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[1] Scripting another Asian narrative

Context:
Japan has long been an anomaly: an economic powerhouse within a geostrategic pygmy. But China’s muscular ascent combined with the unpredictability of a Trump-led U.S. is causing Tokyo to rethink its role in Asia.

From proposing new security dialogues, to taking the lead in developing multilateral trade agreements, it is beginning to pick up some of the slack left by the U.S.’s “America First”-influenced withdrawal from leadership in Asia.

Increasing China’s international influence
For President Xi Jinping’s new China, the days of “hiding capabilities and biding time” of the Deng era are finally over — it’s time to become “a global leader in terms of composite national strength and international influence”.

- Chinese revisionist claims in the land and oceanic space have been a major source of concern. Beijing’s deployment of naval assets to enforce its claims across the South China Sea, construction of artificial islands in the region, and the rejection of a UN tribunal judgment on a complaint filed by the Philippines, last year have only strengthened this feeling.
- China has also been increasing its naval presence, including dispatching its nuclear submarines on patrol, in the Indian Ocean.
- Along with military assertion, Beijing has also been stepping up its political and economic footprint in the region through its BRI (Belt and Road Initiative).

China’s superpower ambitions are bound to have a system-shaping impact on the Asian region. There will be China-led alliances, Chinese client states and the establishment of Chinese spheres of influence.

Japan-under the post-war constitution
- Under the post-war constitution, Japan is not allowed to have offensive military forces. Its Article 9 declares “the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.
- Japan has the Jieitai or Japan Self-Defense Forces. The SDF is a full-fledged military, with army, navy, and air force branches. Technically the SDF is not allowed to conduct offensive operations or to deploy outside Japan, but it is still a very potent military force.
- According to Article 9 of the Japanese Constitution war is illegal. However, the Emperor of Japan is allowed to declare peace.

Japan’s new policy of ‘Military normalisation’
- Japan is in a potentially explosive neighbourhood, and it no longer believes that a whole scale reliance on the U.S. for a defence umbrella is sufficient to secure its best interests. Japan is in an era when Japan has to exert itself diplomatically by drawing a big strategic picture.
- Military normalisation is one prong of Japan’s new foreign policy, but even if a controversial revision of Japan’s pacifist Constitution, as proposed by newly re-elected Prime Minister Shinzo Abe goes through, the archipelago’s armed forces will remain under strong, self-imposed constraints.
- The constitutional revision would merely recognise the legality of Japan’s long extant Self-Defense Forces (SDF). Offensive weapons and pre-emptive strikes would remain outlawed.

Measures taken by Japan to Counter China’s influence
Remilitarising alone will not provide Japan with an effective solution to its diplomatic dilemmas. Tokyo needs to use its strengths, its capital, its technological know-how and its democratic credentials to win friends and influence countries across the region and beyond. It needs to beat infrastructure sugar daddy China at its own game.
1. Taking up a leadership role:
   - A large part of China’s rise has to do with its indispensability to global trade. But Japan is a trading heavyweight too, and is attempting to stake leadership on the regional platform with the Trans-Pacific Partnership (TPP).
   - With the U.S.’s departure from trade negotiations, Japan has become the principal driving force keeping the deal alive.
   - At November’s Asia-Pacific Economic Cooperation summit in Vietnam, Japan got the 11 countries still involved to agree on the “core elements” of a deal.
   - It wants to lead rule-making on trade in the Asia Pacific, rather than let China set the agenda with alternatives to TPP such as the Beijing-backed Regional Comprehensive Economic Partnership (RCEP).
2. Stepping up aid and investment in Southeast Asia:
   - Japan is also stepping up aid and investment in Southeast Asia. A train line near Manila, a seaport in Cambodia, and assistance in the reconstruction of Marawi City in the Philippines are some examples.
   - As the top source of development aid to Vietnam, it has helped construct a new airport terminal in Hanoi as well as the first subway line in Ho Chi Minh City.
   - Japan recently committed 1 trillion yen ($8.7 billion) to the Philippines over the next five years, with a continued focus on infrastructure development.
   - Japanese investment in major Southeast Asian countries is estimated to have averaged $20 billion per year, from 2011 to 2016, more than double the average annual flows between 2006 and 2010.

Looking to India
- Japan and India have announced an Asia-Africa Growth Corridor, aimed at creating sea corridors linking the countries of the Indo-Pacific to Africa.
- In addition, Japan is cooperating with India in third country infrastructure projects such as Iran’s Chabahar Port, Sri Lanka’s Trincomalee port, and the possible joint development of the Dawei port along the Thai-Myanmar border.
- Japan has bagged the $17 billion contract to build India’s first high speed railway line, linking Mumbai and Ahmedabad.
- Tokyo is also investing in development projects in the Northeast and the Andaman and Nicobar islands.
- And Japan’s Diet gave the go ahead to a Japan-India civil nuclear energy deal earlier this year. The possibility of purchasing Japanese submarines and search-and-rescue planes to help the Indian Navy is being discussed.

Creating a ‘Quad’
- A free and open Indo-Pacific, a phrasing that places India as a major actor in the Pacific, is an idea being proselytised by Japan in conjunction with the U.S.
- This is a response to concerns over the expansion of the Chinese navy and Beijing’s territorial claims in the South China Sea, waters through which a huge majority of Japanese energy supplies transit.
- It is against this background that Tokyo’s championing of the Quadrilateral dialogue with the U.S., India and Australia aimed at creating a community of democratically oriented interests in the region must be understood.
- However, The Quad is yet to decide what its real aim is: maritime security, connectivity, countering China’s moves in the Indo-Pacific and on the Belt and Road Initiative (BRI), or a combination of all three.

Conclusion
Tokyo wants to use the bilateral ties it is developing to create a multilateral architecture in the region.

Like Germany in post-World War II Europe, Japan is aware that unilateral moves by it invariably conjure up images of militarism and expansionism.

However, without making genuine amendments for its past aggressions, an idea that Mr. Abe does not seem interested in, Japan’s attempts to shape the future of the region will remain constrained.
Crypto currencies here to stay

Context:
Today crypto currencies have become a global phenomenon known to most people. While still somehow geeky and not understood by most people, banks, governments and many companies are aware of its importance.

Bitcoins were in news recently after a massive global ransom ware attack ‘WannaCry’ hit systems in over 100 countries. The cyber criminals demanded a fee of about $300 in crypto-currencies like bitcoin for unlocking affected devices.

In October this year, billionaire Warren Buffet had described Bitcoin as a “real bubble”, and said that one couldn’t value it considering it was not a value-producing asset.

Why the interest in virtual currencies?
Bitcoin saw its value trading at above $10,000 (about ₹6.43 lakh) per bitcoin, up by about 900% from its value on January 1, 2017. At a time when the Indian government is in the process of determining the legality of crypto currencies, it is important to understand what exactly a virtual currency means for the layman.

How it all started?
The origin of Bitcoin is unclear, as is who founded it. A person or a group of people, that went by the identity of Satoshi Nakamoto are said to be the one/s who conceptualised an accounting system in the aftermath of the 2008 financial crisis. Nakamoto published a white paper about a peer-to-peer electronic cash system, which would “allow online payments to be sent directly from one party to another without going through a financial institution”.

What is blockchain?
- The transactions and the value of money would be recorded digitally on a publicly available and open ledger that contains all the transactions ever made, albeit in an anonymous and an encrypted form. This ledger is called blockchain. Considering the public and open nature of the ledger, proponents of this currency system believe, it could help weed out corruption and inefficiencies in the system.
- However, in December 2013, the Reserve Bank of India issued a warning that cautioned the users about the potential risks of virtual currencies, including Bitcoin.

What is bitcoin?
Bitcoin is one of many cryptocurrencies that have gained popularity across the world.
- A cryptocurrency is a basically a digital asset that has been created to function as a medium of exchange, like cash.
- It uses cryptography to ensure the security of transactions — authentication and prevention of duplicate transactions — and to control the creation of new units of currency.
- This is different from cash in that cryptocurrencies have no physical form. These blur the boundaries between fiat and non-fiat currencies. They are simply numbers on a screen and there is no central bank that issues new currency. However, bitcoin has emerged as the popular face of cryptocurrencies.

Fiat and Non-fiat currency
- A fiat currency is any currency that has no intrinsic physical value, but whose value is established by government decree. For example, most national currencies around the world, including the Rupee and the Dollar, are fiat currencies as their values are dictated by the government.
- Non-fiat currencies such as the Gold Standard have more or less been effectively phased out, as they require adequate physical stockpiles to maintain their value.0
- However, the new breed of digital cryptocurrencies such as Bitcoin blurs the boundaries between fiat and non-fiat — they don’t have any physical value as such, but are also not government-controlled. This has created uncertainties about their role in the modern financial system.
INSIGHTS into EDITORIAL

What are the regulations?

- While some of the countries such as Nepal, Bangladesh, Kyrgyzstan have declared Bitcoins as a means of payment illegal and in violation of the state law, a majority are yet to take a stand on it. In December 2013, RBI issued a warning with caution to users, holders and traders of virtual currencies, including Bitcoins, about the potential financial, operational, and legal, customer protection and security related risks that they are exposing themselves to.
- Bitcoins are currently unregulated in India. There are no specific legal frameworks for Bitcoins and cryptocurrencies in India yet.

Can you use bitcoin as currency?

- At the moment, the Reserve Bank of India has banned transactions in India using cryptocurrencies. In other words, while you can buy and sell cryptocurrencies on online exchanges, you can’t use them to pay for goods and services within the country.
- In April, the government had constituted an inter-disciplinary panel to look into the legality of cryptocurrencies and suggest a way forward, which included a having a regulator if they are legalised.
- The panel, which included officials from the Department of Economic Affairs, Department of Financial Services, Department of Revenue, Ministries of Home Affairs and Electronics and Information Technology, the Reserve Bank of India, NITI Aayog, and the State Bank of India, submitted its report in August and it is being examined.

Pros and cons

It is possible to send and receive bitcoins from any part of the world irrespective of traditional hurdles like national borders and banking regulations.

- Bitcoin does away with the need for a regulator.
- By making everything public, bitcoin negates the need for a middleman.
- According to bitcoin.org, no individual or organisation can manipulate Bitcoins because it is cryptographically secure and do not contain customers’ personal information.

However, not being backed by any government entity is Bitcoin’s biggest disadvantage and affects its adoption by people.

- With less Bitcoins in circulation and the number of businesses using Bitcoin still very small, relatively small events, can significantly affect the price.
- One of the biggest problems that cryptocurrencies face is acceptance.

However, many businesses have started accepting Bitcoins. One of the largest PC companies in the US, Dell, started accepting Bitcoin in 2014. Travel website Expedia allows you to pay with Bitcoins. Tech giant Microsoft also embraced bitcoins in December 2014. In India too, the adoption has started. Bengaluru-based exchange Unocoin has a growing list of merchants on its website that includes e-commerce firms, web-hosting companies and even schools.

What do the experts say?

- Experts and central banks across the world are slowly arriving at the conclusion — written about in various research papers but not yet implemented in policy — that cryptocurrencies are here to stay.
- The only way to regulate their value and quantity is for central banks to issue their own digital currencies. While the value of digital currencies such as bitcoin are market-determined, depending on what somebody is willing to pay, a central bank-backed digital currency will have its value controlled to an extent by the central bank itself, much like any other major currency in the world.
- RBI’s research arm Institute for Development and Research in Banking Technology put out a paper in favour of the blockchain technology.
- There is still a lot of analysis to be done regarding the effect of such a central bank-backed digital currency on factors such as inflation and price levels.
A misleading hunger index

Context:
Per capita food production in India has increased by 26% (2004-05 to 2013-14), while it has doubled in the last 50 years. While this kind of growth rate in food production is expected to reduce hunger significantly over time, the Global Hunger Index (GHI) prepared by the International Food Policy Research Institute (IFPRI), shows India’s hunger level in very poor light.

With over 21 per cent of children wasted-low weight for height, India has been ranked 100th among 119 developing countries on the Global Hunger Index (GHI), behind North Korea, Bangladesh and even Nepal.

Global Hunger Index
The Global Hunger Index (GHI) is designed to comprehensively measure and track hunger globally and by country and region.

- The GHI highlights successes and failures in hunger reduction and provides insights into the drivers of hunger.
- By raising awareness and understanding of regional and country differences in hunger, the GHI aims to trigger actions to reduce hunger.

The GHI combines four component indicators:
1. the proportion of the undernourished as a percentage of the population;
2. the proportion of children under the age of five suffering from wasting (low weight-for-height);
3. the proportion of children under the age of five suffering from stunting (low height-for-age);
4. the mortality rate of children under the age of five

Global Hunger Index 2017
The 2017 Global Hunger Index (GHI) report—the twelfth in an annual series—presents a multidimensional measure of hunger at the global, regional, and national levels.

- It shows that the world has made progress in reducing hunger since 2000, but that this progress has been uneven, with levels of hunger still serious or alarming in 51 countries and extremely alarming in one country.
- This year’s report shines a light on the inequalities underlying hunger—including geographic, income, and gender inequality—and the inequalities of social, political, and economic power in which they are rooted.

Key highlights of the report
- At 21.8 on a scale of 100, the average GHI score for 2017 is 27 percent lower than the 2000 score (29.9)
- Despite these improvements, a number of factors, including deep and persistent inequalities, undermine efforts to end hunger and under nutrition worldwide. As a result, even as the average global hunger level has declined, certain regions of the world still struggle with hunger more than others, disadvantaged populations experience hunger more acutely than their better-off neighbours, and isolated and war-torn areas are ravaged by famine.
- In early 2017, the United Nations declared that more than 20 million people were at risk of famine in four countries: Nigeria, Somalia, South Sudan, and Yemen. These crises are largely “manmade,” the result of violent conflict and internal strife that are preventing people from accessing food and clean water and keeping aid organizations from reaching people in need.
- At the regional level, South Asia and Africa south of the Sahara have the highest 2017 GHI scores—30.9 and 29.4, respectively, indicating serious levels of hunger.
- Given that three-quarters of South Asia’s population resides in India, the situation in that country strongly influences South Asia’s regional score. At 31.4, India’s 2017 GHI score is at the high end of the serious category.
- The 2017 GHI score has India ranked 100 out of the 119 countries listed.
- India’s ranking in terms of child mortality, child stunting and child wasting is 80, 106 and 117, respectively.
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- India’s child wasting rate has not substantially improved over the past 25 years. But the country has made progress in other areas: Its child stunting rate, while still relatively high at 38.4 percent, has decreased in each of the reference periods in this report, down from 61.9 percent in 1992.

- India has implemented a “massive scale-up” of two national programs that address nutrition—the Integrated Child Development Services and the National Health Mission—but these have yet to achieve adequate coverage.

- Areas of concern include
  - the timely introduction of complementary foods for young children (that is, the transition away from exclusive breastfeeding)
  - the share of children between 6 and 23 months old who receive an adequate diet—a mere 9.6 percent for the country;
  - household access to improved sanitation facilities—a likely factor in child health and nutrition—

**Why do some analysts say “Hunger Index” is highly misleading?**

Undernourishment and child mortality each make up a third of the GHI score, while child stunting and child wasting make up a sixth of the score, and together make up a third of the score.

- Three of the four indicators, refer only to children below five who constitute only 11.5% of India’s population.

- Further, the percentage of the undernourished population is inclusive of under nutrition among children.

- This way, the GHI assigns 70.5% weightage to children below five who constitute only a minor population share and 29.5% weightage to the population above five, which constitutes 81.5% of the total population.

- Therefore, the term “Hunger Index” is highly biased towards under nutrition of children rather than representing the status of hunger in the overall population.

- It would be more appropriate to term the conceptualisation and composition of this composite index as a “Global Hunger and Child Health Index” than as a “Global Hunger Index”.

Evidence shows that weight and height of children are not solely determined by food intake but are an outcome of a complex interaction of factors related to genetics, the environment, sanitation and utilisation of food intake. The IFPRI acknowledges that only 45% of child mortality is due to hunger or under nutrition.

**Calculating hunger**

The incidence of hunger is taken as the proportion of the population whose food intake provides less than its minimum energy requirements.

The figure of the incidence of hunger depends on energy norms and the methodological approach used in its estimation.

There is still inconclusive debate on the cut-off for minimum energy requirement calculation.

- At a global level, the Food and Agriculture Organisation of the United Nations (FAO) has an average norm of 1,800 kcal, while the Indian Council of Medical Research-National Institute of Nutrition (ICMR-NIN) specified average norm of 2,400 kcal for rural areas and 2,100 kcal for urban areas in India, varies across age, gender and activity-level.

- There is a strong case to revise the ICMR-NIN norms as the actual requirement of energy is decreasing due to a shift towards mechanisation and more congenial work conditions and environment.

There is a large difference in the incidence of undernourishment (hunger) reported by the FAO and estimates prepared by various experts. It follows from the large variation in the choice of norm and methodology and data used for such estimation.

**Policy Recommendations**

Although enough food is produced globally to feed the world, hunger persists—largely the product of various and severe inequalities.

Yet neither hunger nor inequality is inevitable; both are rooted in uneven power relations that often are perpetuated and exacerbated by laws, policies, attitudes, and practices.
The following recommendations aim at redressing such power imbalances in order to alleviate hunger among the most vulnerable:

- Governments must actively include in the policy-making process underrepresented groups, such as small-scale farmers, that are involved in producing food and feeding people.
- International bodies aiming to increase food and nutrition security must ensure the meaningful participation of people’s movements and civil society organizations from all parts of the world to generate more productive debates around paradigms of food systems.
- Governments must ensure space for civil society to play its role in holding decision makers to account on their obligation to protect and ensure the Right to Food.
- Governments should create and enforce regulatory frameworks to safeguard citizens—especially the most vulnerable—from the negative impacts of international trade and agriculture agreements.
- National policies should take into account how hunger and malnutrition are distributed across the population, and how power inequalities affect different groups in society.
- **Increase Support for Small-Scale Food Producers:** Governments should build the capacity of small-scale producers, particularly women, by ensuring access to public services such as infrastructure, financial services, information, and training.
- National governments must provide access to education and create social safety nets.
- Hold Governments Accountable with Timely Data.

**Way Forward**

- The 2017 Global Hunger Index shows positive developments on many fronts, but there are still deep inequalities in hunger and under nutrition at the regional, national, and subnational levels.
- Too many people lack access to the quantity and quality of food they need. And too many people are not healthy enough to nutritionally benefit from food.
- The United Nations’ Sustainable Development Agenda includes the goal of ending hunger worldwide, while “leaving no one behind” (UN 2015).
- Examining hunger through the lens of inequality brings into sharper focus those populations, at all levels, who have so far been left behind.
- As we make progress in combating hunger, we should apply lessons learned and concentrate attention and resources on the areas where hunger and under nutrition are still unacceptably high in order to further decrease hunger in the future.

**[4] Disability rights over time**

**Context:**
World Disability Day is being celebrated today on December 3, 2017. The annual observance of International Day of Disabled Persons was first proclaimed in 1992. The United Nations General Assembly resolution 47/3 brought this observance into being. The observance of the day aims at bridging the gap in the society and brings an understanding of disability issues and brings dignity, rights, and well-being of persons with disabilities.

It aims to bring the disabled people at the forefront in the society and get them included in every aspect of political, social, economic and cultural life

**Assumptions about the disabled:**

- Disabled people are the most vulnerable section of society and have been ignored by state and society alike since long.
- Disabled people have always been dependent and, therefore, need helping hands and gracious charity.
- Disabled people are victims of their own bad luck.
- Disability is the punishment for sins he has never committed in this life.
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Such assumptions about the disabled do nothing to help them. This approach perpetuates the stereotype of the disabled as victims and objects of pity and charity.

The Disability Rights Movement:

Unlike other movements like Feminism or Lesbian Movements which have distinct agendas of either gender justice or the right to sexual orientation, the Disability Rights Movement does not have systematic path.

Disability Rights Movement even in the West has a very recent origin and tries to draw strength from the traditional legal order rather than by critiquing or deconstructing it.

The Disability Rights Movement in India and in Third World countries is disorganized and there are no written documents to trace its origin.

Instead of coming together, sections of disabled viz. blind persons, persons with physical disability, deaf and dumb persons and those with mental disabilities have launched their movements and struggles separately, mainly through NGOs.

- The disability rights movement gained momentum in the 1970s when disability was started to be seen as a human rights issue. This is when the UN General Assembly proclaimed in 1976 that 1981 would be the International Year of Disabled Persons.

- Later, 1983-1992 was marked as the United Nations Decade of Disabled Persons.

- The UN Convention on the Rights of Persons with Disabilities (UNCRPD), 2006 was a big step towards viewing persons as “subjects with rights” and not “objects of charity”.

- Further, the 2030 Agenda for Sustainable Development pledges to “leave no one behind”. It states that persons with disabilities must be both “beneficiaries and agents of change”.

However, attitudinal, institutional, and infrastructural barriers remain, with the World Bank stating that 15% of the world’s population experience some form of disability and that they “on average, as a group, are more likely to experience adverse socioeconomic outcomes than persons without disabilities”.

In 2011, the World Health Organisation came up with a world report on disability for the first time. Its introduction showed how disabled persons aren’t “other people”, but that all of us at some point will be “temporarily or permanently impaired” and those “who survive to old age will experience increasing difficulties in functioning.”

Government’s Relief for the disabled in India:

- Until 1995 there was no law that even defined discrimination against people with disabilities. It is only with the ‘Persons with Disabilities Act,’ passed in 1995 that discrimination specifically against persons with disabilities came under the purview of the law.

- Objective of the Act was to spell out the responsibility of the State towards the prevention of disabilities, protection of rights, provision of medical care, education, training, employment and rehabilitation of persons with disabilities.

- In India, according to the 2011 Census, 2.21% of the population has one or multiple types of disabilities, making the country home to one of the largest disabled populations in the world.

- Legislation moved forward last year in India when the Rights of Persons with Disabilities Act was passed, replacing the Persons with Disabilities Act, 1995.

Rights of Persons with Disabilities Act, 2016

- The 2016 Act recognises 21 kinds of disabilities compared to the previous seven, including dwarfism, speech and language disability, and three blood disorders.

- It fulfils the obligations to the United National Convention on the Rights of Persons with Disabilities (UNCRPD), to which India is a signatory.

- Responsibility has been cast upon the appropriate governments to take effective measures to ensure that the persons with disabilities enjoy their rights equally with others.
Every child with benchmark disability between the age group of 6 and 18 years shall have the right to free education

The new Act also increased the quota for disability reservation in higher educational institutions from 3% to 5% and in government jobs from 3% to 4%, for a more inclusive society.

The Act provides for grant of guardianship by District Court under which there will be joint decision – making between the guardian and the persons with disabilities.

Broad based Central & State Advisory Boards on Disability are to be set up to serve as apex policy making bodies at the Central and State level.

Creation of National and State Fund will be created to provide financial support to the persons with disabilities.

Way forward

✓ Legislation alone is not enough; implementation remains abysmal. For instance, data from the National Centre for Promotion of Employment for Disabled People show that 84% of seats for persons with disabilities lie vacant in top universities.

✓ The success of this Act would, however, depend much upon the extent to which the political leaders and bureaucratic executive internalizes the values, sensibilities and goals enshrined in the Act. If persons with disability are to be regarded as full citizens of India, their right to equal concern and respect must find its expression in the supreme law of the land.

✓ While we have a long way to go in implementing these laws, we must also keep in mind that a one-size-fits-all approach is unhelpful for disabled persons. Levels and types of disabilities differ and so do needs.

[5] GST opens up a lot of data for policymaking

Context:
The Chief Statistician of India speaks of the economy, the meaning of the new series of GDP data, and the need to wait for the impact of demonetisation to unfold.

What has been the impact of restocking on the growth of the manufacturing sector in Q2?

- During the period just before the GST was launched and the Q1 estimates, firms were clearing inventory because of the issues involved with the tax treatment of goods produced prior to the GST rollout and selling products manufactured pre-GST in the post-GST regime.
- The only statistical evidence that is available is in the company filings which were made available for Q1. There, the change in stock figures was sharply negative. In manufacturing companies, the change in stocks figure is negative for Q2 as well.
- Most companies draw down their inventories during the festive season and maintain an inventory balance in the slack season, partly to smooth production out.
- Factory output recorded a sharp rebound in August to touch a nine-month-high growth of 4.3 per cent during the month against a downward revised 0.9 per cent growth recorded in July, according to data released by the Central Statistics Office (CSO).
- The surge in industrial production in August was led by the 3.1 per cent expansion in the manufacturing sector, primarily as restocking of manufactured items picked up steam after the introduction of the Goods and Services Tax (GST) and prior to the festive season.
- While the impact of post-GST restocking may have started to fade, inventory building prior to the festive season is likely to have bolstered manufacturing growth.

What more can be done to capture data of the informal sector?

- The informal sector is defined as that part of the economy where the establishment does not maintain regular accounts. It is informal because it is not subject to most of the traditional ways in which you can capture data.
- The informal sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than 10 total workers.
INSIGHTS into EDITORIAL

- GST will certainly capture a lot more monthly data. Formally, if you look at the GST form, every producer of a good or service makes his payment and also gives some details about the production which is subject to tax. From that, conclusions can be drawn.

- But, even with GST, you are not going to get the informal sector in that sense because the entities who will be filing this regular monthly return will be the larger companies, not the informal sector.

- Insofar as the smaller companies are concerned, some things will be possible with the data from the composition scheme data, but it won’t be as granular as you get in the non-composition scheme GST data.

- But for the informal sector, the principle source of data is through establishment surveys. Regular establishment surveys, as recommended by the taskforce under [Arvind] Panagariya, will help here.

Composition scheme under GST:

- Goods and Services Tax has brought in a new regime of business compliance in India. Large organizations have the requisite resources and expertise to address these requirements. On the flip side, many start-ups and Small and Medium Enterprises (SMEs) may struggle to comply with these provisions. To resolve such scenarios, the government has introduced Composition Scheme under GST. When opting for the Composition Scheme under GST, a taxpayer will be required to file summarized returns on a quarterly basis, instead of three monthly returns (as applicable for normal businesses).

- During 23rd GST Council Meeting, threshold for composition scheme has been increased to 1.5 Cr.

Does GST opens up more data for policymaking?

GST opens up a lot.

- In addition to aggregates, we will also get data on inter-State transactions which were previously not available.

- This will give us a much better picture of a spatial spread of economic activity.

- Earlier it was assumed that when manufacturing has picked up, it has picked uniformly all over India. What GST will allow us to do is get a spatial perspective on this.

- We may well find that the pickup has taken place in X band of States and not in Y band. That sort of information will be very useful to the policy establishment when they start looking at GST data more closely.

With more than three quarters worth of data, can you now estimate the effect of demonetisation?

- To quantify what demonetisation did or did not do, we would need to do a proper exercise where we would have a counterfactual compared to the post-demonetisation exercise. Statistically, that will not happen for some time because it will need enough time series to generate counterfactuals and do the comparison.

- It is important to note that all that demonetisation constituted was less than a two quarter period in which there was a currency squeeze. By and large, large entities did not show much of an impact, as revealed in corporate filings.

- Then everybody said that this will be taking place in the informal sector. Not because there was any data for it, but because there must be an effect, and if it’s not in the formal sector, it must be in the informal sector. Fair enough. But the problem is that the informal sector is certainly cash dependent but it is also relationship dependent.

- The demonetisation effect has been overblown insofar as the negative effect is concerned on account of neglect of this channel of credit. Further, the demonetisation story is more complicated than just the cash change story. There is a larger narrative hidden behind it in trying to promote digital transactions. What those impacts are going to be, we are still trying to see. What you do see is that the trajectory of digital transactions has changed.

Since the release of the new series of GDP data, the government has received criticism regarding the back series of the data sets using the new computation methods. By when can we expect this to be released?

- The Ministry of Corporate Affairs (MCA) gave us a much bigger picture of the corporate structure.

- The earlier data that we had about the corporate structure is what we had from the listed companies.

- The problem we face is of using the longer series of data on listed companies and deriving a growth pattern for the full corporate structure from it. This is analytically a challenging exercise.
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- GST is going to give us a database about the economy which is qualitatively very different from anything we had in the past. It will give us, for example, a transactional relationship across the country which we did not have earlier. We will be able to build it into our GDP compilations and improve its quality enormously. But for somebody who asks for a back series on this methodology, the answer is not going to be easy.

- This is something that it is important to recognise. When you modernise a statistical system and bring in new ways of capturing data which did not exist in the past, not simply updates of the old data, the problem of backward projection is much more difficult. This is something that time-series economists will have to live with.

How worried should one be about the Centre’s fiscal deficit numbers?

- Recent CGA report says that the fiscal deficit is 96% of the total. Many economist, jumped to all sorts of conclusions which may not be true in totality.

- Because, Government preponed the Budget calendar to allow government expenditure to start from April 1. There is enough evidence to suggest that that did happen. The Q1 government expenditure compared to last year was much better.

- Therefore one would expect that by the end of Q2, the average government expenditure level would be higher than what it was last year.

- Many expenditure management committees have pointed out that the earlier tendency of delayed bunching expenditure in the last quarter is very bad for both the quality of expenditure and fiscal management.

- There were a number of recommendations about how the government should better manage its expenditure so as to minimise the amount of expenditure that takes place in the last quarter and last month.

- One consequence of this is that, during the year, the fiscal deficit is going to rise because the revenue profile has not changed due to this manipulation of budget dates.

- The government has made some efforts to push the revenue profile back by changing the advance tax rules but those effects will be small. By and large, the revenue profile would remain the same as last year but the expenditure profile has changed, so the logical implication is that the fiscal deficit will rise at this stage.

[6] Of crime and punishment

Context:
As the world encounters crime and criminality of a more and more complicated nature, as new kinds of crime surface and become the norm, record-keeping must be seen to keep pace with the changes. Adequate and up-to-date records on crime are necessary to tackle crime effectively.

Low conviction rates and a lack of a lawful definition of crime mark criminal administration in India.

The National Crime Records Bureau, which comes under the Union Ministry of Home Affairs, has released its annual publication, “Crime in India 2016”. The NCRB is responsible for the collation of annual data on crime in the country.

‘Crime in India’ report, 2016

- The latest report is the 64th edition of “Crime in India”, which has been published since 1953. The annual report provides information on all the FIRs registered under the Indian Penal Code (IPC) as well as under Special and Local Laws (SLL) by the police in all of India’s states and Union territories. Information is also provided on the disposal of the FIRs registered.

- Latest report from NCRB has several additions – new entities, new accounting, new chapters, and new kinds of crime and/or new records on crimes hitherto undocumented in the report.

- Together, these new features appear to show that an effort has been made, under the current administration, to evolve, expand and prioritise effective and adequate record-keeping, which will only help to bring India closer to global best practices in maintaining criminal and crime records.
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What’s New in ‘Crime in India 2016’?

1. City-Wise Data

For the first time, city-wise incidence of crimes and disposal for 19 metropolitan cities having a population above 2 million has been included under different chapters like Crime against Women, Cyber Crimes and Economic Crimes. The analysis itself shows that Delhi accounted for 38.8% of total IPC crimes reported in the cities, followed by Bengaluru (8.9%) and Mumbai (7.7%).

Why is City-Wise Crime Data Necessary?

India is in the middle of rapid and large-scale urbanisation. Even as more and more people tend to live in India’s cities – based on both past and present migration — semi-urban and rural areas are also undergoing urbanisation, often without movement of people. The net result is that more and more Indians are living, or beginning to live, in urban areas.

Now, with rising populations and the increasing importance of metropolitan cities, it is necessary to collect crime data specific to a particular city.

• Such data incentivises city administrations to make a sense of their law and order situation.
• It also helps them strategize effectively for the maintenance of the same.
• Nationally collating city-wise crime data would offer lessons to urban law-keeping authorities across the country that can also immediately learn from relevant examples elsewhere.
• It further creates a healthy competition among metropolitan cities to fare better in future records. For instance, if Delhi has high crime statistics, it can take its cue from specific crimes, such as crime against women, where it fares poorly and frame its strategy accordingly.

2. Seizure of Arms, Ammunitions, Drugs & Currency

It is also for the first time that statistics on the seizure of arms, ammunition, drugs and currency by the CAPFs/CPOs (Assam Rifles, CISF, BSF, CRPF, NIA and SSB) have been included.

• It is extremely important to collate data on arms and ammunitions to curb insurgency, gun violence, and other arms-related crimes.
• The fact is that, gun-running and arms smuggling is a very big problem globally.
• Added to that, the persistence of terror and terror-related treats make it imperative for security forces and law-keepers to have data on arms at their disposal.

3. New Chapter on Missing Persons

A new chapter on Missing Persons & Children has been included in the “Crime in India 2016”. A total of 5, 49,008 individuals (2, 34,334 male and 3, 14,674 female) were reported missing in 2016.

• This data is available state-wise, which makes it easier for the administration to target specific states and counter problems like human trafficking, kidnapping, etc.
• Also, there was a Supreme Court direction regarding data on “missing (and traced) persons and children”. This, too, has been met in the latest NCRB report.

Analysis of “Crime in India 2016” report

“Crime in India 2016” presents a dismal picture of the key performance statistic with only 47% convictions in Indian Penal Code (IPC) crimes at the national level.

1. Reporting and recording

• Delhi provides an interesting case study, where there is no political interference and the Police Commissioner reports to the Lieutenant Governor, and not the Chief Minister.
• With a population smaller than Mumbai, it has two times the number of police stations. Yet, in Delhi, while 1, 90,876 persons were sent to trial last year, there were only 9,837 IPC convictions in the year. In Delhi only 58% of those arrested were charge sheeted, while in Mumbai, more persons were charge sheeted than were arrested for IPC crimes.
The key statistic of police performance is not merely correct reporting and recording but charge sheets and convictions, as this impact on criminal behaviour.

2. DNA testing
   - DNA testing, which can secure higher conviction rates, is, inexplicably, a low priority.
   - Delays in this crucial evidence, which plays an important factor in acquittals, are a setback as samples deteriorate with time.

3. No of Crimes reported
   - Delhi accounts for 38% of the total crime under the IPC.
   - Delhi accounts for five times the IPC crime when compared with Mumbai, and 33% of violent crime in metros when compared with 13% in Mumbai.
   - Crime prevention is affected by conviction rate, beat patrolling, and by the police and community working together.

Unresolved issues
There is a need to distinguish between accountability and operational responsibility with focus on clear performance measures. In addition to those related to roles and responsibilities, there are also systemic issues.

- Despite the recommendations of Law Commissions and the Supreme Court, as well going by experience in the developed world, we do not have separate wings for investigation of crime and for law and order.
- Related to this reform is the debate whether the police are a functional “service” based on skills of investigation or a “force” oriented towards “effect” which on command will operate regardless of the cost to itself or the social fabric.
- Similarly, in most countries, the prosecutor, and not the police, has discretion on whether to press charges as they involve adjudication. Years ago, the Law Commission had suggested a directorate of prosecution independent of the police to guide investigation.
- There is still controversy over which kinds of conduct are best controlled by the application of criminal law and which kinds by other means.
- Cases related to liquor and motor vehicles account for more than a third of all cases.
- The criminal justice system may be limited to crimes under the IPC, while enforcement of administrative law and social legislation requires a different approach involving summary trials, changing societal attitudes and modes of behaviour.
- The effectiveness of prisons is now being questioned.
- Nearly two-thirds of the prison population is awaiting trial and half the number of under trials is normally acquitted.
- Over 80% of prisoners are sentenced to terms less than three months, 40% are under 30 years old, semi-literate and convicted under special and local acts.
- Criminologists now feel that short-term sentences expose such prisoners to criminal indoctrination in jail and social condemnation on release, with a strong case for greater reliance on compounding, probation and parole.

Conclusion
Expanded crime records have been a necessity for India, with its vast population and size. It was also necessary as we inhabit a world witnessing increasingly complex kinds of crime.

The expansion itself points at an evolving idea of crime and in record-keeping vis-à-vis crime. If law and order agencies as well as security forces are to keep apace crime and criminals and bring them to book, they must have the right intellectual and instrumental resources.

A large part of that is fulfilled by improved record-keeping, which helps authorities – as well as ordinary citizens – understand better the crime scene and tackle the same, even as they adapt their behavioural patterns accordingly.

To maintain law and order and defeat crime, first of all, crime must be known in its totality to the extent possible. It is encouraging to see steps being taken towards this as evidenced in “Crime in India 2016”.
[7] Is there a case for a relook at EVMs?

Context:
The issue of credibility of EVMs has become quite complicated with different parties raising serious objections about the functioning of the machines.

The controversy surrounding the electronic voting machine (EVM) tampering was reignited after the Congress and the Aam Aadmi Party raised the issue with the Election Commission.

Some leaders have gone to the extent of saying that the machines are being tampered with in order to favour the ruling party.

An open challenge was given by EC to prove allegations of EVM tampering.

However, in the recent local elections in U.P, Not only has the reliability of the machines been questioned, so has the credibility of the EC.

What is an EVM and how exactly does it work?

- EVMs or electronic voting machines provide the voter with a button for each choice which is connected by a cable to an electronic ballot box.
- An EVM consists of two units—control unit and balloting unit—and these two are connected by a five-meter cable. When a voter presses a button against the candidate he/she wishes to vote for, the machine locks itself.
- This EVM can be opened only with a new ballot number. This way, EVMs ensure that one person gets to vote only once.

When were EVMs first used in elections?

The use of EVM started back in 1982 Kerala Assembly elections. Prior to this only ballot papers and ballot boxes were allowed.

Production and Design

There are only two Indian PSUs (Bharat Electronic Limited (BEL), Electronics Corporation of Indian Limited (ECIL)) that manufacture EVM machines. The secret source code is only accessible to a few engineers. Engineers who are in the factory have no clue about the constituency wise deployment of the machine.

Why is India using EVMs?

Holding free, fair, and fast elections is a cornerstone of democracy and is guaranteed by the Constitution. Introduction of EVMs by due process of consultation and constitutional amendment in the 1980s and ‘90s was a step in the right direction to further strengthen the democratic process in India, which is by far the largest democracy in the world with more than 800 million voters.

Using EVMs means doing away with paper ballots, and in turn, saving millions of trees from being cut.

- It makes the entire process of voting simpler—a click on the button and your vote is registered.
- EVMs, in the long-run, have turned out to be cost-effective as well.
- These machines don’t require electricity and run on batteries.
- At the same time, the EVMs are lighter and portable compared to the huge ballot boxes.
- And most importantly, EVMs have made the vote-counting process much faster, delivering results in hours as against manual counting of votes which could take days.

VVPAT comes into the picture

- After concerns were raised on whether EVMs are tamper-proof, the Election Commission appointed a committee to look into the possibility of linking the EVMs to a paper trail machine to show voters a slip with the party symbol for which they have voted. As a result, voters can immediately check if their vote is cast for the person/party of their choice.
- The Voter-Verified Paper Audit Trail (VVPAT) was first used in 2013 in Nagaland’s Noksen Assembly constituency.
Questions are raised on EVMs, Yet again

- The EC has steadfastly maintained that the machines are perfect and that the software has been examined and re-examined by international experts.

- On the other, some IIT-trained engineers have shown how the machines can actually be manipulated by remote devices, or by inserting pre-programmed chips, or by selectively tampering with only 20% of them to secure a simple majority. So, only a few constituencies will have those “chosen” machines and that would be enough to tilt the balance in favour of the ruling party.

- The EC says these allegations are outrageous because the whole system and process have been shown to detractors and the matter is settled.

- Yet it appears far from settled. In the recent local elections in U.P., the BJP won more in places where there were machines without the concomitant paper trail, and non-BJP parties won more where there were only ballot papers. Not only has the reliability of the machines been questioned, so has the credibility of the EC.

- It is for the first time in India’s electoral history that the EC has been suspected of bias in favour of a ruling party.

Arguments that are in favour of Paper Ballot

Following arguments question the EVM system and support Paper ballot.

- We invariably come across reports of malfunctioning EVMs.

- The only way an EVM can be tampered with is by physically opening it up and replacing the chipset inside it. The chipset used is non-reprogrammable and data is ‘burnt’ into the device. So, today it is possible to replace the chip if we have access to EVMs.

- On the VVPAT (voter verifiable paper audit trail) front too, there are reports of malfunctioning. Also, as per the rules, paper ballots and VVPAT machines are not counted until the Returning Officer asks for it.

- The outcome of the recent Uttar Pradesh civic polls suggests that tampering could be happening.

- Oldest democracy, US, still uses paper ballot system for the presidential elections as Americans feel safer in using paper ballots as compared to electronic voting machines.

However, there are problems of paper ballot.

- Transporting them and guarding them is a problem.

- Ballot boxes can be captured.

Arguments in support of significance of EVMs

- EVMs led to a significant decline in electoral fraud, particularly in politically sensitive States as rigging elections became extremely expensive.

- Research has shown a link between luminosity and growth rate, suggesting that EVMs contribute to development.

- EVMs empowered those from the weaker sections of society who were victims of political or electoral violence. In particular, women, lower castes, and those less educated were more likely to participate in the electoral process when EVMs were used.

- EVMs made the electoral process more competitive.

- There has been a significant decline in the incidence of re-election, and winning margins have reduced dramatically.

However, this does not imply that we lower our guards. The very idea of democracy is based on trust and belief in the fairness of the electoral process where the losing party lives to fight another day. Any erosion of this trust and belief would be an irreversible process with an uncertain outcome.

What is the Way forward?

The competitive electoral process checks the self-interest of political leaders in their quest for power.

Our institutions, the EC, and the courts also share the responsibility to check the powers of popularly elected leaders to ensure that democracy does not become a mobocracy.
Even though many arguments favour introduction of EVMs was a step in the right direction, it is not the final destination. If EVMs are manipulated, all the votes could be captured with a greater degree of sophistication to favour one party. Tampering with EVMs would make booth capturing much easier. Besides, time and again the Election Commission (EC) has said that the machines cannot be hacked into as they are designed in such a manner so as to make that impossible.

To overcome the dangers of manipulation, we must remain sceptical and accept the reality that the EVM issue is not simple. The fact that the issue is complicated necessitates a measure of caution in its application.

[8] Unable to see the bamboo for the trees

Context:
Centre promulgated Indian Forest (Amendment) Ordinance to encourage bamboo cultivation in non-forest areas. Centre to “de-regulate” bamboo production by amending the definition of “trees” under the Indian Forest Act (IFA), 1927.

The ordinance exempts bamboo grown in non-forest areas from the definition of tree, thereby dispensing with the requirement of felling and transit permit for its economic use.

Bamboo grown in the forest areas shall continue to be governed by the provisions of Indian Forest Act.

Why was the amendment promulgated?
- Bamboo, though, taxonomically a grass, was legally defined as a tree under the Indian Forest Act, 1927.
- Before this amendment, the felling and transit of bamboo grown on forest as well as non-forest land attracted the provisions of the Indian Forest Act and was a major impediment for bamboo cultivation by farmers on non-forest land.
- In November 2017, the Central government issued an ordinance whereby “bamboo” was deleted from the clause that defines “trees” in the IFA.

Indian Forest Act, 1927

The Indian Forest Act, 1927 was largely based on previous Indian Forest Acts implemented under the British. The most famous one was the Indian Forest Act of 1878.

- Both the 1878 act and the 1927 one sought to consolidate and reserve the areas having forest cover, or significant wildlife, to regulate movement and transit of forest produce, and duty leviable on timber and other forest produce.
- It also defines the procedure to be followed for declaring an area to be a Reserved Forest, a Protected Forest or a Village Forest.
- It defines what a forest offence is, what are the acts prohibited inside a Reserved Forest, and penalties leviable on violation of the provisions of the Act.

The British mis-definition was a blatant appropriation of people’s resources. By including bamboo under trees (Section 2(7)), and felled trees under timber (Section 2(6)), and timber in forest produce (Section 2(4)(a)) regardless of its origin, the British established state control on all tree and bamboo growth.

Felling, sale and transport of any of these species then required state permission. Post-independence India continued this policy.

Removing bamboo from “trees” amounts to removing it from state control, and should be a huge step in favour of restoring people’s rights.
The Impediments

1. **Multiple laws and caveats**
   
   Most States have passed their own forest Acts and Rules.
   
   - Many have also passed other Acts that, for instance, regulate tree felling outside forest areas, such as the Karnataka Preservation of Trees Act, 1976, or regulate the movement of forest produce, such as the Madhya Pradesh Van Upaj (Vyapar Viniyaman) Adhiniyam 1969.
   - Each of these Acts and Rules defines forest produce and trees, and includes bamboo in them.

   Amending the IFA does not affect these State laws and, therefore, changes little on the ground.

2. **Point of ownership**

   The bulk of bamboo in the country today is on forest lands. But “forest lands” is an umbrella term that includes, for instance, community forest lands in Northeast India. Following the Supreme Court’s Godavarman judgment, tree harvest in all these lands is regulated by the forest department.

   The question is whether the amendment also covers bamboo grown on these lands.
   
   - Bamboo forestry on private lands may not be remunerative enough for farmers or desirable from a food production perspective.

3. **Problems for guards at forest check posts to know where a particular truckload of bamboo is coming from. Trucks from private lands will need transit passes, which means that forest officials will have to monitor the felling**

The Need of the Hour

- Deregulating bamboo production does not address the issue of building a transparently governed forest sector.
- “Forest lands” also includes community forest resources to which title has been granted under the Forest Rights Act (FRA), 2006. Tens of thousands of gram sabhas have now received such titles. The FRA explicitly grants rights over bamboo and other non-timber forest products such as tendu patta to forest dwellers. Nevertheless, forest officials have constantly (illegally) denied bamboo harvesting and transport rights to communities, citing the IFA.
- In Maharashtra, Governor unequivocally amended the IFA as well as other State Acts to exclude bamboo and tendu patta from State control, facilitating a mini-revolution in forest-based livelihoods in eastern Maharashtra in the past few years.
- The need of the hour is to follow in Maharashtra’s footsteps and remove any caveats accompanying the amendment of the IFA, and amend all other State-level Acts and Rules to remove any contradictions with the FRA.
- The removal of obstacles to the exercise of community rights will open up an alternative form of forestry, managed and regulated by communities. The government would do well to address the real challenge of building a productive, bottom-up managed and transparently governed forest sector.

Conclusion

The amendment was cleared as an ordinance and is therefore yet to get parliamentary backing. However experts welcomed it saying that it removed ambiguity on the status of bamboo and also brought it in harmony with the related Forest Rights Act.

The measure will go a long way in enhancing the agricultural income of farmers and tribal, especially in North-East and Central India.

[9] **Getting back on track**

**Context:**

The national income numbers for the second quarter of 2017-18 released by CSO (Central Statistics Office) has come as a relief. Gross Domestic Product (GDP) has grown at 6.3% year-on-year compared to 5.7% in the first quarter but still lower than 7.5% a year ago.

The forecasters and economists were relieved that the announced data had mostly conformed to their expectations. Industry and business people were now hopeful that this was the first instance of a sustained upward trajectory of growth.
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The trend of declining growth rate quarter after quarter, which was seen in the last one year, has been reversed. This is a welcome sign. However, doubts and concerns persist for some.

Why is GDP growth rate in Q2 more significant?

It is true that development has many dimensions and for a balanced view, one must look at all of them. Nevertheless, GDP is an important indicator of the performance of the economy, and a faster rate of growth is most often a prerequisite for rapid social development.

GDP growth rate at constant prices during the second quarter of this fiscal is estimated at 6.3 percent which is up from 5.7 percent over the first quarter. It was 7.5 per cent in the corresponding period of last year.

- The GDP growth has seen a reversal trend from declining trend in the last five quarters.
- This growth happened on the back of good growth in manufacturing sector, electricity, gas, water supply and other utilities.
- The manufacturing sector in the second quarter of 2017-18 grew by 7 per cent against 1.2% in the previous quarter. This is really a turnaround. In the corresponding quarter in the previous year, the growth rate was 7.7%.
- Agriculture, forestry and fishing sectors are estimated to have grown by 1.7 per cent.
- The services component of trade, hotels, transport and communications also grew smartly at 10.5% for the half year, as compared to 8.3% a year ago.
- Three other sectors which have grown strongly are the two subsectors under services — trade, hotels, etc., and public administration — besides electricity and other utility services.
- The trade sector grew by 9.9%
- Public administration grew at 6%, much lower than the previous quarters but still reasonably high. In fact, it is a good sign that despite a lower growth of government expenditure, overall growth rate picked up.
- The growth rate in agriculture was low at 1.7%. This was to be expected because the growth rate in agriculture was very strong the previous year. Even though the monsoon has been good, one should not expect a much stronger growth over a good year. The construction sector grew at 2.6% only. It is yet to recover from the impact of demonetisation. But that should not come as a surprise as demonetisation was directly meant to hurt the way business was being done in this sector.

The most significant aspect of this quarter’s positive result is that it has been significantly bolstered by the growth in manufacturing.

It appears that the manufacturing sector has come out of the disruptions caused by demonetisation and more particularly, the implementation of the goods and services tax.

Discouraging signals

1. Behaviour of GCFC:

   GCFC (which stands for investment activity) refers to the net increase in physical assets within the measurement period. It does not account for the consumption (depreciation) of fixed capital, and also does not include land purchases.

   It is true that GCFC at current prices grew at 6.3% in Q2 against 2.9% in the corresponding period last fiscal. This shows an improvement in terms of sentiment.

   However, as the growth rate of GCFC fell below the growth rate of GDP, the ratio of GCFC to GDP has fallen from 27.1% to 26.4%. This is truly disturbing. The fall must be due to a decline in private investment, as public investment during this period has done reasonably well.

   Without a rise in the private investment rate, sustained high growth cannot be maintained.

2. Doubts about the high growth in manufacturing

   Manufacturing too grew faster at 7% compared to only 1.2% during the previous quarter. This data is a bit puzzling since it seems inconsistent with the data on the Index of Industrial Production (IIP), whose growth is only 2.2% during this quarter.
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There is, of course, a difference between the national income and IIP figures, the former dealing with value added and the latter with total production. Nevertheless, such sharp differences raise some concerns.

In the new methodology in estimating value added in the manufacturing sector, corporate data play a major role. This approach is not incorrect. Though many committees on savings have recommended the use of corporate sector data, some cross-checking is needed.

The government has set up the National Statistical Commission to give credibility to the Indian Statistical System. It must make effective use of it. Perhaps a clear statement from the National Statistical Commission will help to put the doubts at rest.

Exports are the key

- The world at large is experiencing one of its strongest growth phases. Indeed, the International Monetary Fund has revised its growth projections upwards for most countries. In such a scenario, India’s sluggish exports are a cause of worry. When the world economy does well, India’s exports should be flourishing. World trade in 2017 is expected to grow at 1.7% compared to 0.8% in 2016. Improvement in the external environment may help to raise our exports.

- The exporting sectors fortunes are closely linked with the manufacturing sector. Exports create jobs, especially in small and medium enterprises. Why can’t India’s small enterprises sell on global portals like Alibaba and Amazon? What are the hurdles? Is the GST framework (with delayed refunds) inhibiting the growth of exports? What are the policy and other bottlenecks? These are the issues that we need to grapple with to sustain an upward growth path.

Need of Private sector investment

- After staying at the same level for two quarters, Gross Value Added (GVA) has moved up. This may be broadly taken to mean that the decline in growth rate has bottomed out. Perhaps the glitches caused by GST have been overcome. That only amounts to the removal of a negative factor. Therefore, the immediate prospect is some improvement in the growth rate in the next two quarters.

- In the next two quarters, there is not much space for public administration to push the economy. Last year, a reasonable rate of growth was achieved because of the strong growth of government expenditure in all quarters. This year, at the end of the third quarter, fiscal deficit has almost reached the budgeted level. At this stage of the fiscal year, the deficit is running at 96.1% of the annual target. Last year at this stage it was only at 79.3%. However, as chief statistician of India said, pre-pone of the Budget calendar to allow government expenditure to start from April 1 may be one of the reasons.

- Even after allowing for some slippage, it is unlikely that government expenditure can act as a driver of growth.

- Thus, while one can expect the growth rate to pick up in the second half, any substantial increase depends on the behaviour of private investment which remains intractable. All the improvements in the Ease of Doing Business (EODB) ranking are meaningless unless we see substantial pick-up in private sector investment.

Way forward

- For growth to pick up in a strong way, policymakers need to address the issue of declining investment rate.

- As pointed out already, the GFCF ratio has fallen to 26.4%. As late as 2014-15, the GFCF rate was 30.8%. Only when the reversal of this trend happens can we be assured of a sustained high growth of 7% plus.

- The excess capacity built up during the boom period must have been used up by now. A complex set of factors is keeping down the private investment rate. These factors need to be addressed in order to push up private investment, even as the pace of public capital expenditures, which have shown a pick up recently, is maintained.

- We need to acknowledge that unlike last year, this year the government has less fiscal room to pump prime growth. Oil prices have gone up in the past few months, taking away the fiscal dividend.

- GST, Real Estate (Regulation and Development) Act, Insolvency Code are all great reforms for the medium to long term.

- But the next few quarters call for sustaining consumption, inviting private investment, energising agriculture, and giving a big fillip to exports.
[10] Powering rural healthcare

Context:
Around 38 million Indians rely on health facilities without electricity. Without access to regular power supply, numerous life-saving interventions cannot be undertaken.

A study, ‘Powering Primary Healthcare through Solar in India: Lessons from Chhattisgarh’, highlights the role of solar energy in bridging the gaps in electricity access in rural healthcare facilities.

Providing solar-powered systems across primary health centres can improve health outcomes.

Health: The Essential Element of Well-being
- Health and well-being play a vital role in development and poverty reduction. Good health is one of the most valued aspects of well-being and a critical element in the quality of life. Good health also represents instrumental values through the enhancement of opportunities to participate in education, training, and the labour market.
- Human Development Index (HDI) and the Multidimensional Poverty Index (MPI), have some parameters that reflect the status of good health of a community.
- The Sustainable Development Goals (SDGs), apart from setting targets for reduction in maternal and child mortality and other health risks, explicitly state the need for universal health coverage (UHC) as well as recognise the need for an affordable and robust health delivery system. UHC includes financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
- In India, about 55% of all households depend on the public health system to meet their healthcare needs. This dependence is higher in rural areas. For most people, the PHC at the village level serves as the first point of contact or the first referral unit. Therefore, the effective functioning of PHCs plays an important role in facilitating UHC.
- However, the lack of healthcare infrastructure has been a limiting factor in the ability of the system to provide timely and quality care to all those who need it.

Electricity as an enabler of health service delivery
- For a long time, the focus of electricity access has been largely at the household level. It is only recently that access to electricity is also being recognised as critical for public services like electricity for health facilities, schools and street lighting. In health facilities, regular electricity access is necessary for deliveries, storage of vaccines, provision of emergency services, supply of clean water, and retention of skilled staff.
- A recent publication by the WHO and the World Bank maintains that besides improving the direct functionality of health facilities, access to electricity is equally instrumental in attracting and retaining skilled health workers, especially in rural areas.
- In India, Primary Health Centres (PHCs) ensure last-mile delivery of healthcare services, that is, at the village level. However, one in every two PHCs in India, and one in every three in Chhattisgarh, is either un-electrified or suffers from irregular power supply. This extent of power deficiency across PHCs could hamper the provision of healthcare services in the country.

Ground report
A study, ‘Powering Primary Healthcare through Solar in India: Lessons from Chhattisgarh’, published recently by the Council on Energy, Environment and Water (CEEW) and supported by Oxfam India, evaluated 147 primary healthcare centres (PHCs) across 15 districts in Chhattisgarh.
- It highlights the role of solar energy in bridging the gaps in electricity access in rural healthcare facilities. In rural India, PHCs provide the last-mile delivery of healthcare services.
The Rural Health Statistics 2016 data find that India has around 25,000 PHCs, and of the functional PHCs, 6% are not electrified implying that over 38 million rural households depend on health facilities that have no electricity.

Further, the fourth round of District Level Household and Facility Survey data indicates that one in every two PHCs in rural India is either not electrified or suffers from irregular power supply. This also results in health facilities having to rely on expensive backup options like diesel generators that have significant cost implications.

The use of renewable energy sources such as solar could help PHCs augment or even substitute traditional grid-based power systems. This would also help the transition towards a low-carbon, climate-smart healthcare system. Moreover, solar systems can facilitate reliable and uninterrupted electricity supply critical for 24/7 emergency services, deliveries and neonatal care, as well as inpatient and outpatient services.

Chhattisgarh: State of Healthcare and Health Infrastructure

- Chhattisgarh, as a state with a predominantly rural population, Chhattisgarh faces the challenges of inadequately skilled human resources, poor physical infrastructure, and other supply-side gaps with respect to the delivery of quality healthcare.

- In order to augment electricity supply across PHCs in power-surplus Chhattisgarh, the Chhattisgarh Renewable Energy Development Agency (CREDA), between 2012 and 2016, installed off-grid solar photovoltaic (PV) systems of 2kW each in 570 PHCs.

Electricity Access and Its Impact on Healthcare Services in PHCs in Chhattisgarh:

- Districts in Chhattisgarh with a higher share of power-deficit PHCs (with less than 20 hours of electricity supply per day from the grid), showed a higher infant mortality rate, a higher under-five mortality rate, and a lower proportion of fully immunised children.

- The CEEW study found that the solar-powered PHCs in Chhattisgarh admitted over 50% more patients and conducted almost twice the number of child deliveries in a month compared to the power-deficit PHCs without a solar system.

- The ability of solar-powered PHCs to maintain cold chains to store vaccines and drugs and operate new-born care equipment has significantly improved.

- Almost one-fourth of the power-deficit PHCs in Chhattisgarh relied exclusively on solar as a backup to run cold chain equipment.

- Continuous electricity supply must be ensured to cold chains at PHCs, especially in rural Chhattisgarh, which has an infant mortality rate that is higher than the average for rural India. Further, patients showed more willingness to get admitted for treatment at the solar-powered PHCs due to facilities like running fans.

- Also, 90% of PHCs with solar systems reported cost savings due to lower electricity bills or reduced expenditure on diesel.

Key Lessons for Electricity Access and Intervention Designs

The role of electricity as an enabler of the cost-effective and targeted delivery of health services is being recognised across the world.

Scaling-up solar-powered systems across PHCs in rural India is dependent on various factors.

1. The first is to recognise the critical nature of electricity access in the entire health system infrastructure.

   - The Indian Public Health Standards has set minimum service-level benchmarks for all activities of PHCs, indicating that every PHC should have power supply with a back-up option with the aim of providing a minimum service level of healthcare to all citizens across the country.

   - The National Health Policy 2017 reiterates the commitment to improve primary healthcare by strengthening infrastructure.

2. The ability to adapt solar systems around the local needs and considerations of PHCs including the burden of disease, weather, terrain, and power availability.

   - For example, disaster-prone areas that need blood storage units and other health services could invest in higher capacity systems or greater storage capacity.

   - There must be a focus on making ‘Solar for Health’ a national priority.
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- Scaling solar systems (5kW) across PHCs to power healthcare services could contribute to about 160 MW of decentralised energy capacity.

3. Augment electricity supply with solar systems and give priority to power-deficit health facilities.

Conclusion

There are significant opportunities to simultaneously address the goals of energy access, energy security, resource management, and health outcomes. Solar for health is one such opportunity to achieve this goal. Chhattisgarh provides evidence for scaling this intervention to meet the national goals for both health and energy.

[11] For clean air, India needs a policy leap

Context:

For decades, pollution and its harmful effects on people’s health, the environment, and the planet have been neglected both by Governments and the international development agenda. Yet, Air pollution is the largest environmental cause of disease and death in the world today. Its implications are many.

A report of the Lancet Commission on pollution and health states that around 19 lakh people die prematurely every year from diseases caused by outdoor and indoor air pollution.

A study by the Indian Journal of Pediatrics shows that the lungs of children who grow up in polluted environments like Delhi are 10% smaller compared to the lungs of children who grow up in the U.S. This is nothing short of a public health emergency. What is needed, therefore, is a comprehensive policy to curb pollution.

Main causes of Air pollution

At the heart of the problem of pollution are carbon dioxide (CO2) emissions. About 75% of all greenhouse gas emissions are CO2 emissions produced through burning fossil fuels — oil, coal and natural gas — to generate energy.

- Since the early 2000s, carbon emissions have increased because of high growth in the Indian economy.
- In 2014, India’s total carbon emissions were more than three times the levels in 1990, as per World Bank data.
- This is because of India’s heavy dependence on fossil fuels and a dramatically low level of energy efficiency.

Effects of Air pollution

- In 2015, diseases caused by air, water & soil pollution were responsible for 9 million premature deaths, i.e. 16% of all global deaths. Exposures to contaminated air, water and soil kill more people than smoking, hunger, natural disasters, war, AIDS, or malaria.
- Pollution disproportionately kills the poor and the vulnerable.
- Children are at high risk of pollution-related disease, as exposures to even small amounts of certain chemicals in utero and in early infancy can result in disease, life-long disability and death.
- Almost all exposures to pollution are involuntary and represent a massive global injustice.
- Pollution is costly
- The costs attributed to pollution-related diseases will increase as researchers discover more associations between pollution & disease.
- Pollution-related diseases reduce GDP in low- to middle-income countries by up to 2% per year.
- The nature of pollution is changing
- Significant investments in improving access to safe water and sanitation have greatly reduced water pollution’s impact.
- However, modern forms of pollution from industry and transport are at a scale never seen before. These include outdoor air, chemical and soil pollution, and exposures in the workplace.
How can this crisis be solved?

- Air pollution and climate change are closely linked and share common solutions.
- Fossil fuel combustion in higher-income countries and the burning of biomass in lower-income countries accounts for 85% of airborne particulate pollution and is a major source of greenhouse gases and other pollutants that drive climate change.

Remodel the energy mix

Emissions can be curbed only if people are persuaded to move away from fossil fuels and adopt greener forms of energy.

- A part of the carbon revenue thus generated can be used for a systemic overhaul of the energy mix, which, to a large extent, would address the pressing problem of environmental degradation.
- The Indian economy’s energy mix needs to be remodelled through investments in clean renewable sources of energy like solar, wind, hydro, geothermal and low-emissions bioenergy.
- Raise the level of energy efficiency through investments in building retrofits, grid upgrades, and industrial efficiency.
- Carbon tax can be a key policy instrument in helping the country meets the challenges posed by Air pollution.

There is, however, a problem with carbon tax. It’s regressive in nature — it affects the poor more than the rich.

What is the way out?

- ‘Tax and dividend’ policy:
  According to which the revenue thus generated is distributed equally across its citizens and as a result, the poor are more than compensated for the loss, since in absolute amounts the rich pay more carbon tax than the poor. Such a policy of cash transfer, which might work in the West, however, has a problem in the Indian context.
  - Instead of a cash transfer, the other part of the carbon revenue can be used for an in-kind transfer of free electricity to the population that contributes less carbon than the economy average, and universal travel passes to compensate for the rise in transport costs and to encourage the use of green public transport.

Such a policy justly addresses the widening schism between Bharat, which bears the climate impact burden, and India, which is imposing that burden because of its lifestyle choices.

The level of carbon tax required for this policy to come into effect is ₹2,818 per metric tonne of CO2. It will be levied upstream, namely, at ports, mine-heads, and so on. While the prices of almost all the commodities will rise, the highest rise in price will be in fuel and energy since the carbon content is the highest in this category.

Other benefits

- Carbon Tax policy not only curbs emissions but also delivers on providing more employment since the employment elasticity in greener forms of energy is higher than those in fossil fuel-based energy.
- Higher prices of commodities according to their carbon content will induce households, including the rich, to look for greener substitutes.
- Availability of free energy also addresses the issue of stealing of electricity, since there will be no incentive left for those who steal. In India, even in 2014, the value of electricity stolen through corrupt means amounts to about 0.8% of GDP.
- Policy also will give more health benefits as a significant part of more than 3% of India’s GDP currently spent on pollution-induced diseases will surely come down.

Conclusion

Reducing pollution presents a powerful opportunity to save lives and grow economies. Better way to curb pollution is to tax carbon. Accelerating the switch to cleaner sources of energy will reduce air pollution and improve human and planetary health.

Government also need to integrate pollution challenges and control strategies into planning processes. Collaborate on solving pollution with development agencies. Design and implement programs that reduce pollution, and save lives.
[12] Disqualification moves

Context:
On December 4, the Chairman of Rajya Sabha disqualified two Members of Parliament (MPs) from the House under the Tenth Schedule of the Constitution (better known as the anti-defection law) for having defected from their party. These members were elected on a Janata Dal (United) ticket.

The orders of the Chairman have established a benchmark, both in terms of speedy disposal as well as the quality of the decisions.

Allegations of legislators defecting in violation of the law have been made in several other states including Andhra Pradesh, Arunachal Pradesh, Goa, Manipur, Nagaland, Telangana and Uttarakhand in recent years.

Objective of Anti-defection law:
The objective of the landmark anti-defection law of 1985 was to enhance the credibility of the country’s polity by addressing rampant party-hopping by elected representatives for personal and political considerations.

What is the anti-defection law?
Aaya Ram Gaya Ram was a phrase that became popular in Indian politics after a Haryana MLA changed his party thrice within the same day in 1967. The anti-defection law sought to prevent such political defections.

The Tenth Schedule was inserted in the Constitution in 1985 by the 52nd Amendment Act. It lays down the process by which legislators may be disqualified on grounds of defection by the Presiding Officer of a legislature based on a petition by any other member of the House.

- A legislator is deemed to have defected if he either voluntarily gives up the membership of his party or disobeys the directives of the party leadership (whip) on a vote.
- This implies that a legislator defying (abstaining or voting against) the party whip on any issue can lose his membership of the House.
- As a pre-condition for his disqualification, his abstention from voting should not be condoned by his party or the authorised person within 15 days of such incident.
- The decision on question as to disqualification on ground of defection is referred to the Chairman or the Speaker of such House, and his decision is final.
- The law applies to both Parliament and state assemblies.

Exceptions under the law:
- Legislators may change their party without the risk of disqualification in certain circumstances.
- The law allows a party to merge with or into another party provided that at least two-thirds of its legislators are in favour of the merger. In such a scenario, neither the members who decide to merge, nor the ones who stay with the original party will face disqualification.

How has the law been interpreted by the Courts while deciding on related matters?
The Supreme Court has interpreted different provisions of the law.

- The law provides for a member to be disqualified if he/she ‘voluntarily gives up his membership’. However, the Supreme Court has interpreted that in the absence of a formal resignation by the member, the giving up of membership can be inferred by his conduct.
- In other judgments, members who have publicly expressed opposition to their party or support for another party were deemed to have resigned.

In the case of the two JD(U) MPs who were disqualified from Rajya Sabha on December 4th, they were deemed to have ‘voluntarily given up their membership’ by engaging in anti-party activities which included criticizing the party on public forums on multiple occasions, and attending rallies organised by opposition parties in Bihar.
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Decision of the Presiding Officer is subject to judicial review

- The law initially stated that the decision of the Presiding Officer is not subject to judicial review. This condition was struck down by the Supreme Court in 1992, thereby allowing appeals against the Presiding Officer’s decision in the High Court and Supreme Court. However, it held that there may not be any judicial intervention until the Presiding Officer gives his order.

- In 2015, the Hyderabad High Court, refused to intervene after hearing a petition which alleged that there had been delay by the Telangana Assembly Speaker in acting against a member under the anti-defection law.

- The Chairman is required either to proceed to determine the question himself or refer it to the committee of privileges for a preliminary inquiry. But reference to the committee is contingent upon the Chairman satisfying himself that it is necessary or expedient to do so; it is not mandatory.

- As a matter of fact, in several cases in the past, the Speaker of the Lok Sabha and the Chairman of the Rajya Sabha, whenever “the circumstances of the case” so warranted, have “determined the question” themselves, without referring it to the committee.

Is there a time limit within which the Presiding Officer has to decide?

- The law does not specify a time-period for the Presiding Officer to decide on a disqualification plea. Given that courts can intervene only after the Presiding Officer has decided on the matter, the petitioner seeking disqualification has no option but to wait for this decision to be made.

- There have been several cases where the Courts have expressed concern about the unnecessary delay in deciding such petitions. In some cases this delay in decision making has resulted in members, who have defected from their parties, continuing to be members of the House.

- There have also been instances where opposition members have been appointed ministers in the government while still retaining the membership of their original parties in the legislature.

- In Andhra Pradesh, legislators of the main opposition party recently boycotted the entire 12-day assembly session. This boycott was in protest against the delay of over 18 months in action being taken against legislators of their party who have allegedly defected to the ruling party.

- The Vice President, in his recent order disqualifying two JD(U) members stated that all such petitions should be decided by the Presiding Officers within a period of around three months.

Does the anti-defection law affect the ability of legislators to make decisions?

- The anti-defection law seeks to provide a stable government by ensuring the legislators do not switch sides. However, this law also restricts a legislator from voting in line with his conscience, judgement and interests of his electorate. Such a situation impedes the oversight function of the legislature over the government, by ensuring that members vote based on the decisions taken by the party leadership, and not what their constituents would like them to vote for.

- Political parties issue a direction to MPs on how to vote on most issues, irrespective of the nature of the issue. Several experts have suggested that the law should be valid only for those votes that determine the stability of the government (passage of the annual budget or no-confidence motions).

The significance of recent decision of Vice President

- Vice President’s orders assume significance in the context of instances where members have switched sides and became ministers in the governments, which are formed by parties against whom they contested and won.

- The chairman of Rajya sabha(Vice President) declared that those two defected had ceased to be members of the Rajya Sabha with immediate effect on account of having incurred disqualification under Tenth Schedule to the Constitution.

- The orders of the Chairman have established a benchmark, both in terms of speedy disposal (about three months) as well as the quality of the decisions. Since the anti-defection law came into place, there have been a large number of cases where proceedings have dragged on for years.

- While delivering the order, Chairman made it clear that while dissent is a political right, it should be articulated appropriately without striking at the roots of the functioning of the party-based democratic system.
Way forward

The defection cases should not be kept pending and dragged on by the Presiding Officers, with a view to save the membership of the persons, who have otherwise incurred disqualification or even to save the Government, which enjoys majority only because of such type of persons.

All such petitions should be decided by the Presiding Officers within a period of around three months by giving an opportunity to the concerned Members (Seven days of time as per the Rule 7(3) of the Members of Rajya Sabha) against whom there are allegations, which lead to their disqualification under the Tenth Schedule to the Constitution of India so as to effectively thwart the evil of political defections, which if left uncurbed are likely to undermine the very foundations of our democracy and the principles which sustain it.

[13] Looking for balance in power

Context:

A month after India was part of the ‘Quad’ discussion on the sidelines of the East Asia Summit in Manila involving Japan, Australia and the U.S., New Delhi hosted foreign ministers of Russia and China this week.

The meeting is also the first ministerial meeting of its kind since India’s lengthy summer standoff with China along their disputed Himalayan border, in Doklam.

The Russia-India-China trilateral held its 15th meeting in what can be construed as New Delhi’s attempt to get a semblance of balance in its ties with Moscow and Beijing.

RIC Forum:

- It was in December 1998 that the idea of the “strategic triangle” was first mooted by then Russian prime minister. He was the first important visitor to India after its nuclear tests, and it took time for trilateral talks to take place on the side-lines of UN General Assembly. From 2006, these turned into stand-alone formal foreign minister meetings.

- The RIC has since been working together in various regional and global organizations, including BRICS, SCO and BASIC, and has come to be viewed as a restraining force on any unquestioned Western hegemony

15th Meeting of RIC Foreign Ministers:

The discussions of meeting focused on regional security, issues affecting Asia-Pacific region, counter-terror efforts and coordination at regional and multilateral forums.

But what was perhaps interesting was Russia and China’s continued attempts to frame global and regional politics through a similar lens, and the growing divergences between India and them.

The ministers reiterated importance trilateral format as platform to foster closer dialogue and practical cooperation in identified areas.

The ministers released joint communiqué after meeting. They agreed to strengthen the trilateral dialogue for consultation and coordination on regional and global issues of mutual interest.

- International and regional peace: They held that cooperation is conducive to maintaining international and regional peace, stability and promoting global economic growth and prosperity. They stressed for establishment of just and equitable international order based on international law and mutual respect, fairness and justice. They held that various crises in the world should be resolved in accordance with the international law.

- Terrorism: The three nations also condemned terrorism in all its forms and manifestations and reaffirmed that all acts of terrorism are criminal and unjustifiable irrespective of their motivations, committed wherever and by whomsoever. Those committing, organising, inciting or supporting terrorist acts” must be held accountable and brought to justice under international law.
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- Arms Race: They called for prevention of arms race in outer space for maintaining international peace and security. Russia and China reiterated that they welcome India’s participation in Asia-Pacific Economic Cooperation.

Why does Trilateral not lead to consequences of any great import?

The three nations had very different expectations from this trilateral. This was also a period which saw significant shifts in Indo-U.S. ties as bilateral relations expanded while Russian and Chinese links with the U.S. have witnessed a downward shift.

Russia:

- There was a growing and persistent feeling in Russia that it surrendered its once-powerful position on the world stage for a position of little international influence and respect. It is against this backdrop that Russia tried to establish itself as the hub of two bilateral security partnerships that could be used to counteract U.S. power and influence in areas of mutual concern.

China:

- While Russia witnessed a downward slide in its status as a superpower since the end of the Cold War, China emerged as a rising power that saw the U.S. as the greatest obstacle, if it was to achieve a pre-eminent position in the global political hierarchy.
- As a consequence, China recognised the importance of cooperating with Russia to check U.S. expansionism in the world, even if only for the short term.
- In fact, American policies towards Russia and China moved the two states closer to each other, leading to the formation of a new balance of power against the U.S.

India’s stance:

- India, on the other hand, had different considerations, as it was still far from becoming a global power of any reckoning.
- India saw in the trilateral a mechanism to bring greater balance in the global order as it believed that a unipolar U.S.-dominated world was not in the best interests of weaker states like itself, even as strategic convergence deepened between Washington and Delhi.
- Moreover, all three countries realised the enormous potential in the economic, political, military and cultural realms if bilateral relationships among them were adequately strengthened.
- As a consequence, the trilateral did not lead to consequences of any great import. It merely resulted in declarations which were often critical of the West, and of the U.S. in particular.

RIC meeting during changing Asia-Pacific dynamics

Under the backdrop of Syrian, Iranian, Rohingya and North Korean crises and US President’s troubles in office, China and Russia have emerged as the leading influencers in the emerging Asian order.

Indian foreign policy has made addressing terrorism a top priority and made it the highlight of this 15th RIC trilateral meeting. However, they also deserve credit for not allowing their standpoint to complicate a consensus on serious issues.

- India and China view Pakistan’s connections to terrorism very differently and India also remains skeptical about Russia and Pakistan building closer defence ties.
- Moscow shows increasing interest in China’s flagship China-Pakistan Economic Corridor, that remains a bitter point for India.
- India worries about Russia’s growing closeness to China and also China’s revival of friendship with Pakistan, whilst both China and Russia seem skeptical about India’s growing closeness toward the US.

An arrangement that had started with an attempt to manage American unipolarity is now being affected fundamentally by Chinese resurgence.

Way Forward:

The Russia-India-China template comes with its own set of challenges. New Delhi’s continued engagement with the duo suggests that India is today confident of setting its own agenda in various platforms.
China-India relations should demonstrate sincerity and responsibility of maintaining regional peace and stability. Just as China engages with the U.S. on the one hand and with Russia on the other, a rising India is quite capable of managing its ties with Washington, Beijing and Moscow simultaneously.

It will not always be easy, but in an age when the certitudes of the past are fast vanishing, diplomacy will have to tread a complex path.

[14] Changed priorities

Context:
The President of India gave his assent to an amendment in the Insolvency and Bankruptcy Code that barred a majority of defaulting promoters from buying back their assets.

The changes via an ordinance made at least nine categories of persons ineligible for submitting a resolution plan for the indebted companies facing insolvency action at the National Company Law Tribunal.

Amendments to the code said that those whose accounts have been non-performing for a year will not be allowed to participate in the resolution plan.

The move came at a time when about 50 of the India’s biggest defaulting companies face insolvency proceedings.

What is bankruptcy? What is the IBC’s intent?

- A company is bankrupt if it is unable to repay debts to its creditors (banks, suppliers etc). The inability to repay debts by some Indian firms has resulted in a huge pile of NPAs for the banking system.

- The Indian government had introduced the IBC as a method to tackle the issue. Under the Code, a resolution has to be found for the indebted company within 270 days. Otherwise, a liquidator is appointed. The company can also opt for voluntary liquidation by a special resolution in a general meeting.

- The Insolvency and Bankruptcy Board of India (IBBI) is the regulator set up on October 1, 2016 under the Insolvency and Bankruptcy Code. The resolution professionals entrusted with the responsibility of sorting out the insolvent companies. The IBBI is assisted by the disciplinary, advisory and technical committees.

How has IBC progressed? Why was the amendment needed?

The resolution to stressed assets picked up steam under IBC and investors started warming up to the huge opportunity. The question was whether existing sponsors / promoters of corporate debtors (i.e. the company with debt and under the insolvency proceedings) can directly or indirectly acquire stake in these firms post acceptance of a resolution plan which would have entailed substantial discount to outstanding loans of lenders.

The key questions were —

- Can promoters seek a huge cut from lenders and be back in the business?
- Does this provide a level playing field to other prospective bidders?
- Does this send the right political and economic signals?

The government took note of all these concerns expressed by investors, and that’s what led to the recent (amendment) ordinance.

What are the key elements of the amendment?

The amendment has inserted two new sections in the insolvency code —

- Section 29A, which provides for persons ineligible to be a Resolution Applicant;

Those ineligible to be a Resolution Applicant include:

- Wilful defaulters
- Persons convicted for any offence punishable with imprisonment for two or more years
- Undischarged insolvent
- Persons disqualified as directors
- Persons barred by SEBI from the securities markets
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- Those whose accounts are classified as Non-Performing Assets (NPAs) for one year or more and are unable to settle overdue amounts including interest and charges relating to the account before submission of the Resolution Plan.
- Persons who have given a guarantee to a creditor in respect to a corporate debtor in IBC
- Persons from foreign jurisdictions
- Section 235A, which provides for punishment for contravention of the provisions where no specific penalty or punishment is provided. The punishment is fine which shall not be less than one lakh rupees but which may extend to two crore rupees.

What the amendment means in terms of NPA resolution? What are the key challenges?

The government has taken the high moral ground to deal with the menace of non-performing assets or NPAs that have brought many public sector banks on the verge of bankruptcy.

Many are of the view that if the errant promoter is disqualified from the bidding process it will lead to further losses for banks.

Challenges –

1. **Deciding who will be eligible to bid:**
   - The key challenge would be to invite expression of interests and resolution plans from applicants who are not related to the Corporate Debtor after conducting due diligence about the creditworthiness of such buyers.
   - It is now up to the resolution professional to decide who will be eligible to bid for the defaulter companies or their assets.

2. **Advisory committees chaired by several top corporates**
   - The advisory committees on corporate insolvency and liquidation are chaired by several top corporates.
   - The appointment of corporates as heads of important corporate insolvency advisory committees under IBBI may not inspire confidence in the credibility of the resolution process.
   - The recent ordinance may end up being used selectively to defeat the very objective of penalising the errant promoter.
   - The banks will only lose if resolution is side-tracked by the ensuing power struggle among corporate India to purchase distressed assets at rock-bottom prices.

3. **The Ordinance gives incentives to the banks to delay NPA recognition for as long as possible**
   - By disqualifying a large number of persons, the Ordinance will lower the amount that the banks as the main financial creditors in most of the IBC cases expect to recover. This may result in the banks not recognising accounts as NPA so that the promoters can submit their bids in the IBC resolution process.

4. **Affect the incentives of the government**
   - The Ordinance may also affect the incentives of the government as the majority shareholder in these banks. The government maybe incentivised to encourage public sector firms (PSUs) to bid in the IBC resolution process so that the deals go through at relatively higher prices and the PSU banks do not face large haircuts.

What is the likely impact of this Ordinance on IBC?

1. **Procedural impact:**
   - The Ordinance introduces substantial procedural uncertainty in the resolution process and opens it up to disputes and litigation. These insolvency professionals now have the task of determining the eligibility of applicants as per this Ordinance.

2. **Economic impact on resolution**
   - The Ordinance effectively disqualifies vast sections of the corporate world, both in India and abroad, from participating in the IBC bidding process.
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- In doing so, it significantly reduces the number of likely resolution plans that maybe submitted in any IBC case in an already gloomy landscape. The lack of competition among the narrow pool of eligible bidders will depress the financial value of any resolution plan.

3. Impact on IBC principles:
   - By substantially shrinking the universe of eligible resolution applicants as well as potential buyers in liquidation, the Ordinance violates the core principles of the IBC.
   - The IBC is based on the premise that all business failure is not fraud. The Ordinance by its very design goes against this principle. A person may have faced adverse economic shocks such as a business cycle downturn or a commodity price shock. This is different from a fraudulent or an unscrupulous promoter who may have been siphoning off assets from her own firm.
   - But, The Ordinance treats both these categories on par.

Way forward

✓ An ultimate test of the success of IBC is the recovery rate. As the preamble to IBC clearly states, the primary objective of the law is maximisation of value of assets of the debtor firm undergoing the insolvency and bankruptcy proceedings. Fulfilling this objective requires a competitive bidding process such that there is a fair price discovery mechanism.
✓ One way to resolve this conundrum maybe to bar promoters from participating in the IBC bidding process in their full capacity while permitting them to make deals with third parties such as private equity funds, who would be the primary bidders.
✓ Even though there have been concerns about the amendment, it should ensure that errant promoters don’t end up getting the business back with all sacrifices being made by the lenders.

[15] For a safe cyberspace

Introduction:
The Indian government has embarked on a programme to turn the country into a digital economy. It has unveiled a series of initiatives—from introducing Aadhaar, MyGov, Government e-Market, DigiLocker, Bharat Net, Startup India, Skill India and Smart Cities to propel India towards technological competence and transformation.

The move towards a digital economy is likely to help trigger a fresh wave of economic growth, attract more investment, and create new jobs, across multiple sectors. However, it also poses a big challenge, that of Cyber Security.

India’s recent Digital transformation

India is currently pursuing “an alternative and very exciting” route in which it is making the use of digital technology and digital records in public administration with new technologies, according to IMF.

- India is one of the key players in the digital and knowledge-based economy, holding more than a 50% share of the world's outsourcing market.
- India is already the third largest hub for technology-driven start-ups in the world.
- It’s Information and Communications Technology sector is estimated to reach the $225 billion landmark by 2020.
- Digital India program seeks to launch a large number of e-governance services across different sectors. These include education, healthcare and banking.
- The number of mobile phone users in India is expected to rise to 730.7 million. The number of smartphone users in India is predicted to reach 340 million and could reach almost 468 million by 2021.
- India has made a few achievements in e-governance projects such as Digital Locker, ebistas, the linking of Aadhaar to bank accounts to disburse subsidies.
- Bharat Net (erstwhile National Optical Fiber Network), the country’s digital infrastructure, has created a common service centre for each panchayat, for which all post offices and CSCs are to be upgraded.
- India’s mobile wallet transactions were up nine-fold in two years to reach $9 billion.
Growing threat of Cyber Security

The achievements in digital sector come with a problem: innovation in technology, enhanced connectivity, and increasing integration in commerce and governance also make India the fifth most vulnerable country in the world in terms of cyber security breaches, according to the Internal Security Threat Report of 2017 by Symantec.

1. **Increased no of cyber-attacks:**
   - Till June 2017, 27,482 cyber security threats had been reported in the country, according to the Indian Computer Emergency Response Team’s report. As this is a 23% increase from 2014 figures, it coincides with rapid growth and innovation in the ICT sector.

2. **Cost of cyber-attacks**
   - The cost of cyber-attacks in India currently stands in excess of Rs25, 000 crore ($4billion). It is important to note that there are many cyber-attacks that go undetected and unreported as well.
   - The losses emanate from operational disruptions, loss of sensitive information and designs, customer churn and impact on brand image, as well as increase in legal claims and insurance premium.

3. **Limited awareness**
   - Many companies do not treat importance of cyber security as a strategic agenda, but rather as a small issue for their IT departments. In fact, a lot of cyber security incidents go unidentified and hence, unreported.
   - There is limited awareness of the need for specialized and customized industry-specific cyber security measures which are significantly different from IT security and need to be adapted by the industry.
   - All this is underpinned by the fact that there is low existing capability, or lack of skill sets, to drive cybersecurity agendas.

**Types of Cyber attacks**

- In 2016, nearly one percent of all emails sent were essentially malicious attacks, the highest rate in recent years.
- Ransomware attacks (Ransomware is a type of software that threatens to publish a person’s data or block it unless a ransom is paid) increasingly affected businesses and consumers, with indiscriminate campaigns pushing out massive volumes of malicious emails.
- Apart from WannaCry and Petya, other Ransomware attacks that made news globally were Locky, Cerber, Bucbi, SharkRaaS, CryptXXX and SamSam.
- Attackers are demanding more and more from victims, with the average ransom demand rising to over 1,000 USD in 2016, up from approximately 300 USD a year earlier.
- Some of the biggest distributed denial of service (DDoS) attacks on record powered by a botnet of Internet of Things (IoT) devices.
- In India, in May 2017, a data breach at the food delivery App, Zomato, led to personal information of about 17 million users being stolen and put for sale on the Darknet.
- Potent crypto-ransomware attacks on Android devices including televisions that use Android.
- A number of viruses, malware and cryptoworms are also being developed in the JavaScript, which gives the attackers cross-platform options.

**Cyber security should be an integral part of technological progress**

- The global community is increasingly embracing ICTs as key enabler for social and economic development. Governments across the world recognize that digital transformation has the power to further the prosperity and wellbeing of their citizens.
- In supporting this transformation, they also recognize that cyber security must be an integral and indivisible part of technological progress.
- In May 2017, a massive cyber-attack caused major disruptions to companies and hospitals in over 150 countries, prompting a call for greater cooperation around the world.
• The good news, though, is that India recognises this. The second Global Cybersecurity Index, released by the International Telecommunication Union in July, which measured the commitment of nations to cybersecurity, found that India ranked 23 out of 165 nations.

Global Cybersecurity Index (GCI)
The Global Cybersecurity Index (GCI) is a survey that measures the commitment of Member States to cybersecurity in order to raise awareness.

- The GCI revolves around the ITU Global Cybersecurity Agenda (GCA) and its five pillars (legal, technical, organizational, capacity building and cooperation).
- The 2017 publication of the GCI continues to show the commitment to cybersecurity of countries around the world. The overall picture shows improvement and strengthening of all five elements of the cybersecurity agenda in various countries in all regions.
- However, there is space for further improvement in cooperation at all levels, capacity building and organizational measures. The gap in the level of cybersecurity engagement between different regions is still present and visible.
- This report also provides a set of illustrative practices that give insight into the achievements of certain countries.

It’s time to reboot

• One of the biggest misconceptions about cybersecurity is that cyber-attacks are restricted to the financial services and banking sector. It is important to note that industrial companies are equally vulnerable.
• Given the huge number of online users and continued efforts on affordable access, cybersecurity needs to be integrated in every aspect of policy and planning.
• At the 15th Asia Pacific Computer Emergency Response Team conference in Delhi, the need for robust cybersecurity policies and frameworks has been highlighted. The government is keen to fund cybersecurity research. It announced that it will award a grant worth ₹5 crore to startups working on innovations in the field of cybersecurity.

The Need of the hour
India needs to quickly frame an appropriate and updated cybersecurity policy, create adequate infrastructure, and foster closer collaboration between all those involved to ensure a safe cyberspace.

- Companies in India need to be proactive to ensure they foster efficiency and efficacy in cybersecurity management. Companies also need to assess the assets that are most at risk.
- Tough laws are needed to be put in place for perpetrators of cybercrime to ensure such criminals are deterred effectively.
- There must be enhanced cooperation among nations and reaffirmed a global call to action for all United Nations member nations to not attack the core of the Internet even when in a state of war. This also clearly emphasises the fact that more than ever before, there is a need for a Geneva-like Convention to agree on some high-level recommendations among nations to keep the Internet safe, open, universal and interoperable.

GCCS (Global Conference on Cyber Space) platform should be utilised to establish internationally agreed ‘rules of the road’ for behaviour in cyberspace, and create a more focused and inclusive dialogue between all those with a stake in the internet (governments, civil society and industry) on how to implement them.

[16] Reconsider the Rules

Context:
Earlier this year, a judgment by the Uttarakhand High Court, stating that Ganga and Yamuna rivers are “living entities”, captured the national imagination. It is worth noting that wetlands, the other major water-based ecosystem apart from rivers, are at a moment of policy transition in the country.

This year, a new legal framework for wetlands was passed, the Wetland (Conservation and Management) Rules, 2017, replacing the earlier Rules of 2010 which prohibit a range of activities in wetlands like setting up and expansion of industries, waste dumping and discharge of effluents.
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Also this year, the Supreme Court passed an order directing States to identify wetlands in the country within a stipulated timeframe.

Wetland:

- Wetland is transitional land between terrestrial and aquatic eco-systems where water table is usually at or near surface or it may be land covered by shallow water. It supports rich biodiversity and provides wide range of ecosystem services such as water storage, water purification, flood mitigation, erosion control, aquifer recharge etc.
- It means an area of marsh, fen, peat land or water; whether natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt, including areas of marine water the depth of which at low tide does not exceed six meters, but does not include river channels, paddy fields, human-made water bodies/tanks specifically constructed for drinking water purposes and structures specifically constructed for aquaculture, salt production, recreation and irrigation purposes.
- There are 115 wetlands officially identified by Central Government and of those 26 are identified as wetlands of international importance under Ramsar Convention (an international intergovernmental treaty for conservation of wetlands to which India is party).

Safeguarding Wetlands:

Wetlands, vital parts of the hydrological cycle, are highly productive ecosystems which support rich biodiversity and provide a wide range of ecosystem services such as water storage, water purification, flood mitigation, erosion control, aquifer recharge, microclimate regulation, aesthetic enhancement of landscapes while simultaneously supporting many significant recreational, social and cultural activities, being part of our rich cultural heritage;

Wetlands are threatened by various causes:

Many wetlands are threatened by reclamation and degradation through drainage and landfill, pollution (discharge of domestic and industrial effluents, disposal of solid wastes), hydrological alteration (water withdrawal and changes in inflow and outflow), over-exploitation of their natural resources resulting in loss of biodiversity and disruption in ecosystem services provided by wetlands.

1. Article 51A of the Constitution stipulates that it shall be the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures;
2. The Environment (Protection) Act, 1986 is a comprehensive legislation to provide protection and improvement of the environment, including inter-alia, wetlands, and for matters connected therewith;
3. National Environment Policy, 2006 recognises the ecosystem services provided by wetlands and emphasizes the need to set up a regulatory mechanism for all wetlands so as to maintain their ecological character, and ultimately support their integrated management;
4. India is a signatory to the Ramsar Convention on Wetlands and is committed to conservation and wise use of all wetlands within its territory;

Conservation and wise use of wetlands can provide substantial direct and indirect economic benefits to state and national economy, and thereby the Central Government stands committed to mainstreaming full range of wetland biodiversity and ecosystem services in development planning and decision making for various sectors.

The Central Government considered it necessary to supersede the Wetlands (Conservation and Management) Rules, 2010 for effective conservation and management of wetlands in the country.

Highlights of Wetlands (Conservation and Management) Rules, 2017

1. State Wetlands Authority (SWA):
   - It stipulates setting up of SWA in each State/UTs headed by State’s environment minister and include range of government officials. State government will also nominate one expert each in fields of wetland ecology, hydrology, fisheries, landscape planning and socioeconomics.
2. Functions of SWA:
   - It will develop comprehensive list of activities to be regulated and permitted within notified wetlands and their zone of influence. It will also recommend additional prohibited activities for specific wetlands define strategies wise use of wetlands and its conservation and undertake measures to enhance awareness within stakeholders and
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local communities on values and functions of wetlands. In this case, wise use has been defined as principle of sustainable uses that is compatible with conservation.

3. **Prohibited Activities:**

   The rules prohibit activities like conversion of wetland for non-wetland uses including encroachment of any kind, setting up and expansion of industries, waste dumping and discharge of untreated wastes and effluents from industries, cities, towns, villages and other human settlements.

4. **Digital inventory of all wetlands:**

   It is mandatory for state authorities to prepare list of all wetlands and list of wetlands to be notified within six months. Based on it, a comprehensive digital inventory of all wetlands will be created and will be updated every ten years.

5. **National Wetlands Committee (NWC):**

   The rules stipulates for setting up of NWC, headed by MoEFCC Secretary, to monitor implementation of these rules and oversee work carried out by States.

   NCW will also advise Central Government on appropriate policies and action programmes for conservation and wise use of wetlands, recommend designation of wetlands of international importance under Ramsar Convention, advise on collaboration with international agencies on issues related to wetlands etc.

**Comparing 2010 and 2017 Rules:**

The 2010 and 2017 Rules for wetlands both emphasise that the ecological character of wetlands ought to be maintained for their conservation.

- ‘Ecological character’ refers to processes and components which make the wetland a particular, and sometimes unique, ecosystem. For example, as lagoons like Chilika (Odisha) and Pulicat (Tamil Nadu/Andhra Pradesh) are characterised by a mix of saline and fresh water, the flows of each type need to be maintained; river flood plains contain wetlands that require conservation so they can re-fuel the river with fish and other aquatic life during flooding.

In the 2010 Rules, some related criteria were made explicit, such as natural beauty, ecological sensitivity, genetic diversity, historical value, etc. These have been omitted in the 2017 Rules.

There are a few reasons why this is problematic.

- There are multiple interests around wetlands. Multiple interests also have governance needs, and this makes it absolutely necessary to identify and map these multiple uses.

- It is crucial to identify ecological criteria so that the wetlands’ character can be maintained. The key to wetland conservation is not just understanding regimes of multiple uses — but conserving or managing the integrity of the wetland ecosystem.

- Finally, restriction of activities on wetlands will be done as per the principle of ‘wise use’, determined by the State wetland authority. Whether wise use will include maintaining ecological character remains to be seen.

Under the new Rules, no authority to issue directions, which are binding in nature to desist from any activity detrimental to wetland conservation, has been prescribed to State wetland authorities.

Salt pans as ‘wetlands’ have been omitted from the new Rules. They were identified as wetlands in the 2010 Rules, as they are often important sites of migratory birds and other forms of biodiversity.

**The case of Deepor Beel**

- The issue of wetlands being multiple-use found centre-stage this year with the observations of the National Green Tribunal (NGT) in the case of Deepor Beel.

- Deepor Beel is a Ramsar site and a part of it is also wildlife sanctuary in Guwahati, Assam. This wetland harbours a wide variety of biodiversity, and also suffers from intense man-made pressure — the city’s municipal waste is dumped close to the Beel. Large, meat-eating storks (Greater adjutant storks) are ironically found eating from the mountains of garbage at the site. Potential impacts of contamination or poisoning from the garbage are still unknown.
• This January, 26 storks died. The fact that Deepor Beel exists as a wetland does not prevent garbage dumping; this is a fate faced by many wetlands.
• The NGT’s observations on Deepor Beel are interesting and symptomatic of what is happening in several wetlands.
• In an inspection done by the judicial member of the Tribunal, it was noted that waste was being dumped “not beyond the site but within it,” and “demarcations are made by drying out areas or cutting off water sources”. These are classic ways of killing a wetland and turning it from a wet to a dry ecosystem; or from a lake to a garbage dump or cesspool. The Tribunal has now asked for the “traditional” spread of the wetland.

Way forward
Given all the modern uses of wetlands, looking at traditional cartography may be one way to understand catchments of wetlands.

It may also be a way of restoring some modicum of ecological character, identity or ‘rights’ to wetlands, as the river judgment suggested.

There are challenges ahead in identifying wetlands – multiple and competing use is just one of them.

Understanding the historic spread and ecological character will be an important safeguard for the way forward. Setting clear governance systems would be the next.

[17] Should adultery be a crime?

Context:
Section 497 of the IPC treats only the man as the offender and the married woman as a victim.

The Supreme Court said the dusty Victorian provision of adultery in the Indian Penal Code treats a married woman as her husband’s “subordinate.”

The court admitted a petition to drop adultery as a criminal offence from the statute book. SC mentioned in its order ‘the Time has come when the society must realise that a woman is equal to a man in every respect’

What does adultery means?
• Adultery means voluntary sexual intercourse of a married person other than with spouse. The legal definition of adultery however varies from country to country and statute to statute. While at many places adultery is when a woman has voluntary sexual intercourse with a person other than her husband, at other places adultery is when a woman has voluntary sexual intercourse with a third person without her husband’s consent.
• Though the modern trend is to decriminalize adultery, historically, many cultures have regarded adultery as a crime. Jewish, Islamic, Christian and Hindu traditions are all unequivocal in their condemnation of adultery.

Section 497 of the Indian Penal Code (IPC)
• In India the offence of adultery is punishable under Section 497 of the Indian Penal Code (IPC), 1860. As it stands, this Section makes only men having sexual intercourse with the wives of other men without the consent of their husbands punishable and women cannot be punished even as abettors.
• The Report of the Malimath Committee on Criminal Justice Reforms and the 42nd Report of the Law Commission of India recommended redefining Section 497 to make women also punishable for adultery.

An Analysis of Section 497
Critics of Section 497 allege that the law is sexist in nature, for it only criminalises the conduct of the man while excusing the woman. They say that in making the husband the only person who can prosecute for adultery, the law is founded upon the idea that the status of the wife in a marriage is akin to that of the property of the husband.

Section 497 penalizes sexual intercourse of a man with a married woman without the consent of her husband when such sexual intercourse does not amount to rape. He is punishable with imprisonment of up to five years.
• That is, it draws a distinction between consent given by a married woman without her husband’s consent and a consent given by an unmarried woman.
• It does not penalize the sexual intercourse of a married man with an unmarried woman or a widow or even a married woman when her husband consents to it.
In case the offence of adultery is committed, the husband cannot prosecute his unfaithful wife but can only prosecute her adulterer.

What is interesting here is that the section itself expressly states the unfaithful wife cannot be punished even as an abettor to the crime.

The offence of adultery therefore is an offence committed against the husband of the wife and not against the wife. The Constitutionality of Section 497 was challenged before the Supreme Court under Article 14 on the grounds that it makes an arbitrary discrimination based on sex.

Why Women are not punished for Adultery

- The offence of Adultery did not punish women but still existed in the code because at the time the enforced law was enacted polygamy was deep rooted in the society. Women were treated as victims of the offence of adultery.
- The legislative intent behind the enactment of Section 497 is quite different from what is perceived. In 1847, the Law Commission of India was given the responsibility of drafting a new penal code. The Commission rendered liable only the male offender, keeping in mind “the condition of the women in this country” and the law’s duty to protect it.
- The provision was therefore made to restrict men from having sexual relations with the wives of other men and at the same time to restrict their extra marital relations to unmarried women alone.

Apex court’s observation

- The Supreme Court said the dusty Victorian provision of adultery in the Indian Penal Code treats a married woman as her husband’s “subordinate.”
- The apex court in its recent observation opined that this provision treats women as personal property. It observed that the fulcrum of offence within the Section is destroyed if the husband were to consent to the wife having a relationship with another man.
- Marriage remains a strong bastion of patriarchy. At its core, marriage builds a power hierarchy that is unequal for women. It isn’t surprising that apologists often quote the argument of the sanctity of marriage to support the criminalisation of adultery. The laws lend themselves well to bring about the submission of women, with the patriarchal structures prevalent in marriage as an institution.

Conclusion

No marriage or alliance can take away one’s right over one’s own body. Therefore, while the law on adultery as it is today in the IPC is discriminatory on the ground of sex; the very existence of adultery in the criminal statute is violative of the fundamental right to life and to live with dignity. No doubt that the law, as it stands, is inadequate.

[18] A capital mistake

Context:

On 6 December 2017, United States President announced that the United States would officially recognize Jerusalem as the capital of Israel. He also stated that a new building for the U.S. embassy would be built in Jerusalem.

The decision was criticised by the majority of international leaders, including the European Union’s foreign policy chief. A motion condemning the move was proposed in the United Nations Security Council, but was vetoed by the United States after a 14-1 vote. The United Nations General Assembly later passed a motion 128 to 9, with 35 abstentions, condemning US president’s announcement.

Never before in the history of the UN has a member state threatened, so publicly and so inelegantly, fellow member states with dire consequences if they did not fall in line with its position as the U.S.
Global voice of dissent against the US President’s decision:
Reacting to US recognising Jerusalem as the capital of Israel, External Affairs Ministry said that India’s position is shaped by its views and interests, and not determined by any third country.

- UN Secretary General Antonio Guterres said, the holy city is the final-status issue that must be resolved through direct negotiations.
- Palestinian President Mahmoud Abbas said, the decision tantamount to the United States abdicating its role as a peace mediator after a decade of sponsoring the Israeli-Palestinian peace process.
- Turkey, Egypt, Jordan, Iran and Qatar have also denounced the US move.
- Hamas has called it a new uprising.
- Russia also expressed serious concern over the US decision, saying the move threatened security in the region.

UN Security Council has convened a meeting in the wake of the US President’s decision.

Washington vetoes draft UN resolution rejecting US decision on Jerusalem
The United States has vetoed a draft UN resolution rejecting President Trump’s decision to recognize Jerusalem as Israel’s capital.

- The veto was cast by US Ambassador after all 14 other Security Council members backed the measure.
- The veto highlighted Washington’s isolation over Mr Trump’s announcement that the US embassy will be moved from Tel Aviv to Jerusalem, effectively ignoring Palestinian claims on the city.
- Many of the key US allies backed the measure saying that any decision on the status of Jerusalem has no legal effect, are null and void and must be rescinded.
- Protests broke out across a number of Islamic countries after the US decision.

Egypt had put forward the draft resolution which had included a call on all countries to refrain from opening embassies in Jerusalem.

Jerusalem, a contentious issue
- The Jerusalem issue is easily the most contentious one between the Palestinians and the Israelis. There are other issues such as borders, sharing of waters, refugees, security, and so on. None of them is amenable to easy answers, but the Jerusalem problem is the most sensitive. Any attempt to unilaterally change its status will kill the peace process.
- U.S. President Donald Trump has obviously given priority to nourishing his core domestic constituency rather than worry about the concerns of his close allies, all of whom voted against the U.S., except Canada — though it did not side with its powerful neighbour and simply abstained.

Immediate Reaction
- The immediate international reaction to Mr. Trump’s decision on Jerusalem was rather muted. Instead of condemning it, most voiced concern at the negative impact it would have on the peace process.
- Even several Arab countries were not very vocal in their criticism. But soon, the Arab street asserted itself and forced the governments to take a more robust position.
- Egypt seems to have played a lead role in this. It drafted a resolution which avoided mentioning the U.S. by name; that would have made it difficult for Britain and others to support the draft.
- After the veto in the Security Council, Egypt and Turkey lost no time in bringing the matter to an emergency session of the General Assembly, where there is no veto.

India is among 128 countries voting in favour of UN General Assembly resolution
The UN General Assembly adopted a resolution declaring US recognition of Jerusalem as Israel’s capital null and void.

In all, 172 member states cast their votes. This means 21 countries did not vote at all. A few of them seem to have lost their right to vote because of arrears in payment of their mandatory dues to the organisation. The resolution passed with 128 votes in favour, a comfortable two-thirds majority. Nine voted against, and 35 abstained.
The resolution stressed that Jerusalem was a final status issue to be resolved through negotiations.

The countries favouring the resolution also disregarded President Trump’s threat to cut off financial aid to those countries that backed the resolution.

Strongly supporting Trump’s decision US Ambassador to the UN warned that the US may strip funding of those countries that voted against its Jerusalem move.

- India did not speak on the floor of the Assembly in New York, but after Mr. Trump recognised Jerusalem as the capital of Israel, it had said that its Palestinian position was independent and consistent.
- It would be interesting to watch how the presidential threat works out in practice in the case of Pakistan which voted against the U.S.
- Among India’s neighbours, Bhutan abstained. This might be explained either by its desire to demonstrate its independence from India or not to alienate the U.S., or perhaps a combination of the two.

Tilting the vote

India’s vote in favour of the resolution was in line with its traditional policy in favour of a negotiated settlement for Jerusalem as part of a larger two-state solution for Israel and Palestine. The government, no doubt, analysed the cost-benefit ratio.

1. **As for the Israel**: India’s vote would have disappointed Israel and the U.S.
   - It has excellent relations with Israel, as ought to be.
   - But an objective analysis suggests that it is **Israel which needs India more than the other way around**.
   - **India buys at least a third of Israel’s defence production**, India is also very important to Israel for diplomatic and political reasons.

2. **As for the U.S.,** the interest is more mutual.
   - We need American support for a few things such as the sale of their defence platforms and membership of the Nuclear Suppliers Group.
   - The U.S. has a huge interest in India’s markets; especially expensive military hardware.
   - **There is also the China factor**. But since Mr. Trump has very recently described India as a leading global power and expressed his readiness to support it in reaching that status, India can perhaps relax.
   - It is fortunate since it is not dependent on American aid, which can be cut off or reduced at will.

**Conclusion**

India supported to the creation of a Palestinian state according to UN Resolution 181 (1948). However, there had been some speculation that in the face of the U.S. threats over the resolution, as well as Mr. Netanyahu’s forthcoming visit to India in January, India would dilute its support to those principles in favour of close strategic ties with both nations.

In choosing to vote for the resolution at the UNGA, **India has shown clarity of purpose that also aligns with the broad global consensus.**

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**[19] Another tool of resolution: FRDI Bill**

**Context:**

The Financial Resolution and Deposit Insurance Bill, 2017 (FRDI Bill), introduced in the Lok Sabha in August, 2017, is under consideration of the Joint Committee of the Parliament. have given rise to concerns over protection for bank deposits in the proposed law

The FRDI Bill provides for the setting up of a ‘Resolution Corporation’ which would replace the currently existing Deposit Insurance and Credit Guarantee Corporation (DICGC) which is now an arm of the RBI.

Certain misgivings have been expressed in the media regarding “bail-in” provisions of the FRDI Bill. Finance Ministry stated that The FRDI Bill do not take away from the government’s implicit guarantee to depositors. They provide additional protections to the depositors in a more transparent manner.
The Financial Resolution and Deposit Insurance Bill, 2017

The Government has said, FRDI Bill is far more depositor friendly than many other jurisdictions, which provide for statutory bail-in, where consent of creditors or depositors is not required for bail-in. Ministry of Finance said, Government’s implicit guarantee for Public Sector Banks remains unaffected.

Provisions:

1. Resolution Corporation:
   - The Bill establishes a Resolution Corporation to monitor financial firms, anticipate risk of failure, take corrective action, and resolve them in case of such failure.
   - The Corporation will also provide deposit insurance up to a certain limit, in case of bank failure.

2. Classification financial firms
   - The Resolution Corporation or the appropriate financial sector regulator may classify financial firms under five categories, based on their risk of failure.
   - These categories in the order of increasing risk are: (i) low, (ii) moderate, (iii) material, (iv) imminent, (v) critical.

3. Taking over the management
   - The Resolution Corporation will take over the management of a financial firm once it is classified as ‘critical’. It will resolve the firm within one year.

4. Resolution methods
   - Resolution may be undertaken using methods including: (i) merger or acquisition, (ii) transferring the assets, liabilities and management to a temporary firm, or (iii) liquidation.
   - If resolution is not completed within a maximum period of two years, the firm will be liquidated.
   - The Bill also specifies the order of distributing liquidation proceeds.

How does it work?

- In case of a bank failure, the proposed corporation will provide deposit insurance up to a certain limit, which has not been specified. Currently, bank deposits of up to Rs 1 lakh are insured but there are few banks that have failed in India in recent years as the Reserve Bank of India (RBI) has stepped in to work out a resolution plan without creating any risk for depositors.

- The bill has suggested that the use of the ‘bail-in’ provision may result in cancellation of a liability, which could extend to bank deposits or could lead to modification of the terms or changing the form of the asset class. This provision would be last in the line for payments in case of liquidation.

- The deposit insurance scheme currently covers all banks, commercial, regional rural and co-operative banks. So far in 2017, more than Rs 28 crore was sanctioned from the insurance scheme to all co-operative banks according to information on the DICGC website.

- The bill proposes to establish a resolution corporation to monitor financial firms and oversee the liquidation, which was not the case in so far. The RBI which has been in charge of bank liquidations or resolutions will also no longer be in charge.

- Once a financial services company, including a bank, slips into critical category, the resolution corporation will take over the firm and prepare a resolution plan during a year, which can be extended by another 12 months.

- The controversial provision of ‘bail in’ to resolve the stressed financial services companies. The other options include mergers, transfer of assets and liabilities to another entity, a bridge financial firm (where a new company is set up to take over the assets, liabilities and management as was the case with UTI), or liquidation via the National Company Law Tribunal.

- The Parliamentary panel is expected to submit its report, which will be considered by the Union Cabinet before the Bill is tabled in Parliament again.

- But the plan has generated a lot of heat with bank unions as well as political parties criticising the move that has the potential to use deposits, beyond the insured amount, for reviving the bank.
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Benefits

The government believes that the bill seeks to protect customers of financial service providers in times of financial distress and also help encourage discipline among the financial service providers by putting a limit on the use of public money to bail out distressed entities. It also seeks to decrease the time and costs involved in resolving distressed financial entities.

- A large number of retail depositors can benefit as the FRDI Bill seeks to decrease the time and costs involved in resolving distressed financial entities and help in maintaining financial stability in the economy by ensuring adequate preventive measures as well as provide necessary instruments in an event of crisis.
- It will provide a comprehensive resolution framework for the economy and inculcate discipline among financial service providers in the event of financial crisis.
- It promotes ease of doing business in the country, improves financial inclusion and increase access to credit, which may lead to the reduction of the cost for obtaining credit.
- It would give increased access to finance enhancing enterprise growth, which in turn leads to preserving employment, growth and the creation of new job opportunities.

The problems

The main points of objections to the legislation:

- The bill’s biggest problem is its controversial provisions of a “bail-in” clause which suggests that depositors’ money could be used by failing financial institutions to stay afloat.
- The Resolution Corporation (rescue body), which is proposed under the bill, can use public money in case the bank starts to sink. The bill empowers the rescue body to decide the amount insured for each depositor. The rescue body can cancel even the Rs 1 lakh insurance that depositors get under the current law and a bank can even declare that they don’t owe them any money at all.
- People are worried that if this bill is passed in Parliament, the depositors’ rights may go down the drain, but that is ONLY if the bank is going down the drain, and that is a rare scenario.
- It may seek to place the entire financial structure of the country at the mercy of the government.
- The legislation proposes to amend the SBI Act in order to insert a clause for its liquidation which gives rise to apprehensions that in due course the government might even take recourse to privatisation of the SBI.

What has been the government’s response?

- The government has said that India’s FRDI Bill is more depositor-friendly than that of many other jurisdictions that provide for statutory bail-ins, where the consent of creditors or depositors is not required for bail-ins.
- It has also said that it does not propose in any way to limit the scope of powers to extend financing and resolution support to banks, including public sector banks.
- The government’s implicit guarantee for public sector banks remains unaffected, the Finance Ministry has said.

What next?

The government of the day is well within its powers to bring in whatever legislations it deems fit. But eventually, all such measures have to have a nod from the biggest and the highest court: the people’s court.

The ultimate test of a government lies in the people’s acceptance of its policies.

There are concerns that the Bill may not clearly lay down the quantum of protection for deposits, or classify deposits separately.

The proposed FRDI bill may be a fiscal policy and not a tax as such but the government must remember it should not cross the threshold of the general public’s acceptance levels.
[20] Seeing through a glass darkly

Context:
Much has changed since November 26, 2008 terror attacks on multiple targets in Mumbai and terror has evolved into an even more dangerous phenomenon. Recent variants represent a paradigmatic change in the practice of violence. To deal with the terror threat, there must be far greater sharing of intelligence among agencies worldwide.

A different genre
It is difficult to recognise the new generation of terrorists as a mere extension of the earlier lot of radical Islamist terrorists. The new age terrorist seems to belong to an altogether different genre of terrorism.

The spate of recent attacks in Europe and parts of Asia, from 2015 to 2017 —
Beginning with the attack on the Charlie Hebdo offices in Paris in January 2015; the major incidents at Brussels and Istanbul Ataturk airports as well as the Bastille Day attack in Nice, France, all in 2016; to the string of attacks in London, Stockholm, Barcelona and New York, in 2017 — are very different in structure and the morphology from attacks of an earlier period.

Islamic State, Standing out from the crowd
A large number of terror attacks in the past three years have been attributed to the handiwork of the Islamic State (IS).

- IS is distinguished from many of the other radical Islamist groups such as al-Qaeda and its affiliates.
- The IS’s recruitment techniques, especially its ability to proselytise over the Internet, including “direct to home jihad” as also its more brutal brand of violence, set it apart from earlier variants of radical Islamist terror.

Even while the IS has gained a great deal of prominence due to its brand of violence, other terror networks such as al-Qaeda and its affiliates have continued to be no less active.

- The Boko Haram (Nigeria) in Africa has been responsible for more killings than most people would realise.
- The Afghan Taliban and the Haqqani network have carried out several spectacular attacks inside Afghanistan.
- The Tehrik-e-Taliban Pakistan (TTP) and the Lashkar-e-Jhangvi have carried out several attacks inside Pakistan.
- Pakistan provides the wherewithal and the support to terror outfits such as the Lashkar-e-Taiba and the Jaish-e-Mohammad to launch well-planned attacks on Indian targets.

- Al-Shabab (Somalia) formalized ties with Al-Qaeda, became the international militant group’s wing in the Horn of Africa.

Most of these outfits continue to adopt earlier methodologies. These have proved no less effective than those followed by the IS.

- The terror attack on a mosque in North Sinai, Egypt in November this year, which killed over 230 persons, is one such example.
- In December, the TTP was responsible for a terror attack on an agricultural training institute in Peshawar, Pakistan.

Differences among terror outfits, do not, however, preclude a complicated pattern of relationships when it comes to operational aspects.

Incorrect perception on agencies of intelligence failure
Understanding the constantly altering trajectory of terror is important before charges of intelligence failure are levelled.

It has become common practice to attack agencies of intelligence failure whenever a major terror attack takes place. This need not be the case in every instance. The usual charge levelled is of the failure of intelligence agencies “to connect the dots”. Most often, this is not true.

There are many other reasons for adequate intelligence not being available to prevent a terror attack.

Intelligence agencies are well-versed in the latest techniques of intelligence gathering:
INSIGHTS into EDITORIAL

One common fallacy is that intelligence agencies have remained static, are rooted in the past, and that their personnel are inadequately trained to handle current day intelligence tasks.

- Agencies obtain vast amounts of information from both human and technical intelligence, not excluding signal intelligence and electronic intelligence, intelligence from satellites and photo reconnaissance, etc. This is apart from open source intelligence.
- Agencies employ data mining techniques and are familiar with pattern recognition software.
- Today, noise and signals constitute valuable meta-data. Analysing meta-data has produced more precise information and intelligence than is possibly envisaged, and agencies well recognise the value and utility of this.
- In addition, intelligence agencies have become highly proficient in monitoring and exploiting open source material.
- Mapping and analysis of social networks is today a critical aspect of their work. This is especially useful when it comes to unearthing covert terror networks.

Many intelligence agencies today have an extensive database of several thousands of terrorists and potential terrorists.

**What is the real problem?**

Problems arise from inadequate sharing of intelligence across institutions and countries.

- The real problem is that when dealing with terrorism and terror networks, no two situations in the actual world are identical.
- The nature of threats is such that they continue to evolve all the time. Both the 2001 terror attack in New York and the November 2008 attack in Mumbai were one of a kind with few parallels at the time.

Anticipating an attack of this nature remains in the area of an “intelligence gap” rather than an “intelligence failure”. An intelligence gap is one denoting an absence of intelligence output while an intelligence failure is one where, based on available evidence, no warning was issued.

**Newer challenges faced by intelligence agencies**

- One of the major challenges that all intelligence agencies face is a qualitative understanding of the newer, and many post-modern threats. These newer generation threats, including those by terror groups and outfits, often lie “below the radar” or beyond the horizon.
- Anticipating such threats and their nature requires intelligence agencies to be constantly ahead of the curve.
- Anticipating newer threats is only partly facilitated by today’s technical advances such as new computing and communication technologies. However, these alone are not often enough to meet today’s intelligence needs.
- As problems become more complicated, and as terror networks become even more sophisticated, there has to be recognition that the situation demands better understanding of factors that are at work.

**Way Forward**

Alongside this, and to fill the gap, there is a case for far greater sharing of intelligence and information among intelligence agencies worldwide than it exists at present. This is important to prevent another terror attack on the lines of the Mumbai 2008 attack.

It now transpires that certain foreign intelligence agencies had additional information about the possible attack which was not shared in time, and which led to an intelligence gap. This could have been avoided.

More important, such a situation should never arise in the future.

Terror and terrorism is a universal phenomenon. Every nation is bound to share able with it to prevent a possible major terror attack.
Introduction:

Domestic violence, or intimate partner violence (IPV) as it is sometimes called, is a worldwide problem. Intimate partner violence is referred as a threatened physical, sexual, financial or emotional abuse of a woman by their intimate partner.

Domestic violence in India includes any form of violence suffered by a person from a biological relative, but typically is the violence suffered by a woman by male members of her family or relatives.

The greed for dowry, desire for a male child and alcoholism of the spouse are major factors of domestic violence against women in rural areas.

IPV in India

Domestic violence or IPV is currently defined in India by the Protection of Women from Domestic Violence Act of 2005.

- A 2014 study in The Lancet reports that the reported sexual violence rate in India is among the lowest in the world, the large population of India means that the violence affects 27.5 million over women their lifetime. The instance of violence was reported to be lowest among Buddhist and Jain women, and highest among Muslim women in India.

- According to United Nation Population Fund Report, around two-third of married Indian women are victims of domestic violence and as many as 70 per cent of married women in India between the age of 15 and 49 are victims of beating, rape or forced sex.

- In India, more than 55 percent of the women suffer from domestic violence, especially in the states of Bihar, U.P., M.P. and other northern states.

- Physical injury is the most visible form of domestic/Intimate partner violence.

- Emotional abuse has been gaining more and more recognition in recent years as an incredibly common form of domestic violence within the private home throughout developing nations such as India.

- Most of the risk factors for intimate partner violence identified in slums appear to be similar to those identified in non-slum settings in India. For example, women’s employment has been found to be a risk factor for intimate partner violence in both slums and non-slum settings in India.

- In Indian families with patriarchal norms, women with higher income or status relative to their partners are more likely to be seen as gender deviant and to face violence (NFHS).

- In Indian families with patriarchal norms, women with higher income or status relative to their partners are more likely to be seen as gender deviant and to face violence.

Impact of Domestic violence on Women’s’ Health

In a study conducted in India reported that women with a lifetime history of IPV were more likely to have reported poorer physical and mental health compared to those without a lifetime history of IPV.

- Violence against women is a significant public health problem in India with prevalence estimates ranging from 6 per cent in one State (e. Himachal Pradesh) to 59 per cent in another (i.e. Bihar).

- In the National Family Health Survey, the prevalence of violence against married women in various slum areas in India was reported to be between 23 and 62 per cent.

- The factors associated with intimate partner violence were early marriage, husband’s alcohol use, women’s employment, and justification of wife beating.

Norms related to gender roles, community attitudes and the broader social context, including the media, play a significant role in the acceptance and promotion of intimate partner violence.

Role of Self-Help groups to address IPV

Strategies to address IPV have included legal reforms, awareness creation drives, and strengthening of women’s civil rights. As criminal justice solutions have largely been inaccessible to socially precarious women, a more inclusive alternative is to have collective-based resolution mechanisms. The potential of large-scale groups of women, such as self-help groups (SHGs), becomes critical in the Indian context.
INSIGHTS into EDITORIAL

- Many models of community dispute resolution mechanisms have been experimented in India like,
  - The Nari Adalats (women courts) in various States,
  - Women’s Resource Centres (Rajasthan),
  - Shalishi (West Bengal), and
  - Mahila Panchayats (Delhi)

They have seen IPV as a public issue rather than a personal problem.
- Several NGOs have co-opted these models so that women can resolve cases of violence without getting entangled in tedious legal processes.
- SHGs are the most widely present collectives across regions. The experiences of large-scale programmes offer valuable insights into action for IPV redressal within SHG-led development models.
- Collectives of women need adequate investment for building their capacities and mediation of IPV requires specialised structures to avoid manipulation by kinship relations and political affinities.

Way Forward

Violence against women is an extreme manifestation of gender inequality in society and a serious violation of fundamental human rights.

Not all groups of women become safe spaces to discuss violence. SHGs must first become enabling spaces where the economic and social concerns of women are stated as priorities.

Freedom from violence must be stated as a necessary component of empowerment.

It takes time for most women to recognise that violence is unacceptable. To enable them to understand this, there must be investment in specific training, and gender analysis processes.

SHGs are mostly seen as administrative entities. Their social role can be enhanced to tackle the widespread problem of IPV.

[22] Countering growing inequality

Context:
Income inequality in India has reached historically high levels with the share of national income accruing to India’s top 1 per cent earners touching 22 per cent in 2014, while the share of the top 10 per cent was around 56 per cent, according to the World Inequality Report 2018 released.

World Inequality Report 2018
- World Inequality Report is a report by the World Inequality Lab at the Paris School of Economics that provides estimates of global income and wealth inequality based on the most recent findings compiled by the World Wealth and Income Database (WID).
- WID, also referred to as WID.world, is an open source database that is part of an international collaborative effort of over a hundred researchers in five continents.
- The World Inequality Report 2018 has brought into focus an aspect of economic progress in India. The reported finding that the top 1% of income earners received 6% of the total income in the early 1980s, close to 15% of it in 2000, and receives 22% in 2014.

Trends in Global Income inequality
Global income growth dynamics are driven by strong forces of convergence between countries and divergence within countries. Global dynamics are shaped by a variety of national institutional and political contexts.

- Since 1980, income inequality has increased rapidly in North America and Asia, grown moderately in Europe, and stabilized at an extremely high level in the Middle East, sub-Saharan Africa, and Brazil.
- The poorest half of the global population has seen its income grow significantly thanks to high growth in Asia. But the top 0.1% has captured as much growth as the bottom half of the world adult population since 1980.
Income growth has been sluggish or even nil for individuals between the global bottom 50% and top 1%. This includes North American and European lower- and middle-income groups.

The rise of global inequality has not been steady. While the global top 1% income share increased from 16% in 1980 to 22% in 2000, it declined slightly thereafter to 20%.

In China, India, and Russia inequality surged with opening and liberalization policies.

**Figure E6**
The rise of private capital and the fall of public capital in rich countries, 1970-2016

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**Income inequality in India**

Income inequality in India has reached historically high levels. In 2014, the share of national income accruing to India’s top 1% of earners was 22%, while the share of the top 10% was around 56%.

- Since the beginning of deregulation policies in the 1980s, the top 0.1% earners have captured more growth than all of those in the bottom 50% combined.
- The middle 40% have also seen relatively little growth in their incomes.
- Inequality rose from the mid-1980s after profound transformations of the economy. In the late seventies, India was recognised as a highly regulated, centralized economy with socialist planning. But from the 1980s onwards, a large set of liberalization and deregulation reforms were implemented.
- The structural changes to the economy along with changes in the regulation appear to have had significant impact on income inequality in India since the 1980s.
- Indian inequality was driven by the rise in very top incomes.

**Comparison between India and China**

In particular, the report enables a comparison of economic progress made in India and China. Comparison between China and India is meaningful as they had both been large agrarian economies at similar levels of per capita income when they had started out in the early 1950s. Moreover, the absence of democracy in a society does not by itself guarantee faster economic growth and greater income equality.

- Since 1980, while the Chinese economy has grown 800% and India’s a far lower 200%, inequality in China today is considerably lower than in India.
INSIGHTS into EDITORIAL

- The share of the top 1% of the Chinese population is 14% as opposed to the 22% reported for India. It is emphasised that growing inequality need not necessarily accompany faster growth, observing that inequality actually declined in China from the early 21st century.
- Post 1980s, inequality has risen in China and India. Inequality rose to extreme level in India and moderate level in China as China invested more in education, health and infrastructure for its bottom 50 per cent population.
- China has grown faster, has far lower poverty and far higher average income, and its income distribution is less unequal at the very top. The World Development Indicators data released by the World Bank show that per capita income in China was five times that of India in 2016 while the percentage of the population living on less than $1.90 a day was about 10 times less at the beginning of this decade.
- China had by the early 1970s achieved the level of schooling India did only by the early 21st century.
- The spread of health and education in that country enabled the Chinese economy to grow faster than India by exporting manufactures to the rest of the world. The resulting growth lifted vast multitudes out of poverty.
- As the human capital endowment was relatively equal, most people could share in this growth, which accounts for the relative equality of outcomes in China when compared to India.
- An ingredient of this is also the greater participation of women in the workforce of China, an outcome that eludes India.

Democracy not a barrier to development

India has lower per capita income, persistent poverty and by all accounts rising inequality. Democracy per se cannot be held responsible for this. There are States in India with superior social indicators than China. This shows that not only is democracy not a barrier to development but also that similar political institutions across India have not resulted in same development outcomes across its regions.

Way forward

There is need to spread health and education far more widely amidst the population.

The role of progressive taxation is significant in tackling rising inequality at the top. At the same time, to tackle inequality at the bottom there is a need for more equal access to education and good paying jobs.

Government need to invest more in the future (education and health), both to address current income and wealth inequality levels and to prevent further increases.

[23] There isn’t going to be a war between India and China today

Context:
The scholar of India-China relations on the contours of the ‘new Cold War’ in Asia and Beijing’s vision for the Indian Ocean speaks about the challenge to India from China in South Asia, his research on the 1962 war, and why he thinks there will not be another India-China war, even as India firms its counter-alliance in the Indo-Pacific.

Role of the Soviet Union and the U.S. was a key to the outcome in 1962. In a war-like situation between India and China today, what position would the U.S. and Russia take?

- Trade between India and China is important for both the nations and its growing continuously. Any impact to the trade would adversely affect both the nations. So there is unlikely to have a war between India and China today.
- What we’re seeing today is a new Cold War in Asia, an informal alliance between India and Japan [versus China]. The United States is a bit unpredictable under Donald Trump, but it had under previous president embarked on a pivot to Asia, with the rise of China as the main concern.
- For the first time, since the 15th century and Admiral Zheng He, the Chinese are now in the Indian Ocean. China didn’t even have a proper navy until recently. So now when it talks of One Belt One Road, and the ancient maritime trade routes, it must be remembered it’s not so ancient.
o In the Indian Ocean, we have India, which considers it its own lake, as it were. But also in the Indian Ocean is the U.S.’s most important base, Diego Garcia. And the French control 2.5 million acres of land in the Indian Ocean. This is why these alliances are growing.

**Had Doklam stand-off this year was not about China’s designs on India, but aimed to drive a wedge between India and Bhutan?**

Bhutan is China’s only neighbour that doesn’t have diplomatic ties with it. Relations are maintained through these boundary talks, which have been going on for more than two decades. Bhutan has been under Indian influence, but it is now asserting itself as a sovereign power. (In recent UNGA resolution on Jerusalem issue India voted in favour of it but Bhutan abstained from voting.)

- Why did China even need the road in Doklam? Maybe the plan was to get Indian troops out of Haa (Bhutan’s Haa Valley) and get them more directly involved in this conflict, which would embarrass many Bhutanese.
- The statements from Bhutan at the time, which were very cautious, and many Bhutanese think that India overreacted and wanted to show its control over Bhutan.
- China is on a charm offensive there (in Bhutan). They’re sending acrobats there, circus performers, football teams, tourists, scholarships for students.

Clearly China wants to extend its influence to all its neighbours, and that includes Bhutan.

**What does this mean for India-China relations in the future, especially the resolution of the boundary question?**

The Indian Ocean is going to become the biggest challenge in the near future. It will be hard to believe both nations will fight another war in the Himalayas.

- China has in the past suggested a swap between Arunachal/South Tibet and Aksai Chin. On paper that sounds reasonable, but we don’t know how serious the Chinese are.
- Also, if China were to accept the Line of Actual Control (LAC) as the border, it could control any dissidence within.
- In India, which is a democracy, the government couldn’t just go ahead with that solution. Because it would be a political suicide.
- But in the larger picture, China seems not to care if the boundary remains unresolved. They are not looking for a solution; they are looking for a strategic advantage.
- Where there is a conflict of interest building up is in the Indian Ocean. The joint naval exercises with Australia, US, Japan and other countries are important.

**Do you see the newly convened “Quad”, of India, Australia, Japan and the U.S., building up as a military alliance?**

Yes. It is almost inevitable. It has to do with the rise of China and with economic power there comes political power and then military power, which you need to protect your interests.

**The Maldives has recently concluded a free trade agreement with China, and is growing much closer to Beijing in all respects. The question is, how can India counter China’s obvious advantage in terms of money power?**

- So far, India has been an observer about Chinese moves in the Indian neighbourhood. The same thing is happening in the Seychelles. China is paying enormous attention to the country, of less than 100,000 people.
- India’s eastern border with Myanmar is also so much more important. But India spends an inordinate time on its western border (with Pakistan). Myanmar is China’s corridor to the Indian Ocean. What India can do to counter it is to pay more attention.

**Will the China-Pakistan Economic Corridor (CPEC) change the politics of the region?**

The success of CPEC depends on the stability of the country Pakistan and China will have to deal more and more with its internal dynamics.

- In addition to it, the CPEC connects to Xinjiang, away from China’s economic centres, unlike, say, Myanmar that connects to China’s eastern economic zones and ports.
- Over the past year, given the problems in Rakhine state, China is even looking for a third route into the Indian Ocean to bypass the choke-point at the Strait of Malacca. Here China is pushing the idea of the Kra Canal (from Gulf of Thailand to the Andaman Sea).

So for China what is important is the goal, not so much the routes to it.
Moving to the east is China’s control in Myanmar inevitable, or is there something India can do?

India has three main problems on its boundary with Myanmar compared to China.

- **Infrastructure:** On Myanmar’s northern border, China has super-highways, an airport not far from the border. Kunming has been upgraded to a huge international airport. On the Indian side, infrastructure is still a major problem. It’s better than 10 years ago perhaps, but not comparable to what already exists on the Chinese side.

- **Red-tape and bureaucracy:** There are still many trade restrictions on the Indian side and several checkpoints. An integrated checkpoint, which is being planned by India, will help.

- **Underground rebel groups operating on the Indian side,** which can carry out attacks and extort money all along the border.

India has to resolve these problems as People of Myanmar would like to do much more trade with India, because the dependence on China is so massive, it is worrying for everyone, including their military.

[24] Out at sea

**Context:**

In its National Security Strategy (NSS), the U.S. has called China a “challenger” and “rival” while welcoming India’s emergence as a “leading global power and stronger strategic and defence partner”, and declared that it seeks to increase ‘Quadrilateral’ cooperation with Japan, Australia, and India.

The NSS also states that the U.S. would support India’s growing relationships throughout the region. While the broader emphasis on improving the partnership is welcome, policymakers in New Delhi should be cautious and cognizant on its national interests.

**US’s national security strategy: Key points**

Geopolitically, the NSS places the greatest emphasis for American interests on the Indo-Pacific region, an area that includes India. It is interesting to note that the NSS uses this term, instead of Asia-Pacific, indicating that the United States has as deep an interest in South Asia as it does in East Asia.

The document explicitly includes India in its definition of the Indo-Pacific, which stretches “from the west coast of India to the western shores of the United States, [and is] the most populous and economically dynamic part of the world.” In fact, about half of the world’s population lives within this Indo-Pacific region. The following items were outlined.

1. **Combating China**

   The strategy deems China, like Russia, to be a “revisionist” power, determined to reshape the world according to its own ideals. The strategy calls for stronger traditional alliances and new partnerships in Asia amid a “geopolitical competition between free and repressive visions of world order.”

2. **Countering Russia**

   The strategy is harsher on Russia than the president has been in public comments. It says Russia uses “subversive measures” to weaken America’s credibility and European governments.

3. **Budding India Alliance**

   The strategy promotes a deeper partnership with India. Pakistan, on the other hand, must crack down on “transnational terrorists” operating from its soil, it says.
   
   - But the document offers Pakistan the carrot of greater trade and investment ties if it helps on counterterrorism.
   
   - The regional approach could be part of the broader effort to counter China, which is investing billions in Pakistan.

4. **Fighting Global Threats**

   North Korea and Iran are singled out as the leading threats to US security, followed by what Trump used to call “radical Islamic terrorist” organizations like the Islamic State group and al-Qaida. The strategy emphasizes cyber threats and says the administration will assess such risks to security, energy, banking and transportation.
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While budding alliance with India is a welcoming step, India should cautious on two counts. One, India should be wary of any attempts at being pitted as a front in the U.S.’s efforts to check China’s rise. Two, while the notion of the Indo-Pacific sounds grandiose and enticing, India must not forget that its primary area of concern is the Indian Ocean Region (IOR).

India’s foreign affairs should be in line with Rules-based order

As its stature in global politics increases, it is in the nations as well as global interest that India remains a balancing power.

- For instance, India’s vote in the UN General Assembly over Jerusalem should be seen in line with a “rules-based world order.”
- At the same time, there is no question that India should hedge against the rapid expansion of Chinese presence in the IOR.
- This is further underscored by recent acknowledgment by the People’s Liberation Army that it is “planning to explore the possibility of more foreign military outposts in Africa, West Asia and other areas.”
- For India, geographically the area of concern, and so the area of focus, should mainly on IOR, stretching from the Gulf of Aden to the Strait of Malacca.
- While reiterating its commitment to upholding the established laws of the global commons, New Delhi should not go adrift in the larger Indo-Pacific.

As more powers make inroads into this strategically crucial space, India must consolidate its position and not expect others to do its job, for it would only mean ceding space in the long run.

How can India achieve this?

There are two ways of doing this — beefing up Indian capacity and securing interests and then expanding partnerships to fill voids.

- India should undertake capacity building in its own backyard be it South Asia or the IOR to secure its position as a leading global power.
- It is imperative for policy-makers in New Delhi to conduct a reality check on relations with our neighbours.
- Over the last couple of months, there have been hectic parleys with various nations in various formats — quadrilateral, trilateral, etc. But it cannot be at the expense of the neighbours.
- While being part of various groupings is important, it is imperative that they are in line with our interests.
- That is where more clarity is required on the recently resurrected Quad. Because except India for the other three the primary focuses is the Pacific Ocean especially the South China Sea.

Recent India’s Key initiatives

Some recent initiatives illustrate the way forward for India.

- Last month, India and Singapore concluded an overarching bilateral agreement for naval cooperation. Besides being only India’s second bilateral logistics arrangement, it gives it access to the Changi naval base at the mouth of the Strait of Malacca.
- With Singapore’s assistance, India is also working out modalities for joint multilateral exercises with the Association of Southeast Asian Nations (ASEAN).
- India is also negotiating similar logistics agreements with several other countries.
- Another initiative which fits the bill is the Goa Maritime Conclave hosted by the Indian navy last month where Navy Chiefs and maritime heads of 10 Indian Ocean littoral states brainstormed on ways to improve cooperation in the region. It is an India-led initiative where the navy has offered to share information of maritime movement in real-time.

Way forward

These developments show the way forward for India to engage with like-minded countries in the region without getting entangled in groupings which are seen as being targeted or military in nature.
This is the template for India to take forward to build its primacy in the IOR before venturing into adjacent waters while also making sure that its interests are taken heed of while getting into various groupings and not end up doing someone else’s bidding.

By continuing to secure the support of the United States for economic growth and its security position in Asia, India first and foremost pursues its own national interests and should maintain its strategic autonomy.

**Growing Forests**

**Context:**

More than a year after Parliament passed the Compensatory Afforestation Fund Act 2016 (CAF), the Ministry of Environment Forest and Climate Change (MoEF&CC) is yet to roll out the mandatory rules to implement it. In fact, the ministry in November asked an extension till January 3, 2018.

The disclosure in Parliament that the Centre is not ready with the rules to implement the Compensatory Afforestation Fund (CAF) Act, 2016 demonstrates that the government’s resolve to meet a variety of environmental objectives remains woefully weak.

**The Compensatory Afforestation Fund Act, 2016**

- Act provides for the establishment of funds under the public accounts of India and the public accounts of each State which will be used for compensatory afforestation. It extends to the whole of India except the State of Jammu and Kashmir.

- Levies are imposed on development projects that seek land inside a Reserved Forest or a Protected Area (PA) in a sanctuary or a national park. These collected levies are accrued in the CAMPA Funds which are to be utilised to plant trees elsewhere in order to compensate the loss of forest due to development projects.

**Salient features of the Act**

- It seeks to establish the National Compensatory Afforestation Fund under the Public Account of India, and a State Compensatory Afforestation Fund under the Public Account of each state.

- The payments into the funds include compensatory afforestation, NPV, and any project specific payments. The National Fund will get 10% of funds collected and the remaining 90% will go to respective State Fund.

- The collected funds will be utilised for afforestation, regeneration of forest ecosystem, wild life protection and infrastructure development.

- The act also seeks to establish National and State Compensatory Afforestation Fund Management and Planning Authorities to manage the funds.

- The determination of NPV will be delegated to an expert committee constituted by the central government.

- NPV quantifies the services provided by the forest. It includes goods and services (tourism and timber); regulating services (climate change); and non-material benefits (recreation).

- It seeks to provide safety, security and transparency in utilization of CAMPA funds which are currently kept in Nationalized Banks and managed by an ad-hoc body. These funds would be brought under the focus of Parliament and State Legislatures by transferring them to non-lapsable interest bearing funds.

**What is happening in the absence of rules?**

- In the absence of the rules, forest departments in at least 15 states are undertaking afforestation as per the state CAF guidelines released by MoEF&CC in 2009, which are silent on the fundamental question of what kind of land—forest or revenue—can be used for carrying out the drives.

- As a result they are using the funds under CAF to take charge of forestlands that are being considered for community ownership and management, under the Forest Rights Act, 2006 (FRA).
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- At present, the fund under the Act, which makes afforestation compulsory to compensate for the forestland diverted for non-forest purposes, has Rs 42,000 crore of which 10 per cent should be with the National CAMPA and the remaining with the state CAMPAs.

- For instance, Odisha forest department is using CAF to fence land over which local communities have claimed rights. Then they are using the land for plantations.

- Several hectares were compensated there, but only with patchy outcomes: healthy monoculture plantations having low biodiversity value came up in some places, while others resulted in unhealthy plantations with few trees.

- The exploitation by the state forest departments could have been avoided if the ministry had released the rules in time.

Why is a new scientific national plan to expand good green cover essential?

- Putting in place a scientific national plan to expand good green cover is essential, since the sequestration of carbon through sustainably managed forests is a key component of the commitment made under the Paris Agreement.

- There is already a Green India Mission, which is distinct from the framework envisaged for compensatory afforestation.

- What the Centre needs to do is to enable independent audit of all connected programmes, in order to sensibly deploy the financial resources now available.

- It must be emphasised, however, that replacing a natural forest with a plantation does not really serve the cause of nature, wildlife, or the forest-dwelling communities who depend on it, because of the sheer loss of biodiversity.

- Yet, there is immense potential to augment the services of forests through a careful choice of plants and trees under the afforestation programme.

- The Supreme Court has directed that, besides artificial regeneration (Plantations), the Fund shall also be utilised for undertaking assisted natural regeneration, protection of forests, infrastructure development, wildlife protection and other related activities and an independent system of concurrent monitoring and evaluation should be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of funds.

Way Forward

All this can make a beginning only with the actualisation of the law passed in 2016. It is worth pointing out that the method used to calculate the net present value of forests, taking into account all ecosystem services they provide, is far from perfect, as many scientists point out.

Concerns over its discordances with FRA, lack of livelihood generation and eviction and poor participation of local communities during compensatory afforestation drives should be addressed.

Some of the momentum for compensatory afforestation has come from judicial directives, but now that there is a new law in place, it should be given a foundation of rules that rest on scientific credibility.
### RSTV/ LSTV Synopsis

#### [1] Sri Lankan PM’s Visit: Strategic & Economic Significance

On a **four day visit** to review initiatives in mutual cooperation Sri Lankan PM Ranil Wickremesinghe met his counterpart in **India Narendra Modi**. Besides regional **peace and cooperation**, both of them discussed the areas to further **widen cooperation**. The PM of India’s neighbor later met business leaders in Bengaluru to seek cooperation in software technologies at the **5th Global Conference on Cyber Space** and, also called on **president Ram Nath Kovind** to tell him the situations in Sri Lanka.

**Analysis:**

- **India-Sri Lanka relations** have been **friendly in general**, but were also **affected by Sri Lankan Civil War** and **Indian Peacekeeping operations** in the past. At present, **ethnic and fishermen issues** still remain unsolved.

- Both the nations are separated by **Palk Strait** and have strategic locations in the **Indian Ocean Region** in South Asia. Both are **close historically and culturally** as 70% of Sri Lankans following Theravada Buddhism. They are also part of common multilateral groupings like **SAARC and BIMSTEC**.

- The meeting has been a move further for India to go for **Joint Ventures in Sri Lanka**. The so-called “world’s emptiest airport,” **Mattala Rajapaksa International airport**, 18 km from **Hambantota in SE Sri Lanka** is planned to developed as a JV by India. India could invest for a 70% share for 4 years. The airport is located near the **Hambantota maritime port** which is mainly developed and funded by **China**. This thus, brings India and China for developing two projects in the same region.

- Sri Lanka is very important for India as a neighbor and for China with respect to its OBOR and other initiatives.

- The other JV under consideration between the two neighbors is **Trincomalee Oil Tank Farm** in NE Sri Lanka. Indian Oil Corporation is to develop the tank farm located in Trincomalee which has a history spanning over 2000 years.

- So, India-Sri Lanka relations have come a long way as far as development relations are concerned. **Economic and Technology Co-operation agreement (ETCA)** is a proposed diplomatic arrangement that will add to the existing **Free Trade Agreement** between the two. **Long pending ethnic crisis** may also find a solution with improvements in political relations.

- **India** has supported and provided **intelligence support** which resulted in the **defeat of LTTE**. India has also been training **Sri Lankan forces** for a very large time. There have been large amount of **military co-operations** between the countries.

- **Sri Lanka will be helpful** in extending India’s domain, due to its geographical location- in **Maritime, space and cyber**—all of them being interconnected. In **recent talks at Manila**, India had focused on **Indo-Pacific region**. China is also investing so much in Sri Lanka as its location is very critical.

- **Colombo port** is able to receive the largest ships which Indian ports are not able to. So, India in this respect in **Sri Lankan’s maritime infrastructure** and bring India to be a part of various global chains.

- **Fishermen issue** is yet to be solved between India and Sri Lanka. The Sri Lankan government wants to ban use of **mechanized trawlers** in the Palk Strait region which are ecologically damaging. Some modern surveillance techniques need to be developed further by both, to restrict fishermen to cross the borders, where the two nations are separated by just 12 nautical miles.

**Conclusion:**

Despite some of the pending issues, the relations between the two neighbors in IOR look to be going forward. **Trade** between the two has **grown rapidly after the entry into force of FTA in 2000** with bilateral trade now reaching more than $4 billion now. India is planning to develop regions like **Trincomalee and Hambantota** beyond the drefence assistance provided to Sri Lanka which are welcome steps. It may be hoped that the ethnic and fishermen issues may also get resolved in near future with better relations being on track.

Link: [https://youtu.be/-AvfaT-i74Q](https://youtu.be/-AvfaT-i74Q)

In a significant victory for its non-proliferation track record, India has recently gained a step ahead in its elite export control regime becoming the 42nd member of the Wassenaar Arrangement. It can also be expected to be an important case for entry of India into the 48-member Nuclear Suppliers Group (NSG).

Analysis:

- **Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies** is one of the four Multilateral Export Control Regime (MECR). A MECR is an international body used to organise a state’s export control systems (trade barrier). Other 3 MECR are:
  1. **The Nuclear Suppliers Group (NSG)** for the control of nuclear related technology,
  2. **Australia Group (AG)** for control of chemical and biological technology that could be weaponized and,
  3. **The Missile Technology Control Regime (MTCR)** for the control of rockets and other aerial vehicles capable of delivering weapons of mass destruction.

- **Wassenaar Arrangement** was established on 12 July 1996 becoming a successor to the Cold War era Coordinating Committee for Multilateral Export Controls (CoCom). The Arrangement which is not a treaty includes exchange of information by member countries in total eight broad weapons categories like battle tanks, military aircrafts, warships, etc.

- **After World War II**, western countries led by the US wanted to restrict any sensitive technology going towards Soviet Union and its allies. **By the end of the Cold War**, Soviet Union broke up and threat perceptions underwent a fundamental change post 1990. The threat of perception of sensitive material and dual use technology was seen as a major threat. So, **CoCom got a reincarnation as Wassenaar Arrangement** with Russia and many of East European countries as also its members.

- **Dual use technology** can be used for both peaceful and military aims. The US and Russia had spent billions of dollars developing rocket technology which could carry humans into space. This paralleled the development of Intercontinental Ballistic Missile Technology.

- **India joining the Wassenaar Arrangement** implies that India is also recognised to have dual use technology. There is exchange of notes when countries meet in such arrangements. So, India will gain access to high technology which will help to address the demands of its defence & space sectors.

- **Earlier India was seen as a target** by regimes like MTCR and NSG. ISRO and DRDO had restrictions imposed on them when India was acquiring cryogenic technology from Soviet Union. India’s nuclear program was targeted and cooperation was denied by NSG. However, **after the nuclear test of 1998 there was a shift in India’s position**.

- **India has become a part of MTCR in 2016** and had also got some waiver by NSG countries in 2008, though not its permanent member yet. Due to **opposition from China, India’s entry into the NSG is not quite easy** in near future. It is **relatively easy** for India to become a part of the **Australia Group** of which China is not a member.

**Conclusion:**

India is now getting a recognition on the global platform which can be seen by recent MTCR entry, International Court of Justice elections and now the Wassenaar Arrangement. It is a step forward for being recognised as a responsible nuclear power. But whether India can be a part of Nuclear Suppliers Group is still a question due to the China’s opposition.

Link: https://youtu.be/xq1e6Dp3wmg
AIR Spotlight Summary

[1] Nuclear Weapons and Security concerns

Context:
North Korea has conducted a long range nuclear missile test called as ballistic missile. It can go up to 13000 km. It takes in entire USA into its range. India is not far from North Korea. It is within that range.

How do you see the missile test as this test propels North Korea into the League of Nations which got Intercontinental ballistic missiles?

- This test enhances the credibility of North Korea as a state which now possesses intercontinental ballistic missile capability. This test, North Korea called it a Hwasong-15 missile, had an actual trajectory of about 960 km. But it was fired at a certain angle where by it acquired an altitude of almost 4500 meters up in the atmosphere. If altitude and range is extrapolated, the expert opinion is that this is the missile that can cross 12000 km when it is fired in the optimum range manner. Now it can reach large parts of continental US.

- With this test North Korea demonstrated two kinds of capabilities – nuclear explosion and ballistic missile.

- The real challenge now is can they miniaturise the warhead whereby they can actually have a nuclear tipped ICBM (Inter Continental Ballistic missile). However, that is unlikely with the current evidence. Because miniaturisation of a nuclear warhead onto an ICBM very tricky.

- The missile credibility is there but it is not an immediate threat in term of it nuclear missile capability at this point.

How does it matter now especially for India?

- Japan can perhaps be targeted mainly because of proximity whereas USA is a distant entity. Both of them see each other as enemy because Korean War is not yet over technically. There has been no formal closure.

- India is affected to an extent that any kind of turbulence in East Asia which is triggered by North Korea and any kind of response by any of the players which leads to a greater instability. India will be affected because today East Asia, all the way from ASEAN to China, is a major partner for India’s trade and economic orientation. So to that extent India is an affected party.

- North Korea’s capability was enabled to a great extent by Pakistan through covert linkages between China-Pakistan, Pakistan-North Korea, North Korea-China. India is affected to an extent that North Korea’s manifestation of this triangular linkage.

- Therefore India has to be monitoring this carefully because any exchange of ordnance that has the potential to hit the higher levels of weapons of mass destruction will create turbulence.

Japanese have sought for an emergency meeting with UNSC. Can the UNSC intervene in this?

- UNSC has been alerted many times regarding NK issue. Emergency meetings have been called. The permanent members have had different views of how to deal with NK.

- USA, France and UK had one view like penalties, imposing sanctions. Whereas China has been ambivalent, so has Russia to a certain extent. Therefore that cohesion is not there in UNSC. Also North Korean issue is very different from the Iraq issue as North Korea possesses Nuclear weapons of mass destruction.

What is the kind of Air defence covered to prevent these ICBM targets?

- During Cold war both former Soviet Union and USA had these ICBMs. To deal with such missiles at that time the world had thought of what is called as the Antiballistic missiles (ABM). But for reasons of deterrence stability during cold war both sides signed an ABM treaty. That is neither side would acquire defensive capability that could degrade the incoming ICBM of other side, therefore there ensured a certain degree of stability by what is called Mutual Assured destruction (MAD).

- But after the end of cold war, there has been a certain investment in Ballistic Missile defences (BMD). USA had used this defence system during Gulf war. Now many countries possess the BMDs.
Who can stop North Korea from carrying out nuclear threat?
- It is difficult to restrain North Korea because North Korea regime seems to be convinced that the USA and its allies are determined to affect the regime change in North Korea. So it has to be restrained through negotiation but not by force.

Is North Korea acting on the behest of China?
- China has considerable influence over North Korea but over the last year North Korea has been exuding a higher level of autonomy in terms of its actions. China is not exerting the kind of pressure or leverage that is required. China can completely cut-off all supplies. But Chinese analysts say that NK would implode.
- Hence China thinks that the current regime with supreme leader Kim is a better option than increasing the leverages and imposing severe penalties.

[2] Balance between Legislature, Executive and Judiciary

Context:
PM has stressed the need to ensure the balance between judiciary, legislature and executive. He underlines the need of three organs to work together and fulfil the aspirations of the people. Speaking at the valedictory session of the National Law day, PM said maintaining the balance among three organs is a backbone of our constitution.

How do you really see the entire situation between judiciary on one side and Executive on the other?
- The question of fine balance among three organs of the state has been discussed over a period of time. It is always a live issue. The point is that constitution has maintained a fine balance in terms of structural harmony and functional harmony.
- If there is a slight deviation in this balance then the functional harmony of the state will get disrupted. However, India as a democratic country it ensured that its different organs are working in harmony with each other most of the time.

Why this question arises?
- This question arose not in vacuum but in certain context. Perhaps the immediate provocation is the rejection of NJAC Act by the SC.
- The question of selection of judges by the collegium of judges has been an issue on which there are different opinions. Judiciary wants primacy that is absolute right over selection of judges.
- An organ of the state stepping into the domain of the other organ happened many times. Some of the Steps taken by the judiciary, for instance In Delhi when the pollution levels are rising alarmingly affecting the people’s health, judiciary gave an order to use CNG vehicles.
- In fact, there is no denial that the decision helped to bring down the pollution level but the point arose was whether it is the function of the judiciary.
- It is the function of the government. But unfortunately government did not take any action. So judiciary stepped into this. This is the main reason for the rift between Judiciary and Legislature.
- If a particular organ is failed in discharging its legitimate duty and its responsibility towards the people another organ steps in and try to correct it.
- Another example of Judicial overreach is some years ago in an assembly entire functioning of the assembly was set by the SC. SC issued directions as to how the assemble should conduct its proceedings in a particular context.
- This is something which judiciary cannot do under the constitution. It is the legislature to decide the proceedings according to the rules of Procedure.

Some course correction has to be made
- Judiciary can step in only when the fundamental rights of the citizens are violated. It is in this context PM has specifically spoken on the Constitution day. He said “we are making every attempt to build India on the lines of the significance of these principles enshrined in the constitution.”
INSIGHTS into EDITORIAL

- So in the overall context he says that every effort should be made in to ensure that the three organs of the State should not come into conflict. Because, the areas where they should operate is clearly mentioned in the constitution.
- However, we are a society which is evolving and norms are changing. During this some encroachments may happen. This encroachment has main been necessitated in the past because the government has not intervened effectively in a particular given situation.
- When we say that there should be a harmony among the organs we must also make sure that the conditions are created where that balance is able to be maintained.

**The conflict appears to be between judiciary on one side and the law makers or legislature on the other side**

- Legislature makes the law and judiciary examines the validity of the law to ensure that it is in accordance with the constitution.
- Judicial review has become part of a basic structure. So, judicial review occupies such an important position in the whole scheme of things.
- PM also quoted from the SC verdicts in 1967 Golakanath vs State of Punjab case. The PM went on to say that the verdict in these cases have clearly mentioned the need to maintain a balance among the three organs.

**No rigid system of separation of powers**

- Separation of powers has been discussed many times by the judiciary. But we don’t have a very rigid system of separation of powers. Judiciary can review legislative process and executive also has the legislative power. For instance, under Art 123, President can promulgate an ordinance which is a law that has same effect as an act of parliament. Judges are also empowered to make a law in the sense that they can interpret the law and can fill the gaps if that is very necessary do to full justice to the issue.

**Conclusion**

There has to be some kind of understanding that needs to be reached. Three organs should be acutely conscious of the limits of their domain and the responsibility for maintaining a balance. Occasionally there may be an overlapping that bound to happen because ours is a very dynamic society. But the important thing to note is that we have the systemic ability to correct distortions whenever they happen and that kind of a self-correction is part of our system.

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**Global Entrepreneurship Summit**

**Context:**

Global Entrepreneurship Summit recently held in Hyderabad. It is an important step in deepening the ties between India and US. New US ambassador to India said, security relations between the two countries will reinforce each other to make this kind of interaction more meaningful.

Many leading entrepreneurs attended the Summit which testifies massive importance given to it. Interestingly the theme of the Summit is about Women Empowerment.

**What does this Summit mean for India?**

- India is now fastest moving economy bearing few quarters. Now India’s participation in the global economy is also increasing. India is rated as a bright spot in the global economic system that is recognised by various Global agencies like IMF. Projections have been positive for India for several quarters.
- This summit becomes more significant as participation from Women side is also present and Theme of the summit itself – women First and Prosperity for All– also symbolises the importance given to the summit.
- The summit acted as a platform to bring together entrepreneurs, investors, educators, government officials and start-up ecosystem supporters.
- Summit presented a unique opportunity to present and establish meaningful participation and innovative entrepreneurs discuss their ideas.
- This summit is also helpful for women to take their ideas to the next level as problems faced by women entrepreneurs are different from their male counterparts.
INSIGHTS into EDITORIAL

o The sectors which are focussed also are complementary with the women enterprises like healthcare and life sciences which is very much in sync with the women entrepreneurship.

Disconnect between university and industry linkages

o The major problems that the economy now facing is disconnect between university and industry linkages. There is a mismatch to promote an R&D activity. This is important that Science and entrepreneurship are connected for the practical purposes. What you do in the lab you must be able to commercialise as a business. In this context, Summit had it significance.

Emphasis was given to digital technology, energy and healthcare

o Many start-ups that women have started which applies digital technology to the issues like mental health, counselling, medical transcription and most of other biomedical applications.

o There are many projections that more than 6 billion people will own smartphone by 2020. This needs innovative financial technology to thrive with the growing user base. At this juncture the Summit has become more significant to showcase recent government’s move to digitalize our economy which is in very much sync with global trends.

o Interestingly 52.5 % invitees are women and they came from 19 countries including Afghanistan, Saudi Arabia.

Unique opportunity for the India-US relationship

o This was also a unique opportunity for the India-US relationship. Because the fact that the summit is happening in India at a time when US has a new president and also at a time when new models of cooperation between US and India are being sought.

o There are lot of complementarities and increasing business synergies between US and Indian economy. US, the largest and India is the fastest economy in the present world. Our global trade is also increasing. India’s participation in Trade with US is also on the rise.

o This summit provided a platform to exchange ideas and to strengthen our economic and business relationship.

o This summit is helpful to revisit the Indo-US relationship which has been in a kind of hold over a period of time.

o It was meant to create an enabling ecosystem where entrepreneurs can innovate, forge global partnerships and grow. Altogether this summit is going to represent Indian women in international system of Trade and best practices and for Indians to learn from it.

o At the same time, we have lot of things to showcase to the world; our country is improving in many global charts like Ease of doing business and Global Competitiveness index, Global logistics index. Our participation in global partnerships is also increasing. So India’s picture at the global level is looking attractive. Every time, when entrepreneurs are finding their growth partners then India is one of the lucrative partners.

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