some measures to **check tax evasion and promote compliance** which includes delayed or wrong filing of tax returns and bringing more entities among mandatory filing net among others. It also proposes to penalize the professionals including chartered accountants, merchant bankers and others for furnishing incorrect information. The NDA Government at the Centre has underlined the need to improve tax administration and curb the growth of black economy.

**Analysis:**

The Income Tax Department has recently initiated **Operation Clean Money** with the aim to verify large cash deposits made between 9th November 2016 to 30th December 2016. Income Tax Department is also **developing a mobile app that will soon allow assesses to pay taxes or apply for PAN using smartphones.** The Tax Administration Reform Commission headed by Parthasarathi Shome had suggested that income tax return forms should also include wealth tax details in order to improve transparency. Last year’s Income Disclosure Scheme had provided a one time opportunity to black money holders to come clean by declaring their domestic undisclosed income and assets by paying tax plus penalty at the rate of 45%. **World Bank continues to rank India at 172 in the ease of paying taxes among 190 countries.** The Economic Survey this year had suggested that the income tax net could be widened gradually while encompassing all high income earners. It also noted that administration could be improved to reduce discretion and improve accountability.

There were some positive steps which were taken and suggested in this year’s budget such as reduction in tax rates for people as well as for corporates giving all over benefit to the taxpayers. Some others are as follows:

1. Reduction in corporate tax will benefit 96% of return filing companies.
2. Income tax on income between 2.5 lakh to 5 lakh reduced to 5% this year.
3. Government reduced Section 87A rebate from Rs.5000 to Rs.2500.
4. Surcharge of 10% of tax payable on income between 50 lakh and 1 crore from this year.
5. Simple one page tax return form for individuals earning income up to Rs.5 lakh.
6. Predominance of cash in the economy makes it easy for the people to evade their taxes.
7. Cut in corporate tax direly needed for investment from MSME sector.

While it is good that more transactions will be watched upon using technology, it should not terrify people, investors or businessmen. There has to be fear for the law. Unless there is fear, paying taxes is not something people are comfortable to do provided they are educated and feel that they are participating in nation building.

The provision of **Section 132 of Income Tax Act which provides for search and seizure has been there on the books for a long time.** Search and seizure operations are carried under extreme care. The searches are authorized at a very high level by an officer of the Director General rank. Income Tax Department is the only one among enforcement agencies where searches are to be authorized at this level to ensure that there are no unwanted searches which are not fully justified. In any other enforcement agency like custom, Enforcement Directorate or police, the searches are authorized at much lower level.

**Way Ahead:**

1. Now a days, tax department is getting huge information from banks and other organizations. These information has to be collated and mined to facilitate exchange of data between Central Board of Direct Taxes and the Central Board of Excise and Customs.
2. If high cost is imposed for wrongdoing, tax avoidance or evasion, that might ensure better tax compliance.

3. Most of the returns are being processed automatically and electronically through computers without any other interface. At most 2-3% of returns are scrutinized and remaining are accepted as it is. Refunds are credited directly to the bank account of the taxpayers.

4. There is a need to reduce litigations and tax department is working on them. They have created dispute resolution panels which is a body of Income Tax Commissioners. The assessment orders go to them which they have to confirm or modify.

5. One can also file appeal to the Income Tax Tribunal which has distinguished itself as a fair body.

6. Instead of increasing the exemption limit there is a need to reduce taxes so that more and more people are encouraged to pay tax who are outside the tax bracket. Identifying debtors rather than debt itself might prove to be a better method.

The Indian administrative set-up did not have any capacity improvement so far both in tax collection and in spending capacity. The JAM (Jan Dhan, Aadhaar, Mobile) initiatives of the Centre are geared towards improving its spending capacity by directly reaching out to people. Similar serious efforts have to be made to collect more taxes.

2.2 Public Forum: QR Codes-The Future of Payments

Link: [https://youtu.be/l3YyYs_OPHA](https://youtu.be/l3YyYs_OPHA)

The launch of Bharat Quick Response Code to enable people to pay for things they buy without swiping plastic cards is a welcome step. It was launched on February 20th 2017 which makes digital payments seamless and convenient for customers and helps Government’s push to move towards cashless economy. Using Bharat QR Code one does not need to swipe the credit card or debit card at any point of sale terminal. Only QR code has to be scanned to transfer the payment.

**About QR Code:**

QR code is a two dimensional machine readable code made up of black and white squares and are used for storing URLs or other information. These can be read by camera of a smartphone. Mobile wallet companies like Paytm have already been working with QR codes for sometime. Now it plans to further its investment to the tune of Rs.600 crores in the next 10 months in order to enhance its QR code based payment solution. The QR code has been developed by National Payment Corporation of India. It would require the merchants to only display only that QR code instead of multiple ones. Over the past few months the Government has launched the BHIM App and has worked towards increasing penetration of the point of sales machines in order to push digital transactions.

**How QR Code works:**

1. Bharat QR Code can be linked to all the banks.
2. Customer can easily make payments from any bank.
3. Bharat QR Code works on Android and iPhone.
4. It removes the user’s dependence on cards
5. There is no need to install point of sale machines at shops where QR code is used which makes it cost effective.

**Challenges:**

In a country with 98% cash in circulation, electronic payments replacing cash will not be easy and will take time as the Government presses ahead from cash to less cash to cashless economy. But QR code has a potential to do so due to its simplicity of use. Cash is so popular because it is the simplest form of exchange. Now for anything to come close to cash or replacing cash, it has to be as simple and attractive if possible. **QR code is simple in comparison to**
online payment as the later requires several steps. A reasonable bandwidth is required for online payment as well. A QR code can be scanned even on a 2G connection and takes only about three steps to make the payment. This system is extremely popular in China.

Paytm has invested a huge sum of money because it has to do some sort of evangelism. The first mover advantage also comes with first mover responsibility. Therefore, making QR code popular and increase awareness among people is where Paytm’s interest lies. But at the same time it has to be mindful of the usability of QR code. For example: if someone goes to a merchant establishment that is in the basement of a mall, trying to scan QR code might be very difficult even on a 3G or 4G connection. It is well known that internet connectivity in India is still sparse and has not reached every citizen. QR code is effective but it requires a sound supportive environment.

However, QR codes may be highly vulnerable to cyber attacks. The merchant here is more vulnerable than the consumer. Essentially, what a QR code does is when it is scanned on smartphone, all the black and white squares are converted into a URL or connects it to a website. Fraudsters may ask the merchants to sign up with their company or bank which they might create for a fraud with a QR code which is not a genuine one ensuring them a part of certain percentage of the commission they earn. This QR code can be linked to a website which is the clone of original website of any bank. This way all the money from the merchant will come to the person committing this fraud.

Conclusion:

The success of any device or process lies in the benefits it provides to its consumers. Since the demonetization was announced, digital payments have surged primarily because there was no cash and as a compulsion people had to take this way. But once cash comes back theoretically on 13th March 2017 when all limits are lifted, people may prefer to again get back to cash transactions. 40-50% of the population is still away from the banking network. Therefore, Bharat QR app mandatorily asks for having a bank account. The digital divide that prevails has to be bridged because a vast population in India is away from digital literacy, internet literacy and most importantly digital payment literacy. This has to be taken into consideration because this a move to migrate a vast population from one way of living to other. Method of payment is not just a transaction but a way of life.

2.3 Public Forum: Exploring Gender Pay Gap

Link: https://youtu.be/eG3yARjpVO4

A few surveys conducted by Monster India and Accenture in the last few days present a very dismal picture of presence of women and their growth in workplaces. It showed that women earn 25% less than men for the same job. While it shows that women hardly get their dues in terms of their salaries as compared to their male counterparts, it also suggests that the presence of a glass ceiling is a mental block to inhibit her progress. The average gender pay gap of 38.2% is one of the widest observed gaps in this Report. The salary divide is the most stark in the manufacturing and information technology sectors. The survey also found that males are given a higher number of career promotion opportunities as compared to their female colleagues.

Another survey named Getting to Equal 2017 conducted by Accenture shows that the disparity in the country is much higher than the global average of 40% across industries and that the pay gap will not decrease until 2018 in developed markets and may take more than a century and a half to bridge the gap in developing markets including India. While these surveys hint at the inequalities at corporate workplace, the wage discrimination in the bottom end of the wage distribution cycle where women workforce are concentrated is much alarming. Presently, some 120 million women in India i.e. around 95% of women in paid work are engaged in informal sector which grapples with a lot of issues. A huge percentage of work done by women is not even counted in national statistics. According to the United Nations, this figure is more than 50% in India.

Reasons:

1. Preference for male employees over female employees
2. Preference for promoting male employees to higher positions
3. Career breaks taken by women due to socio-cultural issues, marriage or pregnancy and parenthood duties.
4. In rural areas, women are given lighter work deliberately in agriculture or other sectors thus making them eligible for low payments.
5. Due to lack of transparency in salaries in private sector, many women are unaware of salaries which they should actually get. In Government sector jobs, this disparity is much less because people working on same posts are entitled for same compensation.

Some Facts:
1. 22% decline in female labour participation rate in India: UN Report
2. India is among bottom five countries with a gender pay gap of over 30% : ILO
3. Average gender pay gap in the manufacturing sector stood at 29.9%
4. 8% pay gap in the information technology sector
5. Average gender pay gap of 14.7% in education and research sector, 27.5% in legal and market consultancy sector and 22.6% in healthcare and social work sector.

Possible Solutions:
1. Private companies and corporate sector must have salary audits.
2. Enforcement of Equal Wages Act should be done in letter and spirit.
3. Women need to come out and they must advocate for themselves in this regard.
4. Adequate intervention from Government to ensure equality of pay to both men and women for the same work. Strong labour market institutions and policies such as collective bargaining and minimum wages lowered the pay gap.
5. Digital fluency and a planned career strategy might help women to close the pay gap.

Conclusion:
Women seek guidance from stakeholders including their family to aim high and make informed choices. Many women do not explicitly demand a raise. They need to be coached and mentored to speak up for their rights.

2.4 Insight: Banking Reforms And Challenges

Link: https://youtu.be/4UNIsZtw5rA?list=PLVwSaSw61aK5rNCH2WqTYIGt_kk96vu0S

With the potential to become 5th largest banking industry in the world by 2020 and 3rd largest perhaps by 2025 according to some reports, India’s banking and financial sector is expanding rapidly. The Indian banking industry is currently worth of more than 1 trillion dollar and banks are now expanding fast as the present Central Government wants to spread the tentacles of banking industry far and wide. During the time of demonetization, bank employees worked hard to ease out the problems of common man but recently there was a strike of the bank union regarding these issues:
1. Adequate compensation for the officers and employees for extra hours they had put in during demonetization
2. Early initiation of the wage revision
3. Adequate recruitments in all cadres
4. Stringent measures to recover bad loans
5. Criminal action against wilful defaulters
6. Steps to ensure accountability of top executives
7. Increase in gratuity limits

Some Facts:
1. Government of India set up various committees with the task of analyzing banking sector.
2. Two such expert Committees were set up under the chairmanship of M.Narsimhan, which submitted their recommendations through reports widely known as Narsimhan Committee-I (1991) and Narsimhan Committee-II (1998) reports.
3. These recommendations helped unleash the potential of banking in India.
4. Greater autonomy was proposed for public sector banks.
5. The Committee also recommended for merger of large Indian banks.
6. NPA had been the single largest cause of irritation of the banking sector of India.
7. During the decades of 60s and 70s, India nationalized most of its banks, which culminated with the BoP crisis in the Indian economy. India had to airlift gold to IMF to loan money for meeting its financial obligations. This event called into question the previous banking policies of India.

Some issues and possible solutions:
1. Trade Unions:
   Many of the trade unions these days are losing relevance or are out of focus as they are unable to connect with the majority of workforce and their demands or professional managers. There is a lack of consultation among various stakeholders in the banking sector. Like reforms in banking sector, trade unions are also required to reform and make themselves more relevant to the workers. Participatory trade unions can be there where collaborative efforts are made to deal with issues.
2. Banking Professionals:
   During 60s and 70s, India was almost a cash economy. Post demonetization, around 60% of population has moved towards digital transactions. Earlier, bank was a critical component but today with the digital mode of transactions, things have become little easier. This is also a reason why physical strikes of this nature are losing relevance. As digitization progresses, perhaps banking professionals will have to reorient themselves to play a different role.
3. Wilful Defaulters:
   The slowdown in economy in last few years led to bad loans or NPAs. According to IMF Report, 36.9% of the total debt in India is at risk and banks have capacity to absorb only up to 8-9% loss. There are defaulters who despite having sound financial health do not pay their loans back due to lack of stringent measures. Some sort of inconvenience should be imposed on wilful defaulters such as they should not be allowed to travel through airlines, public transport, check in to hotels or public places. There should be a fear factor for such defaulters to put a check on them.
4. More Accountability and Transparency in Key Appointments:
   The functions of Banks Board Bureau are still not clear. Some of them include selection and appointment of managing director and CEOs as well as non-executive chairman of PSBs, helping banks develop a robust leadership succession plan for critical positions, advising the government on the formulation and enforcement of a code of conduct and ethics for bank executives, and helping banks develop business strategies and capital raising plan, among others. But it does not have final say in key appointments.
5. **NPAs:**

After an asset is recognized as NPA, these steps might be taken:

- **Seize the assets** pledged by the borrower and sell them
- Under **Strategic Debt Restructuring Scheme of RBI**, the banks may convert their loans into equity, acquire a majority stake in the firm, dislodge the promoters or management and bring in new promoters and management but the problem is SDR scheme in India has not been implemented effectively yet.
- Banks may **restructure loans** in a way that borrowers are able to service them such as stretching out the period of payment, or waiving a portion of the loans, or reducing the interest rate on loans, or some combination of these but the outcome of this step is loss for the banks.
- Sell the NPA at a discount to an **Asset Restructuring Company** which again involves a significant loss on loans when the transaction is made but this will help to clean the balance sheets of banks.
- There is also an idea of **bad bank** where the NPAs of public sector banks can be transferred which will manage NPAs in suitable ways and will help PSBs to focus on new business but there are again issues related to this idea. Given the size of PSBs and their NPAs, bad bank will need huge capital. Who should be the stakeholders in this bank is still not clear.

**Conclusion:**

At present, restoring the health of public sector banks is one of the major challenges that Indian economy is facing which needs to be tackled from different fronts.

### 2.5 Insight: Inter- State Water Disputes

**Link:** [https://youtu.be/4UNlsZtwSrA?list=PLVwSaSw61aKsrNCH2WqTYlGT_kk96vu0S](https://youtu.be/4UNlsZtwSrA?list=PLVwSaSw61aKsrNCH2WqTYlGT_kk96vu0S)

India is a diverse country where many rivers run connecting two or more states and most of them are swamped with inter-state disputes. Nearly most of the major rivers of the country are inter-state rivers and their waters are pooled by two or more than two states. Most recently, the Supreme Court gave a verdict on Cauvery water issue where it asked the Karnataka Government to live and let live. On December 15th, 2016, the **Union Cabinet announced wide range of amendments to the Inter-State Water Disputes Act 1956**. It has proposed an agency to collect and maintain water data including those pertaining to rainfall, irrigation and others. The Cabinet also decided to constitute a permanent tribunal to adjudicate on all inter-state water disputes over river water. This will mean doing away with the current practice of having a separate tribunal for every dispute.

This is an issue which has agitated the country and all are aware of the widespread concern over the time taken by various tribunals in giving their verdict. **The existing Act does not fix any time limit for resolving river water disputes. The Cauvery Water Tribunal has taken 26 years and 3 months but the matter is still pending before the Supreme Court.** Some members of such tribunals are around 90 years old. For the first time, it is being proposed to set a time limit for Dispute Redressal Committees to resolve disputes amicably.

**Some of the Inter-State Water Disputes and States Involved:**

1. Narmada Water Dispute- Gujarat, Maharashtra, Madhya Pradesh and Rajasthan
2. Mahi River Dispute- Gujarat, Rajasthan and Madhya Pradesh
3. Ravi and Beas Water Dispute- Punjab, Haryana, Himachal Pradesh, Rajasthan, Jammu and Kashmir and Delhi
4. Satluj-Yamuna Link Canal Dispute- Punjab, Haryana and Rajasthan
5. Yamuna River Water Dispute- Uttar Pradesh, Haryana, Himachal Pradesh, Punjab, Rajasthan, Madhya Pradesh and Delhi.
Causes

Some facts:
1. Inter-State River Water Disputes Act 1956 extends to the whole of India.
2. The Act provides for resolution of water disputes.
3. Inter-state water disputes are different from other Inter-state disputes.
4. Constitution bars the jurisdiction of any other court over water disputes.
5. The disputes are to be adjudicated by ad-hoc, temporary and exclusive tribunals.
6. The tribunals are dissolved after they give away the awards.
7. Awards carry the force of a Supreme Court decree and are binding on the states for a period of 25-30 years.
8. This arrangement has not been effective and suffered from several governance challenges.
9. When states approach SC, the bar on its jurisdiction puts restrictions on the court.
10. Supreme Court has had to limit its role to providing clarifications, leaving states discontent.

Causes of Inter-State Water Dispute:
1. Water is a finite resource and its demand has increased several times in agricultural, industrial and domestic sector than what is available at present as the country is growing and lifestyle is changing such as increased urbanization.
2. The moment water is accumulated at a large scale, it gives rise to dispute where commissions come into play and this goes on. This is also more of a political issue because when these disputes are used as emotive issues, all parties jump in, several vested interest are created which leads to further problems like bandhs and strikes.
3. There is a huge debate on development/growth versus environment as well. Problems are also related with the storage of water such as dams, using it for production of electricity etc which lead to disputes.
4. There is an administrative system at present which is in conflict with what people want.

Possible Solutions:
1. The first and foremost requirement here is go to the people who are actually using this water such as farmers and create a kind of larger body or consensus on how water should be used. India has good examples from the history on how water management was being done in the country.
2. Putting water in Concurrent List. Water is a state subject but the regulation and development of inter-state rivers and river valleys in the public interest is on the Union list. However, the Centre has generally taken a back seat, allowing states to dominate.
3. Preventing destruction of sources of water (catchment areas of Cauvery have been destroyed due to different reasons) in order to meet the demands of people.
4. Efficient and sustainable use of water resources in cropping patterns, irrigation systems and demand management.

5. Setting up a single, permanent tribunal to hear all such cases to deal with procedural complexities involving multiple stakeholders across governments and agencies.

**Conclusion:**

A sound and robust institutional framework ensuring transparency to ease state and public buy-in is quite necessary. Without a co-operative approach, India’s water dispute resolution is unlikely to have much improvement.
3. Rajya Sabha TV

3.1 The Big Picture: Takeaways from India-China Strategic Dialogue

Link: [https://youtu.be/bD80foa9D-8](https://youtu.be/bD80foa9D-8)

The India-China relationship is one of partnership as well as of rivalry i.e. partnership in growing trade relationship and rivalry as China increases its influence in the region and uses Pakistan to checkmate India. Recently, Foreign Secretary S.Jaishankar visited Beijing for the first Sino-Indian strategic dialogue since Prime Minister Mr. Narendra Modi took over. The dialogue came in the wake of China’s veto for the third time against designation of Jaish-e-Mohammad Chief Masood Azhar as a terrorist by the United Nations. China has also blocked India’s entry into NSG. It has also ignored Indian objections to the proposed CPEC passing through Pakistan occupied Kashmir which India claims as a sovereign territory. India and China have been strategic partners since 2005.

Analysis:

1. The visibility accorded to the issues of Masood Azhar and NSG membership to India were of much higher order. It is expected that India and China could work towards some kind of common objective in relation to Afghanistan. Though, it is tough to draw any definite conclusion after single round of talks as the disputes between these countries have been there for a very long time. They have defied solutions over the years and in the last couple of years, there have been more complications. India explained its rationale to China on the listing of Azahar under UN 1267 sanctions committee during strategic talks.

2. China at present is much more heavily invested in Pakistan than it ever was. Therefore, in terms of India’s foreign policy challenges vis-a-vis Pakistan, it has to be careful of China’s inclination towards Pakistan as well. This is also a reason why China has put technical hold on Masood Azhar’s issue for the third time given all the evidence are available. The evolution of Beijing’s stance on terrorism in and emanating from Pakistan is an area of prime concern to India.

3. The forums for discussion of all outstanding issues are actually narrow and for Sino-Indian relationship, more such forums are needed for interaction. For example- there are complaints regarding adverse trade balance for which there can be a trade representative so that the two countries can have a new forum to discuss all outstanding issues related to trade. This way, India’s decision making process will be complemented on another facet. This will also not encroach upon core issues where both the countries differ. India and China have done business worth $70 billion but almost $53 billion of this is Chinese imports to India.

4. The entire dialogue was called restructured strategic dialogue. What is the restructuring all about is something to be known. When China speaks of joint development projects, one has to analyze it thoroughly because China is using this terminology for South China Sea disputes for which it is not willing to give up its sovereignty claims.

Conclusion:

As of now it is well known that Chinese presence is there in the form of String of Pearls, OBOR and CPEC. China is going to be the largest economy in the world in a few year’s time. Its economy is five times larger than India. It is highly militarized with an efficient military and has a clear vision of what it wants i.e. to first dominate Asia and perhaps later to be a superpower. India being its southern neighbour should not be hyper about its strengths like using Tibet or Taiwan unless it has the economic and military strength to do so and take care of its national security and interests. India must not make the same mistakes like the past. Standing eyeball-to-eyeball with China won’t be profitable. A policy of leverage, people-to-people movement and areas of convergence to nudge Beijing towards recognizing its viewpoint might be more helpful in the long run.
3.2 The Big Picture: SAARC - Indus talks | India-Pakistan ties

India has accepted Pakistan’s invitation to attend the next Permanent Indus Commission meeting that will be held in Lahore in March. The development comes after Prime Minister Mr. Narendra Modi in September 2016 had declared that blood and water cannot flow together referring to the Indus Water Treaty. The decision was made after World Bank officials played mediator between India and Pakistan.

**Analysis:**

If India has decided to participate in the Commission meeting after boycotting the previous SAARC Summit, it shows that India is interested in improving relationship with Pakistan. Pakistan is important for India’s geo-economic interest due to various projects of India going on in Central Asian and Gulf countries. It has been well understood by India as well as international community that terrorism cannot be countered without Pakistan’s support. India did not object on the matter of appointment of Secretary General for SAARC.

The resumption of peace talks between India and Pakistan which has remained suspended since 2013 is nowhere being seen yet. It has also been said that India agreeing to attend the Indus water commissioners’ talks in no way means the recommencement of bilateral dialogue. India had indicated a suspension of the water commissioners’ talks after a terrorist attack in Uri in September 2016 which killed 19 soldiers. Indus Water Treaty is no longer a bilateral issue. Now, China is also emerging as a third party indirectly because it is much more interested in Pakistan.

However, the test of Pakistan’s sincerity would come in the summer when infiltration of militants into Kashmir is at its peak. India is also currently evaluating the balance between the civilian government and the military under the new Pakistan Army chief, Gen Qamar Javed Bajwa, and Pakistan’s actions on terrorism.

**Conclusion:**

India’s ultimate goal is to have normal relations with all its neighbours and if this is accomplished, it would be a great success for India’s foreign policy. The decision follows several other moves between India and Pakistan in the last few days that indicates a softening of positions on some other issues such as:

1. Marked reduction in LoC firing,
2. The regular annual exchange of nuclear lists
3. The release of prisoners by both countries,
4. India being part of the consensus to elect the Pakistani nominee as the SAARC Secretary-General.

It would be a little early for now to expect that any of these events consolidate a thaw in relations between the two countries but they do reaffirm the high stakes which are there India-Pakistan relations.

3.3 The Big Picture: Is Aadhar data prone to misuse?

In the last few weeks several disturbing incidents centred on the Aadhar database have established the scope for widespread data leakage. Responding to these reports in social media, the UIDAI denied that there has been a breach of Aadhar data or creation of parallel databases. The government has said that the personal data of an individual in possession of the UIDAI is fully safe and secure and there is no misuse of Aadhar biometrics leading to identity theft or financial loss.
Analysis:

Any collection or compilation of a large amount of data, individual identity and fingerprints is always vulnerable given the increasing technical capabilities of state and non state actors. However, it has to be seen whether the incidents reported in the media are a part of larger pattern or individual incidence.

If any individual’s data is compromised at present, as per law there is no remedy that the person can go to the court. Only the UIDAI can go to the court. As per Section 43 of the Information Technology Act, the corporate body is responsible for the upkeep and protection of all the sensitive information. In this case, UIDAI or their agencies are responsible and liable for protection of the data. They should be criminally prosecuted if there is a breach of data. But, these provisions are not made in the Aadhar Act. There is no provision for compensation also for the person whose data is compromised. In western countries, there is a provision for penalty for those agencies involved in managing these databases.

Benefits of Aadhar:

1. Aadhaar is an important tool of good governance and empowerment of people.
2. It has helped more than 4.47 crore people open bank accounts through Aadhaar e-KYC.
3. It has enabled the government to do Direct Benefit Transfers under various schemes including LPG subsidy.
4. It has helped the exchequer save over Rs 49,000 crore during the last two and half years.
5. Aadhaar-based Public Distributions System is benefiting people by ensuring that their food grain entitlement are given only to the deserving beneficiaries and are not sidelined by corrupt elements.

Taking into account the cost benefit analysis in case of Aadhar, unfortunately, India lost out on a big opportunity to pass protection laws for data which is present in UK, US or in countries which maintain such large databases. India has little societal consensus and understanding of privacy. Some activists did raise this matter but it did not work out. People are not aware of the privacy laws that exist in other countries and how it can be compromised. The right to privacy is not only linked to Aadhar. It is a much larger social debate. IT Act does talk about protection of data.

Three problems that arise are:

1. These provisions for protection of data are not talked about in the Aadhar Act.
2. Aadhar was passed as money bill so it is not giving the corporate entity status UIDAI and its agencies so that they can be held liable and prosecuted.
3. Once Aadhar data is compromised, it cannot be changed like bank data such as ATM pin or net banking passwords because biometric details like fingerprints and iris scan cannot be changed.

Conclusion:

UIDAI is continuously updating its security parameters and looking at the new threats in cyber space. It has also decided to have registered devices for capturing biometrics data and ensure that such biometrics will be encrypted at the point of capture itself. The Government needs to assure its citizens that right regulatory environment exists in the country which will prevent these kind of data breaches because the moment people give their personal details, they are making themselves vulnerable in the cyber world.

3.4 The Big Picture – Rising Chinese Presence in Indian Ocean

Link: https://youtu.be/EESsc0kRSAU?list=PLVOgwA_DiGzoqQsGjmamTu6f453RWpm_l

China plans to increase the size of its marine core from about 20,000 to 1 lakh personnel to protect nation’s maritime lifeline and its growing interests overseas. Some of them would be stationed at ports China operates at Djibouti in the Horn of Africa and Gwadar in South-West Pakistan. The expanded Chinese marine corps is part of a wider push
to refocus the world’s largest army away from winning a land war based on sheer numbers and towards meeting a range of security scenarios using highly specialized units.

**What does this reflect?**

1. This development is reflective of President Xi Jinping’s determination to **give China the appropriate maritime/ naval footprint** in the extended Indian Ocean region. At sea, there would be a need for a major country like China for trade, energy etc to have robust special forces capability.

2. If China is committing 46 billion dollars as has been announced for OBOR, they will need these forces to protect themselves in case of any exigencies. **This is a long term plan for exigencies that may come up particularly in relation to Gwadar and Balochistan** because the other parts of IOR are relatively stable.

3. Besides its original missions of a possible war with Taiwan, **maritime defence in the East and South China seas**, it’s also foreseeable that **the PLA Navy’s mission will expand overseas including protection of China’s national security in the Korean peninsula.**

4. China sees a **strategic vacuum** in the whole region. US is having its own domestic issues for last 8 years. Chinese saw 2008 as the beginning of decline of US. Chinese don’t have to establish bases in many of South-East Asian countries because they can convince these countries to rely on Chinese economic assistance which US cannot do.

5. **Malacca dilemma** is also a reason for Chinese awareness at such high levels. This term was given by President Hu Jintao(2003) for over-relying on the Malacca Straits(sea-route) where majority of their energy needs(oil imports) passes en-route from the Middle East, Angola etc (shipping lanes) through the Malacca Straits between Malaysia and Indonesia. The area has been prone to piracy sometimes.

**Impact on India:**

1. India has treated Indian Ocean as an ocean of peace and stability. Now that China has decided that it is going to become one of the major global powers and America is also increasing its powers vis-a-vis China, India has reasons to worry because **China will come to India’s immediate neighbourhood.**

2. They know there are lot of terrorist elements there and they cannot depend on the local governments to take care of these terrorists. Therefore, the Chinese are negotiating with the terrorists themselves directly and are also building up their own strengths and requesting the local governments to provide more security to the Chinese personnel working in these areas.

3. They are **increasing their trading posts all around Indian Ocean** and also exploring mineral and oil resources in these areas. India has a competitive and cooperative relationship in many countries of Africa and South East Asia which might get affected due to Chinese presence. India needs to plan its own sea and road linkages with its neighbouring countries.

4. **India has been a bit slow in sustaining and constructing institutional relations in the Indian Ocean countries.** For example: Indian Ocean RIM Association should be a force multiplier for India’s interests and for this, bilateral relations with all countries in this region has to be revived. At present, China is the first or second major trading country with all these countries in the Indian Ocean region and Australia as well.

**Conclusion:**

India needs to concentrate itself on all the vulnerable points it its international relationships. There is a need to gauge China’s intent and for this, a proper high level dialogue with China on defence issues might fetch some results.
3.5 The Big Picture: State Laws in GST: What is the final shape?

With the GST Council approving the remaining two draft bills; the UTGST and SGST all the five enabling draft bills stand approved to enable a likely rollout of the new indirect tax regime from July 1st this year. The other three draft laws; the Central GST, Integrated GST and compensation draft laws have already been approved by the Council. The SGST draft law will now have to be approved by the Legislative Assemblies of states and union territories. With the approval of the five draft laws, the legislative action of the GST Council will be over after which there will be another meeting for the fitment of goods and services in the tax slabs.

Analysis:

The legal hurdles particularly on the legislative front are more or less over. However, all the states should not be taken for granted that their states would approve the bill. In case of Jammu and Kashmir, not only the SGST but CGST and IGST also needs to get approval. Recent victory of BJP in the northern states such as Uttar Pradesh and Uttarakhand also in some ways has endorsed the attempts of the Central Government to bring changes on the economic front.

GST is probably one of the most important strategic economic reform movement. GST is essentially a destination based tax unlike local taxes. Therefore, by being a destination based tax, manufacturing states tend to stand on the losing front which was the argument of these states. This has been reconciled now.

Through the GST Network (GSTN), the Government is working to provide the technology backbone to introduce GST and connect the databases of states and the Centre which will ease some of the burden on corporations. Companies will have to take these steps:

1. To have a system to facilitate determination of tax as per the new regime which will include consideration of source and destination along with special provision for states, products and schedules.
2. They will have to make sure that there are periodic updates/uploads of sales and purchase data with reconciliation for tax payments and credits.
3. They will also have to conduct analysis on pricing, supply chain networks and costs because of tax changes.

How far the states are willing to stick to what the GST Council has rolled out is important to see and how far the ground level officers are in sync with what the GST Council has decided who are responsible for actual implementation.

As far as fixing of rates is concerned, the Revenue Secretary has already made a public statement that the rates will be broadly in line with the current existing rates. The real issue might be the applicability of the cess on demerit goods. There is a cap on the cess on demerit goods which is a welcome step but how effective this step will be to compensate revenue losses for states has to be seen.

Conclusion:

Though GST is an example of cooperative federalism but it has to be noted that states do have competing and diverse interests. Therefore, it is essential for the Council to take all of them through the same level irrespective of the differences in minor interests of the states.

3.6 The Big Picture: Fertilizer Subsidy Reforms: Scope, Problems & Challenges

With the landslide win in the recent Uttar Pradesh Assembly elections, the Narendra Modi Government has decided to fast track the implementation of the Direct Benefit Transfer system for payment of fertilizer subsidy to farmers. From the coming kharif season beginning from June, the 70,000 crore rupees fertilizer subsidy budgeted for 2017-18 will be disbursed to companies based on actual sales to farmers captured on point of sale machines installed at nearly 2 lakh retail points across India. This could be a significant change from the current system where firms are paid
subsidy on receipt of their fertilizer at the railhead point or any approved godown of a district. Prior to this, till October 2012, they were getting the subsidy on the despatch of material from their respective factories.

Scope:

1. At this point of time, it has not been calculated that how much each farmer will actually require due to which the subsidy cannot be directly apportioned to the farmers. What the Government is trying to do with this step is to control the leakage of the subsidy which happens because the sale does not happen always to the farmer. It is done to plywood manufacturers, washing powder or other manufacturing units using urea as by-product. This step is to prevent that.

2. During the time of demonetization, the fertilizer companies were specifically asked to create PoS because they were saying that fertilizers had to be distributed which was a challenge at that point of time. The aim is to make the transactions digital between the farmer and the fertilizer company.

3. This will also allow them to possibly see where the consumption is happening. There was a leakage which was also happening to neighbouring countries like Bangladesh and Nepal. The sale happens in India but the product is transferred to these countries. If some farmers are buying these fertilizers in excess, that can also be checked. Largest consumers of fertilizers in India are Punjab and Uttar Pradesh.

Problems and Challenges:

1. However, the way Government is promoting farming, it is totally different from ecological farming. It has become a game of only three chemicals- NPK (nitrogen, phosphorus and potassium). Plants require at least 17 elements for their growth. Government is saying that it is promoting organic farming but in this case, subsidy is being given to chemical fertilizers and there are huge discrepancies in the usage of fertilizer. The ratio of NPK usage should be 4:2:1. In Punjab, this ratio is 61:19:1. Urea is cheap to purchase so farmers use it more that creates imbalance due to which the yield either goes down or is stagnant. The whole system of subsidy should also look into overall benefits to agriculture.

2. Over usage of fertilizer is a bigger challenge than subsidy. In 1950, with the use of less NPK, the yield was more. Now, with the use of more NPK, lesser yield is being produced. There is a need to improve the organic content of the soil through organic farming or compost.

3. Government is selling compost at a particular price and same is the rate for urea so this would not push the farmers towards organic farming. It is very important that farmers should produce fertilizers in their fields. A cropping pattern should be there which is being done now but on a small scale.

4. Instead of giving subsidies on chemicals, it is very important to incentivise those farmers who are practicing organic farming and encourage them. Ultimately, these subsidies will only help fertilizer companies to sustain their business but in the long run farmer’s business will be hampered because his input costs will continuously increase with inversely proportional output rates. The end product is also not safe for consumption. Subsidy should be linked to productivity which will remove fertilizer companies from the game. Corporates will not allow this as their motive is to earn profit. Farming is a profitable business for these companies and not the farmers.

Possible Steps to be taken:

1. The momentum for these changes has to be created through robust policies.

2. State Governments and Central Government need to work in tandem to encourage farmers for ecological farming.

3. Particularly in western UP and Punjab, the farmers need to move away from wheat and rice because the ground water has depleted.

4. Farmers have to be educated and taught to change their cropping pattern and move to multiple cropping.
Conclusion:

It is crucial for India to reform its ailing agriculture and such reforms will be possible only if there is a political will and a way to explain how changes will actually benefit farmers and not harm them.

3.7 The Big Picture: Re-organization of tribunals- need and impact

Link: https://youtu.be/A8KPwPkmVw?list=PLVOgwA_DiGzogQsGjmamTu6f453RWpm_1

In a large scale reform of tribunals, the Government recently sought to reduce the number of these quasi judicial bodies and bring parity in the service conditions of their officials. Among the better known tribunals;

1. The Competition Appellate Tribunal will now be merged with the National Company Law Appellate Tribunal.
2. The Cyber Appellate Tribunal and Airports Economic Regulatory Authority Appellate Tribunal will be merged with the Telecom Disputes Settlement and Appellate Tribunal.
3. The Industrial Tribunal is also to perform the functions of the Employees Provident Funds Appellate Tribunal and
4. the Copyright Board will be merged with the Intellectual Property Appellate Board.

The amendments under the Finance Bill will change several laws and allow the Government to set a criteria for the appointment and removal of chairperson, vice-chairperson and other members of the tribunals and decide on their terms of service.

Need and Impact:

1. India has a number of tribunals to look into appeals made from orders of specific regulators or sectors. Therefore, post merger, the Centre will have to ensure specialization the absence of which will lead to overlap and confusion.
2. This might lead to overburdening the tribunals with more cases than it could handle.
3. It would expedite administrative purposes. This will speed up dispute resolution and curb wasteful expenditure.
4. Allowing the executive to determine appointment, reappointment and removal of members might affect the independent functioning of Tribunal. At present, these administrative rules, such as appointment eligibility, remuneration etc were governed by the respective acts and rolled out by the concerned ministry. This could also pose a conflict of interest in cases where the government is a litigant
5. Uniformity in administrative rules will help in streamlining the functioning of these quasi-judicial bodies and ensure that vacancies aren’t kept pending for long.

Some Issues:

1. There are arguments that Competition Appellate Tribunal (Compat) is not fit to merge with any other tribunal as it is too specialized and deals with complex matters. Dissolving Compat and merging with the NCLT could defeat the focus of competition law in India.
2. The Airport Economic Regulatory Authority Appellate Tribunal merged into the Telecom Dispute Settlements and Appellate Tribunal appears incongruous.
3. Increasing control of the Centre over tribunals will be contrary to the spirit and principles laid down by the Supreme Court to ensure fairness and jurisprudence. Section 179 of the Finance Bill transfers enormous powers from Parliament to the Centre.

Conclusion:

There is no harm in reorganizing the tribunals present but it must be done after careful review to make them better streamlined.
3.8 The Big Picture: Changes in rules for political funding

Link: https://youtu.be/7m7VHRudzb4

One of the less discussed developments in Finance Bill 2017 is the way Narendra Modi Government has effectively made corporate funding of political parties more opaque contrary to its promise of bringing in more transparency. The Finance bill has made two important changes in this regard:

1. It has **crapped a ceiling** that earlier restricted the corporate entities from donating more than 7.5% of its average net profit in the three immediate proceeding fiscal years to a political party.

2. It has proposed to **cancel an existing rule that requires corporate entities to disclose in the profit and loss account the name of the political party to which the funding is made.** The company only needs to make a mention of the amount contributed under this category

**Analysis:**

In the budget, what was proposed was electoral bonds which brought in the concept of anonymity as the person or the company’s identity would not be disclosed to anybody. This has now been extended to corporate houses as well. One can still inspect the financial statements of the company, but will only be able to see the amount of money donated to a political party and not the party to which the money has gone to. This **information might not be shared with company’s own shareholders** as it no longer needs to be disclosed in the annual financial statement.

Probably in the name of secrecy, they are afraid of the fact that their **quid pro quo will be known which they want to protect.** This will help the political parties and companies that are with each other. Companies can now source unlimited amount of money from their profits to political parties without disclosing the name of the parties to whom this money is being sent to.

Earlier, every donation of more than 20,000 rupees was declared to the Election Commission. Now it can be transferred easily. This provision shows that the government’s intent is not to eradicate corruption in political funding. According to existing laws, donors can make an infinite number of payments without disclosing their identity by segmenting their donation up into multiple, smaller contributions.

The threshold limit for cash donations for Rs.2000 is not significant either. **For example: If a person wants to donate Rs.70,000 to a party, the party concerned can record the details of donations from 35 different contributors of Rs.2000 each.**

**Possible Solutions:**

1. Political parties should be **compelled to file their income tax returns** on an annual basis along with a third party audit.

2. Every single rupee donated to political parties should be made transparent. By **linking this payment with a PAN or Aadhar Number** may ensure transparency to some extent.

3. All donations should be compulsorily received through **non-cash means.**

4. Setting up of a **National Electoral Fund** where corporates can fund directly without secrecy or anonymity from where political parties will be funded based on performance.

5. Trolling on social media, hate speeches and paid news are also to be dealt with and controlled because these are also the areas where funds are inappropriately used.

**Conclusion:**

These measures if taken into consideration seriously along with the will to control illicit funding in elections, some changes can be expected in future.
3.9 India’s World: Indus Water Commission starts work again

Link: https://youtu.be/14b-4QrEEno

Indus Water Commission is likely to meet in March 2017 for their routine annual meeting. The meeting had been postponed after India declared that blood and water cannot flow together in the wake of terrorist attack in Uri. The Indus Water Treaty was signed in 1960 is a river sharing agreement between India and Pakistan and has worked quite well between the two countries for the last few decades.

Analysis:

Under the Agreement, the control over the three eastern rivers- Beas, Ravi and Sutlej was given to India while control over the three western flowing rivers- Indus, Chenab and Jhelum was given to Pakistan. The World Bank is the designated facilitator for the Agreement. The Indus Treaty does not permit India to build storage dams on western rivers but allows for limited use like power generation. Pakistan has objected to the Baglihar River Project as well as two other similar projects- Kishanganga Hydroelectric Plant on Kishanganga, a tributary of Jhelum and the Ratle project on the Chenab. Pakistan is seeking the help of World Bank for arbitration saying that these projects are not justified under the Treaty. The Indus Water Commission is mandated to meet once a year.

India has followed a twin approach on IWT after the Uri attack. The Prime Minister himself never said that the Treaty was in jeopardy. He said that India would be using all the water assigned to it under the Treaty and for this, some kind of Commission was set up. It was said that the Commission can meet only in a terror free atmosphere. India has moved from that position up to some extent letting the Treaty work.

India’s intention was to send a message and put pressure tactically on Pakistan. Though Pakistan keeps on saying that the Treaty is not enough to safeguard its interests but at the base level, it is well known that Pakistan has an excellent Treaty. The real issue in Pakistan is the mismanagement of water which is not going to be affected even if India fully uses its share of western rivers for non-consumptive purposes. It has to be noted that Pakistan also suffers from water crisis as there has been an increase in country’s population since 1951 and to feed such kind of population, it will require more water. Waters of the entire Chenab river are flowing into the sea. Pakistan’s agriculture is most inefficient in the world.

The Treaty was based on a political premise to ensure Pakistan that it will have enough share of rivers in the hope that Pakistan will shed its hostility towards India which has never been realized. The Treaty is quite unpopular in the state of Jammu and Kashmir as it gives them nothing. Therefore, if the Treaty is renegotiated, India’s claim will only increase. Pakistan has obstructed every single project that has been sought to be built on the western rivers and this way they have actually damaged the Treaty and Indian interests. If dispute resolution mechanisms are allowed to be functioned as being done now, they would largely be in favour of India.

Conclusion:

There is no explicit exit clause to the Treaty and none of the countries may go for it because at the end, all water related issues are sensitive. Pakistan is water stressed but so is India. So, the Treaty is meant to provide a cooperative mechanism and that spirit is important for both countries to follow.

3.10 India’s World: Nepal’s Madhesi on the boil again

Link: https://youtu.be/LFeRUcKc0s

Nepal’s terai region is on the boil again. This time, the residents around the Tarai region known as Madhes are protesting the plan to hold local body elections. They have been demanding an amendment to the constitution on 11 issues, including reorganization of state boundaries prior to the local body election. Prime Minister Pushpa Kamal Dahal had formed his government with the support of the Madhes parties and the Nepali Congress. He came to power with the promise that he would amend the Constitution to address the grievances of the country’s Madhesi population
and the janjaatis. He also proposed an amendment bill on creation of second province in the terai region of Nepal and three other key issues:

1. Citizenship
2. Representation in the Upper House
3. Recognition of languages spoken in various parts of the country

However, he is in no position to ensure a safe passage of the bill as the amendment moved does not have 2/3rd support of the Parliament. Meanwhile, the government has announced that the local body elections will be held in the country on May 14th. This has upset the Madhesis of terai and they have given the Nepal Prime Minister an ultimatum of 7 days to postpone the election and warned him that they can withdraw support from the government.

**Background:**

Nepal has been ruled by the Brahmin- Kshatriya elite and the Newaris of Kathmandu valley for decades and the Madhesis have been treated like colonized people. Therefore, after the monarchy was abolished and the new Constitution was brought into effect, it is obvious for Madhesis to expect that there would be something or some power sharing for them as well which has been belied because the ruling elite of the country is unwilling to share the power.

**The problems in the constitutional amendment issue are as follows:**

1. Opposition from UML as they don’t want anything adverse to happen in order to accommodate the tarai demands particularly the reorganization of states. Even within Nepali Congress, there are some strong constituencies which do not want accommodation with the tarai people.
2. Implementation of Constitution is an issue as well for the Nepali Prime Minister as he is caught between these two parties.

**Analysis:**

If there is a United Terai Province, that would give more political power to the Madhesis. The way various divisions of Nepal have been worked out, it is ensured that there is a Madhesi component everywhere and the sources of water and land are divided in a way that Madhesis have equal stake.

There are 20 districts that border India which is known as the tarai. Out of that as currently stands, 8 of those districts have been put together to constitute one Madhes dominated province which is in the eastern part. The amendment proposal goes a step further and also takes a number of districts on the western side and puts them together to constitute yet another Madhes majority province. So, there would be two provinces with Madhes majority.

If Madhes protest revives, it might take an extreme form which would be complicated. Local body elections have not been held for almost 20 years in Nepal. Unless the provincial boundaries are demarcated, it becomes difficult to conduct local body elections and their legitimacy because it will have an impact on politics of these local bodies at grassroots level. The ruling elite of Nepal does not want to share power and this is the crux of the issue.

The elections are not a constitutional requirement but this is more a question of division of responsibility. Prachanda did realize the importance of first pushing the constitutional amendment and therefore, he took consultations with the Madhesis to show his good faith. But now, Madhesis feel that he has not pushed the forward enough to get passed and this has angered them.

**Indian Concern:**

1. India’s involvement in Nepali politics and the upsurge in Madhes have deep roots in history and unless resolved, the issue will complicate India-Nepal ties.
2. The reason for India’s interest in Nepal is an open border and the concern that any instability in the Tarai will affect India as well.
3. Madhesis share extensive cross-border ethnic and linguistic links. Today, they are asking for inclusion and like Tamils, they may ask for secession later.

There is a need to focus on pushing Nepal towards an inclusive polity by the leaders there and this will act as a catalytic force for peace in the country.

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