



INSIGHTSIAS

SIMPLIFYING IAS EXAM PREPARATION

- IAS SELF STUDY GUIDE -

INSIGHTS into EDITORIAL

JULY 2018

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INSIGHTS into EDITORIAL

1. ENCOURAGING MEDIATION TO SETTLE DISPUTES

Context:

- India to participate in deliberations at the **United Nations Commission on International Trade Law (UNCITRAL)** in New York. UNCITRAL deliberation deals with an important issue concerning resolution of commercial disputes.
- Commercial disputes are resolved not only through **courts and arbitration** but also **through mediation**. The deliberations will consider how these settlement agreements in disputes in international commercial transactions will be implemented by courts in different countries.

An important draft for India and its businesses:

- The government put out a **draft on cross-border insolvency** to further strengthen the **Insolvency and Bankruptcy Code (IBC)**, seeking to help lenders access overseas assets of a stressed company.
- The **draft aims to** enable India to seek cooperation from foreign countries to bring defaulters' assets there under consideration for insolvency proceedings.
- Several concerns make this **draft important for India** and its businesses. Mandatory **pre-litigation mediation** has been introduced in commercial disputes. The adoption of the convention will address a policy gap on outcomes from the mediation process involving cross-border disputes.

Mediation:

- Mediation is a **process of resolution of disputes** by the parties to them. It involves discussion of the conflicts, moving out of the loop of allegations and counter-allegations, and assessing where interests lie in resolving the disputes. Options for settlement are explored and a settlement is worked out through joint evaluation.
- The process is managed by a **neutral person called the mediator**, who may evaluate the disputes and weigh in on options for settlement (a variant called **conciliation**) but has no authority to impose a settlement.

Benefits of Definitive legal Framework:

- With a **definitive legal framework** recognising and enforcing **mediated settlement agreements**, businesses will be encouraged to **consider mediation** in managing and resolving disputes that arise in their commercial transactions.
- India has lost substantial earnings as a result of international disputes being taken for **resolution outside the country**. Strengthening the dispute resolution policies will **encourage dispute resolution in India**, where the commercial relationship once began.
- As is evident, international transactions involve the application of different laws, by virtue of the persons from different countries being involved, or their undertaking a **business in a third country**.
- The draft convention that is now under consideration relates to the enforcement of settlement agreements arising from disputes in **international commercial contracts**. The convention will link laws adopted by countries to recognise **domestic mediation** and extend them beyond their boundaries.
- UNCITRAL has **formulated principles** on which countries should recognise and enforce **mediation agreements** arising from **cross-border disputes**. Once formalised, countries will have a **consistent framework for enforcing mediation agreements** made in other countries.
- The draft convention defines **mediation** as a "process whereby parties attempt to reach an **amicable settlement of their dispute** with the **assistance of a third person (the mediator)**. The mediator lacks the authority to impose a solution upon the parties to the dispute."

United Nations Commission on International Trade Law (UNCITRAL):

- Trade means faster growth, higher living standards, and new opportunities through commerce. In order to increase these opportunities worldwide, UNCITRAL is formulating **modern, fair, and harmonized rules on commercial transactions**.
- UNCITRAL has been recognized as the core legal body of the United Nations system in the **field of international trade law**. A legal body with universal membership specializing in **commercial law reform** worldwide for over 50 years, UNCITRAL's business is the modernization and harmonization of **rules on international business**.

Enforcement of settlement agreement:

- When the settlement agreement comes up before the court for implementation or enforcement, the court will review it on the **basis of certain conditions**.
- These include the capacity of the parties to enter into the agreement, the question whether the subject matter of the agreement is one that can be settled through mediation in terms of its domestic laws, and so on.
- Once the agreement has been reviewed, the **court must enforce the agreement** on the terms agreed. Courts can decline enforcement only on these conditions. The importance of the draft convention is in the identification of these conditions after careful deliberation.
- **Mediated settlement agreements typically don't need court assistance** for enforcement since the terms of settlement have been chosen and determined by the parties. However, with this convention comes the certainty that **settlement agreements through mediation** will be acknowledged as a resolution of the dispute and will be respected and enforced. Further, if the court were to decline enforcement, this will be done on grounds that are known to international parties.



- **UN system**
- **Main Objective**
 - To promote harmonization of international trade law
 - Laws applicable to private parties (B2B) in international transactions.
- **How:**
 - Legislative and non-legislative instruments (international texts)
 - Gathering and disseminating information pertaining domestic legislations and legal developments
 - Coordinating with other law reform organizations

- **Intergovernmental (1995)**
- **Main Function**
 - To ensure trade flows as smoothly, predictably and freely as possible, deals with the global rules of trade between nations.
 - "State-to-state" regulatory issues
- **How:**
 - Multilateral trade negotiations, Rounds involving all Members of the Organization
 - Dispute resolution mechanism legally binding on all Members.

Improving the business environment fuel overall economic growth:

- In order to boost economic growth, each state tries to **improve business environment** by overhauling various labour laws, single window clearance (e.g. E-BIZ portal, Labour law unification), Setup of **arbitration and commercial courts**, being part of multilateral treaties, strong Intellectual Property protection framework. And **these measures boost growth** as,
 - Investment can be sourced from within the country and **through foreign investors**.
 - Bring about **stability in capital market**.
 - Helps in establishing **creditworthiness**
 - Creates positive environment to start **new business, research and development**
 - Creates opportunity for **job growth**
 - Helps in **improving export import regime**. balance of trade and thus balance of parameters.
 - **Increased productivity** as the time and energy lost in bureaucratic formalities is reduced.

Conclusion:

- Once draft comes into real-time, this will offer a **level playing field to Indian companies** with investment and creditors overseas and multinational companies with interest in India. "It will **offer greater certainty and predictability** to insolvencies involving multiple jurisdictions. This has been long overdue considering India aspires to be among the top economies in the world.
- One hundred and seventy-four countries **recognise mediation and conciliation** as a **method of resolving disputes**, and as an alternative to going to courts. **International business and dispute resolution institutions** such as the International Chamber of Commerce, the Singapore International Mediation Centre and the World Intellectual Property Organisation all have established rules and assist businesses in **resolving disputes through mediation**.
- Businesses, in turn, have turned to **mediation as the first step in resolving differences** that arise in their international disputes. The convention is opportune and will facilitate legal reform to **ease dispute resolution**.

2. REFORM 101: ON HIGHER EDUCATION

Context:

- In a landmark decision, a Higher Education Commission of India (Repeal of University Grants Commission Act) Bill 2018 (HECI) which seeks to repeal UGC Act and provides for setting up of Higher Education Commission of India has been prepared by the Ministry of HRD and placed in public domain for comments and suggestions. The focus of Higher Education Commission of India will be on improving academic standards and the quality of Higher Education.
- It has embarked on a process of reform of the regulatory agencies for better administration of the higher education sector. In fulfilment of the above, several reform measures have already been launched viz, reform of NAAC, Regulation for grant of Graded Autonomy to Universities, granting of Autonomous status to colleges, the Regulation for Open Distance Learning, Regulation for Online degrees etc.

THE CHANGES

UGC ACT

- UGC will have chairman, vice-chairman, secretary, 10 other members
- No provision for govt to remove chairman, vice-chairman, members
- UGC to disburse grants to universities
- Can withhold grants of an institution that doesn't comply with its directions and standards
- Retirement age of chairman, vice-chairman fixed at 65 yrs
- Chairman, vice-chairman, members can accept job offers from higher education institutions run by Centre, state, private bodies
- No provision for online application
- No provision for an advisory council

HECI ACT

- HECI will have chairman, vice-chairman, secretary, 12 other members
- Govt can remove chairman, vice-chairman, members for nine reasons
- HECI not responsible for disbursing grants to universities; this function will be discharged by HRD Ministry
- Can revoke approval of an institution for not complying with its standards
- Retirement age of chairman, vice-chairman fixed at 70 yrs
- Two-year cooling-off period for chairman, vice-chairman, members
- Only online applications for HECI's approval
- Will have an advisory council chaired by HRD Minister

Is UGC a failure:

- Since its inception, the University Grants Commission (UGC) has been witness to a **spectacular growth** in higher education. The number of universities has multiplied 40 times over, and **student enrolment has increased** a hundred-fold. However, the UGC has been a silent spectator to the languishing quality of education in many of these institutions.
 - Few recent policies including **increase in teaching hours** of the faculty and its subsequent **cancellation**, the implementation of the choice-based credit semester system in Delhi University, and the decision to discontinue UGC non-NET scholarship for MPhil and PhD students and its abandonment after protests, have been unpopular.
 - Also, UGC is This affects the commission while disbursing grants and fellowships thereby affecting quality standards.
 - Its policies also suffer from **two diametrically opposite issues**—under-regulation and over-regulation. While it lets smaller substandard institutions slip by as deemed universities, it also instigates witch-hunts against reputed deemed universities.
 - Hence, it is argued that UGC has not only failed to fulfil its mandate but also has not been able to deal with **emerging diverse complexities**.

Higher Education Commission of India (Repeal of University Grants Commission Act) Bill 2018 (HECI) Draft:

- The draft Act is in accordance with the commitment of Government for reforming the regulatory systems that provide for **more autonomy and facilitate holistic growth** of the education system which provides greater opportunities to the Indian students at more affordable cost.
- The transformation of the regulatory set up is guided by the following principles:
 - **Less Government and more Governance:** Downsizing the scope of the Regulator. **No more interference** in the management issues of the educational institutions.
 - **Separation of grant functions:** The grant functions would be carried out by the HRD Ministry, and the HECI would focus only on academic matters.
 - **End of Inspection Raj:** Regulation is done through transparent public disclosures, merit-based decision making on matters regarding standards and quality in higher education.

- **Focus on academic quality:** HECI is tasked with the mandate of **improving academic standards** with specific focus on learning outcomes, evaluation of academic performance by institutions, mentoring of institutions, training of teachers, promote use of educational technology etc.
- It will develop **norms for setting standards** for opening and closure of institutions, provide for greater flexibility and autonomy to institutions, lay standards for appointments to **critical leadership positions** at the institutional level irrespective of University started under any Law (including State Law).
- **Powers to enforce:** The Regulator will have powers to enforce compliance to the **academic quality standards** and will have the power to order closure of sub-standard and bogus institutions.

Highlights of the Higher Education Commission of India (Repeal of University Grants Commission Act) Bill 2018:

- The focus of the Commission will be on improving **academic standards and quality of higher education**, specifying norms for learning outcomes, lay down standards of teaching/research etc.
- It will provide a **roadmap for mentoring of institutions** found failing in maintaining the required academic standards.
- The Commission shall have the **power to grant authorization** for starting of academic operations on the basis of their compliance with norms of academic quality.
- It will also have the powers **to revoke authorization granting** to a higher education institution where there is a case of wilful or continuous default in compliance with the norms / regulations.
- The Commission will encourage higher education institutions to formulate a **Code of Good Practices** covering promotion of **research, teaching and learning**.
- The Commission will also **specify norms and processes for fixing of fee chargeable by higher education institutions** and advise the Central Government or the State Governments, as the case may be, regarding steps to be taken for making education affordable to all.
- The Commission will monitor, through a **national data base**, all matters covering the development of **emerging fields of knowledge** and balanced growth of higher education institutions in all spheres and specially in **promotion of academic quality in higher education**.
- ❖ Finally, the Act must also chart a path to **integrate teaching and research**. The separation between teaching at universities and colleges and research at research councils has not served the **cause of either higher education or research well**.
- ❖ To be motivated to do research, students must have access to **state-of-the-art laboratories and opportunities** to interact regularly with scholars actively engaged at the frontiers of research. Conversely, scholars stand to benefit from interacting with young, inquisitive minds. It is critical for this interaction to be brought to the centre of university education.

Conclusion:

- ✓ Reform should, therefore, lead to the creation of an agency that has the **intellectual corpus to help universities and colleges** adapt, and the vision to plan for public funding in the emerging spheres of activity. There is a positive attempt in the draft legislation to weed out degree mills and dubious training institutions, with a provision for prosecution and imprisonment of management officials who defy the HECI.
- ✓ It is important to remember that students from **socially and economically disadvantaged sections** continue to face disadvantages in higher education. The increase in suicides among students coming from these sections is alarming. The educational spaces that remain equal and socially just should be kept away from the forces of evil market.
- ✓ Yet, this will take **political will**, given that over the past three decades *laissez faire* expansion of higher education has been pursued purely for commercial motives.

Way forward:

- ✓ The commission also have the power to order the **closure of sub-standard and bogus institutions**. This should be implemented in letter and spirit. Currently, UGC releases the names of bogus institutions on its website to inform the public but cannot take any action.
- ✓ The draft Act will have to reform the regulatory systems, provide **more autonomy to higher education institutes** to promote excellence and facilitate holistic growth of the education system. The transformation is based upon minimum government & maximum governance, separation of grant functions, end of inspection raj, focus on academic quality and powers to enforce.

3. UJJWALA REVOLUTION

Background:

- In our country, the poor have **limited access to cooking gas (LPG)**. The spread of LPG cylinders has been predominantly in the urban and semi-urban areas with the coverage mostly in middle class and affluent households.
- But there are **serious health hazards** associated with **cooking based on fossil fuels**. According to WHO estimates, **about 5 lakh deaths in India** alone due to unclean cooking fuels. Most of these **premature deaths** were due to **non-communicable diseases** such as heart disease, stroke, chronic obstructive pulmonary disease and lung cancer.
- Indoor air pollution** is also responsible for a significant number of **acute respiratory illnesses in young children**. According to experts, having an open fire in the kitchen is like **burning 400 cigarettes an hour**.
- Air pollution** kills more Indians than any other risk factor with estimates ranging from **15 to 20 lakh premature deaths** annually. Although outdoor air pollution garners most public attention, it is well-known in health circles that **pollution from chulhas is about half of the problem** because people in households are directly exposed to such pollution.
- It is less well-understood, however, **that the two are linked**: One of the reasons India has such bad outdoor air pollution is that **nearly 200 million households** are still burning biomass every day for cooking. Solving the household dirty fuel problem will also help reduce the outdoor air problem, although not solve it on its own.



Pradhan Mantri Ujjwala Yojana (PMUY):

- Providing **LPG connections to BPL households** will ensure universal coverage of cooking gas in the country. This measure empowered women and protect their health. It will **reduce drudgery** and the **time spent on cooking**. It will also provide employment for rural youth in the supply chain of cooking gas.
- Pradhan Mantri Ujjwala Yojana – Scheme for Providing Free LPG connections to Women** from BPL Households.
- This is the first time in the history of the country that the **Ministry of Petroleum and Natural Gas** would implement a welfare scheme benefitting crores of women belonging to the poorest households. Last month, the Pradhan Mantri Ujjwala Yojana (PMUY) completed two years of operation.

What makes LPG adoption necessary?

- About **75 crore Indians, especially women and girls**, are exposed to severe **household air pollution (HAP)** from the use of solid fuels such as biomass, dung cakes and coal for cooking. A report from the Ministry of Health & Family Welfare places HAP as the **second leading risk factor** contributing to India's disease burden.
- According to the World Health Organization, solid fuel use is responsible for about **13% of all mortality and morbidity in India** (measured as Disability-Adjusted Life Years), and causes **about 40% of all pulmonary disorders**, nearly 30% of cataract incidences, and **over 20% each of ischemic heart disease**, lung cancer and lower respiratory infection.

Achievements of the PMUY:

- Under the scheme, now **8 crore LPG connections** are to be provided to BPL households. The identification of **eligible BPL families** will be made in consultation with the State Governments and the Union Territories.
- Pradhan Mantri Ujjwala Yojana (PMUY) aims to **safeguard the health of women & children** by providing them with a clean cooking fuel – LPG, so that they don't have to compromise their health in smoky kitchens or wander in unsafe areas collecting firewood. The ambitious scheme also laid down a condition — that the LPG connections will be issued **in the name of the women of the households**.
- Encouraged by the rapid release of connections, the central government revised the target and scope of the scheme to eight crore connections by March 2020.

- Under the scheme, the union government bears the connection cost of ₹1,600 per connection, and each household pays about ₹1,500 for the stove and the first LPG cylinder. Centre to raise allocation for the project to ₹4,800 crore
- Another reform that equally deserves applaud is **Give it scheme**. It is truly a **social revolution** that is happening in the country. **More than one million people** have given up their subsidy voluntarily since the **“Give it up” initiative** started.
- With this it is possible that government can use these voluntary resources for synergising other schemes that are cash strapped or require more funds.
- The DBT scheme which **aims to directly transfer the subsidy** to the beneficiary is another great initiative that is truly innovative and successful.
- Linking the beneficiary’s bank account to his Aadhar number has prevented pilferage, avoided middlemen, and target subsidy to the original beneficiary, India which closely spends **nearly 4-5 percent of its GDP in giving subsidies**; the DBT scheme has been revolutionary in channelizing these **precious resources to empower people**.

Conclusion:

- **Truly smokeless kitchens** can be realized only if the government follows up with measures that go beyond connections to **actual usage of LPG**. This may require concerted efforts cutting across Ministries beyond petroleum and natural gas and including those of **health, rural development and women and child welfare**.
- Government needs to re-look at their **connection focused approach**, and should **ensure adequate provisions** for affordability, availability, and accountability.
- The programme has been successful in introducing a **sense of urgency** into the transition to modern cooking fuels and disbursing connections. But it has been less successful in **introducing a sustained change** because of issues around affordability and reliability of LPG supply.
- This will propel PMUY **to achieve the desired objective** of not only disbursing connections but making the LPG sector a real contributor to overcoming this deep-rooted challenge affecting energy access, health, and gender disparity. There needs to be a **synergy in the Gas connection with the Electricity connection**.
- It is welcome that the government has recognised the **importance of clean cooking energy** with the launch of this mammoth scheme. However, we need to go beyond subsidising connections and fuel costs and **focus on issues of cash flow, awareness, availability and administration**. Only such a **comprehensive approach** will help poor households have a better life.

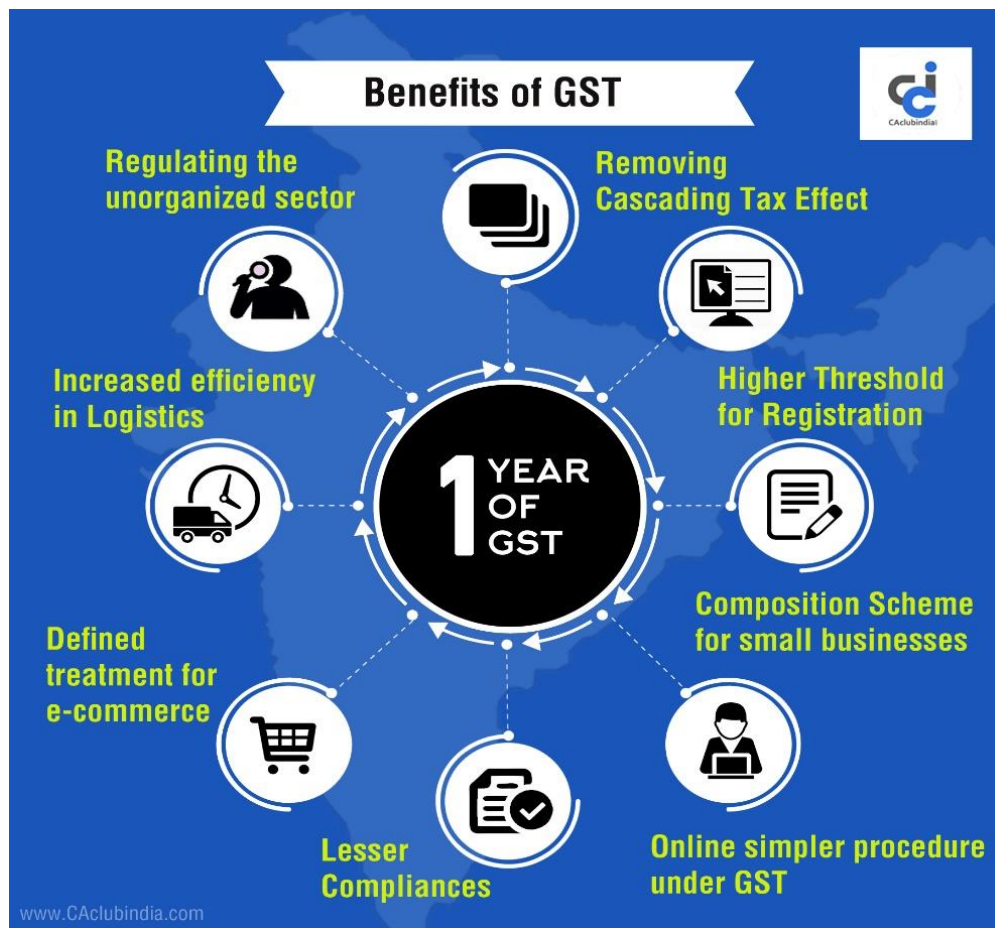
4. FOCUS ON SIMPLIFYING THE GST STRUCTURE

Context:

- On midnight of 1st July 2018, the biggest indirect taxation reform in the history of India, GST turned 1-year-old. These long 12 months have been a journey of lots of ups and downs and one can argue that not everything is as bright and shiny as the government wishes us to believe. GST simplified a slew of Indirect taxes **with a unified tax** and is expected to dramatically reshape **India’s 2.4 trillion dollar economy**.
- The GST bill waited 17 long years before it was passed with a landslide majority votes in favour of it. Also, for the nationwide implementation of GST, a total of 33 GST Acts were passed accounting for 29 states, 2 UTs and 1 each for CGST and IGST.

Brief history: Birth of idea of GST:

- The idea was proposed by the Atal Bihari Vajpayee government. The first Manmohan Singh government articulated the intent of implementing it from April 2010. However, the Constitution amendment Bill to enable the introduction of GST was introduced in March 2011. It could not be passed owing to a lack of political consensus and lapsed with the dissolution of the 15th Lok Sabha. The **amendment was finally made in 2016**.
- Now that India has had the **experience of running the GST system for a year**, policymakers should focus on building on its successes and addressing its drawbacks to achieve its full potential.



GST invisible achievements: Analysis by Economic Survey:

- Economists at the Union finance ministry studied GST data in detail and presented some **interesting facts in this year's Economic Survey**.
- First, the Survey showed that **India's formal non-farm payroll is much higher** than is commonly believed. The implementation of the GST, which is bringing **more businesses into the tax net**, will further push **formalization of the economy**.
- Second, the **GST is leading to better tax compliance**. The number of unique registrations has now crossed the **10 million mark**, which is higher than entities registered in the pre-GST period, though they are not comparable as indirect taxpayers had to register multiple times in the earlier system. The **increasing number of taxpayers and better compliance** should help raise higher revenue in the medium to long run.
- Third, the GST system is **creating a vast repository of data** that could be useful in policymaking. For example, it is now possible to know the **state-wise distribution of international exports**. This information can be used to fine tune policies in particular states to boost exports. **Per capita gross state domestic product** has a high correlation with exports.
- Further, the way the **GST Council has evolved is a notable achievement**. All decisions so far have been taken by consensus. It shows the way complex issues can be addressed through **cooperation between the Union and state governments**. While the council has a specific purpose, perhaps the idea can be used to **address policy issues** in other areas.

How has GST impacted small businesses?

- Small businesses now have to deal with **only one department** because all taxes have been **subsumed under GST**. This has reduced the **level of compliance** for small business. Their compliance cost is also saved.
- Under GST, it is easy to **take registration in different states** directly through online portal from any place without any need to visit the department.
- The **availability of input tax credit** has resulted in increased margins for small businesses. Input tax credit helps manufactures save on tax that they pay on output because they have already paid the same on their purchases. So, while paying tax on output, they can claim credit for the tax they paid on inputs.

Lacunae that needs to be addressed:

- However, despite visible benefits, as has often been argued in these pages, the GST structure is far from optimum. The latest **“India Development Update” of the World Bank**, for example, noted that the 28% rate, applicable on a set of goods, is the second highest among the 115 countries sampled: 49 countries have a single rate and 28 have two rates. **Only four countries other than India—Italy, Luxembourg, Pakistan and Ghana—have four rates.**
- It is important for India to **simplify the tax structure**. The first target should be to move to **at least a three-rate structure**, a lower rate for essential goods, a relatively high rate for luxury goods, and a standard rate for the majority of goods and services.
- Presently, the **GST regime has multiple tax slabs** with five broad categories of zero, 5 per cent, 12 per cent, 18 per cent and 28 per cent. There are two more GST rates of 0.25 per cent for rough diamonds, precious stones and 3 per cent for gold, silver.
- A Cess, ranging from 1 to 15 per cent, is levied on demerit and luxury goods over and above the highest rate of 28 per cent. The proceeds from the cess are intended to **compensate state governments** in the first five years of the GST regime for potential revenue losses after factoring in the projected revenue growth rate of 14 per cent with **2015-16 as the base year**.
- In this context, the outgoing chief economic adviser, Arvind Subramanian, has rightly noted that the 28% rate should go. **Removing the highest 28 per cent slab** and a **uniform rate of cess** should be the first step for further simplification of the Goods and Services Tax (GST).
- Mr. Arvind Subramanian had headed a committee and submitted the report on the **“Revenue Neutral Rate and Structure of Rates for the GST”**. In his report, he had suggested a preferred revenue neutral rate of 15 per cent, with two, four, and six per cent rate for precious metals, a low rate of 12 per cent for goods along with a standard rate of 16.9, 17.3 and 17.7 per cent and one 40 per cent rate for demerit goods.
- The GST Council can then work on **further rationalization**, though this would also depend on tax collection. On the basis of collections in nine months—showed that **revenue went up by 11.9%**, with **implied tax buoyancy of 1.2**. This was higher than the historical standard for indirect taxes.
- Revenue is expected to increase further as some of the implementation issues are addressed with improvement in compliance. The ongoing recovery in economic activity should also **help raise GST collections** and open up space for **rate rationalization**, which will help remove distortions in the system.

Conclusion:

- There is no denying the fact that **any new taxation system** in large country like India which has such a huge population with so many different cultural and political factors affecting it, would **need at least 3-5 years** to settle down. GST was the tax reform we had strived for and any new system would have certain teething issues. In fact, as per the latest **World Bank report, ‘The Indian Goods and Services Tax (GST) system** is among the most complex in the world with one of the highest tax rates.’
- Apart from rates, some of the **operational issues**, such as those related to **ease of filing and refund**, need to be resolved. Delays in refund affect the working capital of firms and should be avoided, particularly in the case of exporters, in an environment of widening trade deficit. Further, the **council will need to work on bringing items** such as electricity, petroleum products and real estate into the GST net. This may not be easy; **petroleum**, for instance, contributes a **significant chunk to state revenue**. However, the inclusion of these items will make the **system more robust and predictable**.

Way forward:

- Implementing GST was always going to be challenging given the **breadth and depth of the economy**. The information provided on the GST collections has been encouraging and, notwithstanding the operational issues, especially for the SMEs, the process has been quite smooth.
- The major achievement has been in **assimilating the unorganised segment progressively into the formal economy**, which would be mutually beneficial in due course of time. There have been no serious complaints from the state on revenue shortfalls in the last year and the Union Budget was finally well balanced on the tax side. Therefore, it has been a fair enough success story.
- As GST stabilizes and settles down, the council will need to continuously work on **simplifying the structure to enable higher tax collection and economic growth**.

5. INDIA NEEDS BOTH PRICE AND INCOME SUPPORT FOR FARMERS

Introduction:

- Since the Union Budget 2018-19, there has been a great deal of discussion in the public domain regarding the **health of the rural sector**. There is a need to believe that the rural sector needs some **policy intervention**, be it **price support or income support**.
- As a case in point, the **agriculture gross domestic product (GDP) deflator** has declined from **9.9% in FY13 to merely 1.1% in FY18**. Such a decline also coincides with the **inflation-targeting regime** introduced by the Reserve Bank of India (RBI) from FY13.

FARMER INCOMES FOCUS IN OTHER COUNTRIES

South Korea:

- Direct income support
- price compensation
- payment for environment conservation
- direct payment for less favored areas

Malaysia:

- Productivity bonus
- Price compensation
- ecosystem services
- Guaranteed minimum price
- paddy price subsidy and control
- Quantitative restrictions on rice imports to ensure rice production
- Protects other crop farmers like tobacco, through high import tariffs
- Export subsidies to promote oil palm

Japan:

- Price support and direct income payments
- New farm income support from 2010 for rice farms
- High tariffs on imports are measures thru which farmers are protected

Three prominent ways to alleviate distress in Agriculture sector:

- Given that prices in the Agriculture sector are at significantly low levels, there are **three ways** in which we can alleviate this, at least in the **short term**.
 - ✓ The first is to provide **better price for all *rabi* and *kharif* crops** by fixing the minimum support price (**MSP**) **at 1.5 times** the cost of production or else **Income supportive to the farmers** at initial cropping stage only.
 - ✓ The second is to develop an **institutional mechanism** to compensate the price difference where the market price is less than MSP, such as the **Bhavantar Bhugtan Yojana (BBY)** adopted in **Madhya Pradesh**.
 - ✓ The third is to provide **agriculture investment support** in the form of cash, as is being currently done in
- Let us analyse the pros and cons of all three schemes and suggest what could be done as a **quick-fix solution to address the distress** without impacting fiscal health and inflation much in the short term.

Scheme 1: Fixing MSP at 1.5x cost of production

- In the Union budget, the government has announced that for FY19, MSP for the **majority of *kharif* crops and *rabi* crops** that are left out will be fixed at 1.5 times the cost of production. Estimates show it is **based on A2+FL (actual paid out cost plus imputed value of family labour)**.
- With the government due to announce MSP for *kharif* crops in FY19, we estimated what could be the projected MSP for 13 major *kharif* crops, based on their projected **A2+FL cost** for FY19 (taken at the maximum growth during FY17-FY18 for any crop), and then **applying 1.5 times** on it.
- The projected MSP for FY19 shows that the maximum increase in prices will be on **niger-seed (73%) followed by *ragi* (58%) and *jowar* (42%)**.
- Our estimate suggests that this increment in MSP by 1.5 times in *kharif* crops and remaining *rabi* crops could impact **consumer price index (CPI) inflation** by 71 basis points (bps).
- For two major crops, wheat and rice, for which the majority of the procurement is done by the government, the increase in MSP will have less impact on inflation.

- If the government **settles on 1.5x C2** (comprehensive cost including imputed rent and interest on owned land and capital) cost, the inflationary impact could be significantly large, which could even breach the **RBI's CPI target (5%)**.

Scheme 2: Price compensation scheme (PCS) at all-India level:

- Given that MSP is only limited to certain crops, the government has also announced that it will **develop an institutional mechanism** in line with BBY, which has already been implemented in **Madhya Pradesh (MP)** for eight *kharif* crops in FY18.
- **Bhavantar Bhugtan Yojana (BBY)** has attracted a lot of criticism, although we believe most of it was unwarranted.
 - One, the BBY scheme in MP could benefit **only 23% of production**, casting doubt on how it will benefit the majority of farmers if it is scaled up at an all-India level.
 - Second, the **financial costs of ramping up** BBY at the national level were estimated to be at staggering levels ranging from Rs56,518 crore to Rs1.13 trillion to Rs1.69 trillion annually.
 - Third, there is a **manipulation by traders and lower level mandi officials** to depress both prices and inflate production figure.
 - For example, in the case of gram, prices also declined in Maharashtra, Rajasthan and Uttar Pradesh (UP). Hence, it is difficult to **establish direct causation** between corrupt practices/dealers at the *mandi* level and decline in prices of crops.
- Other possible reasons for such price decline could be **over-production** during the post-harvest period and **increase in exports** due to lower global commodity prices.
- One of the positives under BBY is the **price support to farmers**. For instance, in November 2017, the total **arrival of soybean at MP mandis** increased by 150% but the price declined by only 10%.

Scheme 3: Agriculture investment support scheme

- The Telangana government has already implemented this scheme (the Rythu Bandhu scheme) to support farmers' investment for two crops a year.
- The government is providing *83 million farmers Rs4,000 per acre per season* to support farm investment twice a year, for the *rabi* and *kharif* seasons. It has made an allocation of Rs12,000 crore for the scheme in the 2018-19 state budget.
- Gulati et al have estimated that the cost of this scheme would be 97 trillion if the government implemented it at an all-India level, assuming a payout of Rs10,000 per hectare per year.
- The other drawbacks of the scheme are that it ignores tenant farmers—and as the incentive is based on land ownership, implementation could raise the land price for both cultivated and uncultivated land.
- Further, Gulati et al have suggested removing paddy and wheat from the investment support scheme and dealing with them under the procurement scheme, which will reduce the cost significantly.
- But there is a chance that by doing so, the farmer may opt for crop diversification by allocating more area to cash crops.

The alternative

- Based on the analysis of all the three schemes, a **proposal of a hybrid of two schemes viz. 1.5 times MSP and PCS**. For cereals (wheat, paddy, *ragi*, maize, *bajra*) largely procured by both Central and state governments, we should continue to procure at MSP that is 1.5 times cost of production, as the impact on inflation and the fiscal situation will be minimal.
- Additionally, crops like groundnut, sesamum, niger-seed and soyabean should also be covered under the 1.5 times MSP scheme, as they are procured to a **limited extent** (less than 10% of total production, which varies from state to state).
- **For pulses**, (*arhar*, *moong*, *urad*, *masur* and gram) and **sunflower seed**, we propose that **PCS be implemented**, as adoption under this scheme will have very little impact on inflation and fiscal cost will be Rs13,110 crore. The agriculture investment support scheme, though very easy to implement and without leakages, should be avoided given that it would be a **huge fiscal burden**.

Conclusion:

- ✓ The recent initiatives taken by the Government are definitely steps taken in the right direction.
- ✓ Recent developments further underscore the fact that India urgently needs to **diversify its cropping pattern**—this will help **conserve moisture** and thus help in **judicious usage of resources**.

- ✓ Such an effort would involve **the collective participation** of various stakeholders, including the wider farming community, pressure groups, private sector, banking sector, and both the central and state governments.
- ✓ The agreements signed between **India and Israel** further underscore the fact **how water management, and judicious usage of limited resources** is vital for a thriving agricultural sector.

Way forward:

- ✓ Policy focus should be rather **on investment** — in efficient water management and irrigation, plant breeding and genetics, crop husbandry, market linkages and in breaking the middleman's hold over the farm-to-consumer value chain, replacing it with farmer-led enterprises, whether cooperatives or producer companies, that allow farmers to capture a **share of the value added** to their produce along its journey to the factory or home.
- ✓ We reiterate that the **long-term solution to farmer distress** would *be improving the supply chain, establishing agro-processing zones and creating a better agri-logistic platform.*
- ✓ Efforts described above can further the objective of the Government of **doubling farmer's income by the year 2022.**

6. INDIA'S DOUBLE-DIGIT GDP GROWTH IS DOABLE

Introduction:

- India's **\$2.2 trillion economy** makes it the seventh largest in the world in terms of nominal GDP (and the third largest in PPP terms), but the country's per capita income is less significant.
- With a **per capita income of \$1,700**, India ranks well behind some of the key emerging markets, like China, Russia, Brazil, Indonesia, the Philippines, Mexico, and Turkey.

Context:

- Getting **GDP to grow by 10 per cent** in real terms, though not impossible, is quite challenging. As a nation we need to **aim for a high target** and then set the house in order to enable various elements to deliver this kind of growth. This has been the goal of the government and a lot has been done to provide the **right environment through a series of reforms.**
- Given that in the last three years growth has come down from 8 per cent to 6.7 per cent, it looks unlikely there will be big-bang growth in the next couple of years; it is more likely to be gradual.

Looking back at times of Crisis and booming:

- Interestingly, if one looks back to see whether this number has been reached, it can be observed that **during 2005-08** India had recorded an average growth of **around 9.5 per cent**, which was just before the financial crisis.
- Subsequently, the spliced series reveals that **during 2009-11** growth came in at just below 9 per cent. There is a **cruel disruption in the Indian growth story** of almost a decade.
- Soon after 2008 global financial crisis, there were expectations that there would be resurgent India growing fast at double digit or more on a sustained basis for 30 years.
- So, **by 2030, India becomes world's top 3 economies.** However, due to policy paralysis from 2011 to 2014 and unprecedented structural changes from 2014 till present has not allowed the economy to grow as expected.

Boosting consumption:

- The second is **consumption.** Low income is still prevalent in the country and has come in the **way of spending.** In the last decade or so, growth has benefited households at higher income levels where **consumption tends to be satiated** and hence does not provide the impetus for consuming more goods, except at the margin where the households go in for **higher branded products.**
- Therefore, if this gap can be plugged by **creating more jobs** and hence incomes, there is vast potential for bringing about **accelerated growth** in consumption which is a **prerequisite to higher GDP growth.**



What needs to be done?

- Broadly speaking, there are **three segments** that have to grow at high rates on a **continuous basis**.
- The **first is agriculture**, which has to be **resilient** and **grow continuously** to keep the economy moving in an upward trajectory. Past experience shows that **high GDP growth** has been associated with years when **agriculture grew by 4-5 per cent**.
- For this to materialise **farm output has to be resilient** and grow in an unhindered way. Every time agriculture slips, it has a **ricocheting impact on other sectors** as rural spending comes to a standstill. Therefore, while **agriculture has a 15 per cent share in GDP**, it has to be kept moving independent of monsoons on a **sustained basis**.
- Also, a **single crop failure** leads to **high inflation** which has an impact on overall spending, interest rates and investment ultimately. Such **supply-shock led inflation** has always come in the way of higher growth.

Building on industry:

- The **second is industry**, where the two building blocks would be **manufacturing** and **construction**. This segment has to **register 10 per cent growth** continuously for the overall growth number to clock 10 per cent. This has to change for which support has to come **from investment and consumption**.
- Also, a greater role has to be played by the **private sector**. But clearly we need to **resolve the NPA** (non-performing asset) issue and grow the bond market as funding is a major necessity for growth.
- The NPA problem, along with the **requisite capital requirement**, will take another two years to resolve and hence achieving the 10 per cent mark is still some distance away.
- **Construction**, which is part of industry, would however be the easier goal to achieve as the focus of all governments has been on **developing infrastructure, especially roads and urban development**.
- Add to this the emphasis on **affordable housing**, and one can see acceleration in growth which will bode well to linked industries such as steel, cement, machinery and metals.

Service sector matters a lot:

- The **service sector** has three parts which have to necessarily grow by over 10 per cent each, which again is not impossible given that such growth rates have been witnessed in the past.
- Individually, **various components** such as trade, transport, finance, real estate, and public administration have registered over 10 per cent growth in different years. It is, therefore, important that all of them should be clocking this kind of growth in a year to get a headline number of above 10 per cent.
- **Two challenges** remain on this front.
 - The first is that the **banking sector** has to be in order before growth can pick up. In fact, along with real estate this segment has been an under-performer since RERA and the NPA recognition norms kicked in.
 - Second, the government sector has to **play a progressive role** on a continued basis, but this is becoming difficult given the fiscal path that has been chosen. In the past when this sector grew rapidly, growth was enabled by higher fiscal spending, which is not possible today.
- The expectation of a double-digit growth rate in GDP is **definitely well-founded**. Also, while touching 10 per cent is okay the goal must be to **sustain this level for at least five years** to generate jobs and move the poor out of the trap.
- **More investments** in agricultural sector, increased private investments, focus on reviving MSMEs will help to give the necessary fillip. Thus, the Indian economy will see an upturn soon thereby galloping towards one of world's fastest growing economy in the world.

Way forward:

- ✓ Thus, **India's macroeconomic front** is reasonably sound. It is possible to take risk to **economic boost**. Growth has to come from **private sector**. If the government tries to expand and tries to spend out of its way, it will hit the macroeconomic situation. Fiscal deficit ceiling cannot be breached.
- ✓ The private sector in India depends on government to give signal which is problematic. **GST, IBBI enactment, fiscal ceiling** are the solid measures to put the growth trajectory on sound footing.
- ✓ Spare capacity can be defined as **large investment opportunities**, especially in infra space where the lacuna present scope for **higher doses of capital formation**. Even today, the US does **pump prime the economy** by spending on infra, which has come down in quality and requires renewal.

- ✓ If a country has perfect roads, power, water supply, telecom and ports, then there would be less scope for fresh investment. But with large gaps in most of these sectors, India has **opportunity for leveraging** the same to grow just like China did in the 1980s and 1990s to reach the position it is in today.

Conclusion:

- ✓ The global institutions report said that India's **millennial population of 400 million** is the largest in the world and is armed with around **\$180 billion in spending power** and with high smartphone adoption and widespread availability of **mobile broadband infrastructure**, it will become a disruptive force faster than most businesses expect.
- ✓ The **population dynamics** will therefore be a key force in **shaping India's overall growth trajectory** and also in shaping how product markets will develop as the preferences of the population evolve.
- ✓ The reports, however, noted that the **demographics factor** alone is not sufficient for an **acceleration in GDP growth**. It is important that the working age population is **adequately skilled** to participate in a **globalised competitive environment**.
- ✓ The next leg of harnessing this **young and better skilled population** would require creation of **adequate employment opportunities**, which is an opportunity for India if consciously used.

7. INDIA'S FOREST COVER: WHAT DATA SHOWS

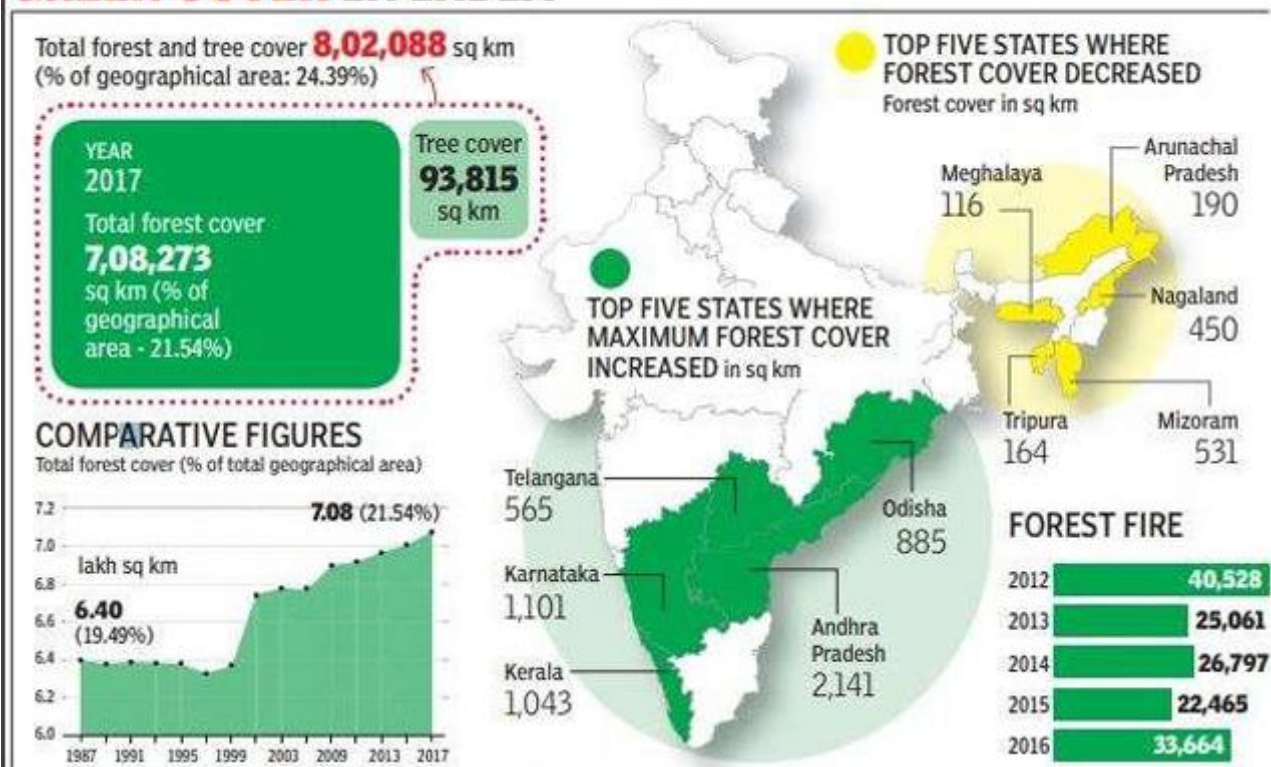
Context:

- The Delhi high court will hear a petition challenging the **felling of 16,000 trees to build houses** for government employees in Delhi. The hearing comes in the wake of **growing protests** over the felling of 16,000 trees.
- On the face of it, the protests appear surprising in a city which has claimed to have witnessed a **spectacular rise in green cover** since the turn of the 21st century.
- According to official estimates of the **Forest Survey of India**, Delhi has witnessed a whopping **73% rise in forest cover** between 2001 and 2017, the third highest gain among all states and Union territories (UTs).
- However, the official and **alternative estimates** suggest that the Forest Survey of India estimate may be grossly overstating the true extent of forest cover in the national capital, and in the nation.

Official estimates might be overstating forest cover in India:

- While the official data suggests that India has been able to increase green cover since the turn of the century, alternative estimates provided by **Global Forest Watch, (GFW)** —a collaborative project of the University of Maryland, Google, USGS, and Nasa—suggests that **green cover has declined sharply in the country**.
- The main reason for the stark difference in the two estimates seems to lie in the **definition of forest cover used by Forest Survey of India**.
- Forest Survey of India employs satellite imagery to estimate "forest cover", considering "all lands which have a tree canopy density of **more than 10%** when projected vertically on the horizontal ground, within a minimum areal extent of one hectare" as forests.
- This definition fails to distinguish between **native forests and man-made tree plantations**, overstating the extent of forest cover.
- While the Convention on Biological Diversity has a similar definition of forests, it mentions that the land in question should not be under agricultural or non-forest use.
- A 2010 study by researchers from Pondicherry University and James Cook University, Australia, described the **Forest Survey of India results as "technically accurate but misleading"**.
- As in the case of Forest Survey of India, the GFW database relies on satellite data for estimation of "tree cover", employs similar criteria as Forest Survey of India, and a similar resolution of satellite imagery.
- Therefore, the **"forest cover"** defined by Forest Survey of India and **"tree cover"**, defined by the GFW are comparable in terms of both definition and accuracy.
- However, the GFW definition is stricter as it only considers vegetation that is **taller than 5 metres in height**. It is this difference that seems to explain the striking differences in results obtained from the two data sources.
- Diversion of forests for **industrial and development projects** without settling forest dwellers rights and without their free and prior informed consent has been indiscriminately carried out.

GREEN COVER IN INDIA



Cumulative loss of tree cover between 2001 – 2017:

- While the latest estimate of tree cover extent from GFW is of 2010, data on loss of forest cover is updated annually. The tree cover loss for Indian states shows an accelerating trend in recent years, with the heavily forested **north-eastern states, Odisha, and Kerala showing the greatest amount of tree cover loss in the period 2001-2017.**
- However, the official data represents that **Kerala gained 30% forest cover** in the same period. This can be explained by the fact that Kerala is one of the **biggest producers of plantation crops in India**, with rapidly growing plantation crops likely compensating for the loss of native forest cover.
- According to the GFW data, all states and union territories with the exception of Chandigarh show a **decline in the extent of tree cover** in the time period 2000-2010. In contrast, in terms of official data, 28 of 36 states and UTs have registered an increase in forest cover.
- Since the GFW data adopts a globally consistent definition, it enables international comparison of the extent of tree cover loss, and the results do not paint a pretty picture. **India ranks 14th among all countries in tree cover loss in the decade 2000-2010.**
- “India is ranked 10th in the world, with **24.4% of land area under forest and tree cover**, even though it accounts for 2.4% of the world surface area and sustains the needs of 17% of human and 18% livestock population.”

Communities are the best managers for the governance and conservation of forests:

- Forest Survey of India reports show that forest cover in tribal districts, constituting **60% of the country's total forest cover**, contradicted the national trend and increased by 3,211 sq. km over 2001-03. In Odisha alone, more than 12,000 self-initiated forest protection groups cover more than 2 million hectares of forest.
- These **community-led initiatives** have successfully **regenerated forests** by adopting sustainable- use practices, regeneration through traditional knowledge of forests and species, guarding and penalizing poachers, among others.

Conclusion:

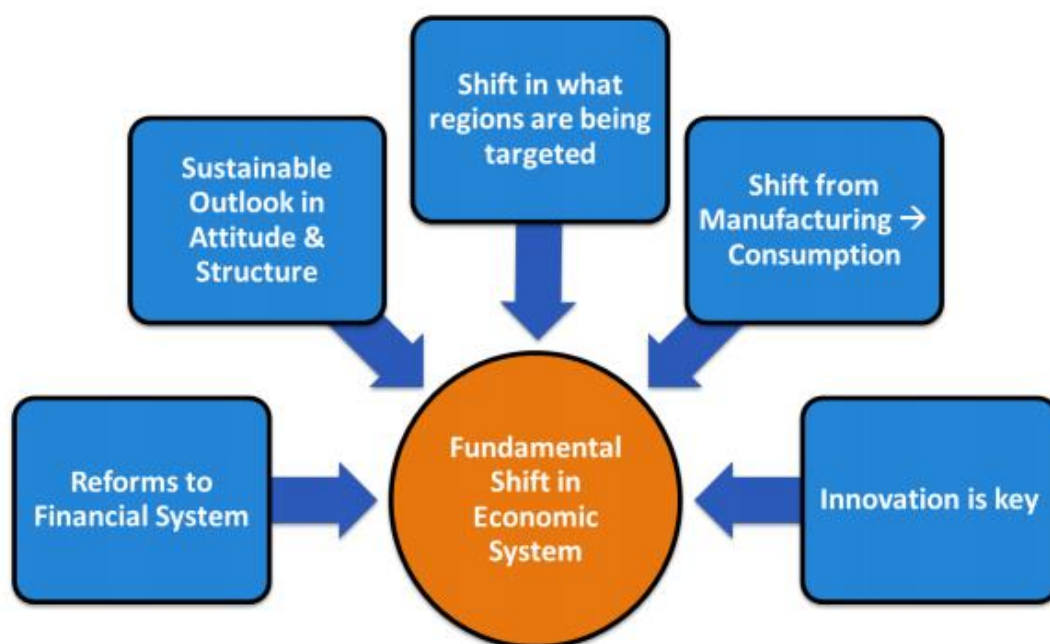
- India's diverse forests** support the livelihoods of 250 million people, providing them firewood, fodder, bamboo, beedi leaves and many other products. The timber currently benefits the state treasury.
- There is a **need of revamping India's forest policy**. But the latest draft overlooks the ecological and social implications of carbon and production forestry and the need for decentralised democracy. Thus, there is a **need to have a re-look**.

- India posted a **marginal 0.21% rise** in the area under forest between 2015 and 2017, according to the biennial **India State of Forest Report (SFR) 2017**. The document says that India has about 7,08,273 square kilometres of forest, which is 21.53% of the geographic area of the country (32,87,569 sq. km).
- Getting India to have **at least 33% of its area under forest** has been a long-standing goal of the government since 1988.

8. NEEDED: A RELOOK AT THE INDIAN FINANCIAL STRUCTURE

Context:

- The Reserve Bank of India (RBI) has said in its **latest Financial Stability Report** that Indian banks will continue to be under pressure because of **their bad loans**.
- Stress tests conducted by the central bank show that bad loans will continue to **increase in the current financial year** while **capital adequacy** will decline.
- Most of the current policy attention has quite naturally been focused on the first three of four components of a **recovery in financial sector health**—what has been described with alliterative flourish as
 - **Recognition,**
 - **Resolution,**
 - **Recapitalization and**
- The new plan unveiled recently also focuses **on the resolution problem**.
- Even as the challenges of recognition, resolution and recapitalization continue to dominate the public debate, there is also a need for a debate on the **financial structure** that India needs in its **next round of economic growth**.



Financial Structures that India followed:

- There have been two different financial structures till now.
 - The first came up during the era of planned industrialization.
 - The government of the day set up specialist financial institutions like Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India and Industrial Development Bank of India to provide funds to new projects at a time when local financial markets were not developed enough to provide long-term finance for new industrial projects.
 - These financial institutions focused on project finance while the commercial banks provided working capital.
 - The second era in the Indian financial structure began after the radical economic reforms of 1991.
 - The two committees headed by former RBI governor M. Narasimham produced seminal reports, in 1991 and 1998, which provided a road map for a complete overhaul of the Indian financial system.

- The underlying logic was that a financial system that had evolved within a system of **credit planning** would be out of sync with a **market economy**.
- The two Narasimham committees pushed India in the **direction of universal banking**, as the specialist financial institutions either converted themselves into commercial banks or withered into insignificance.
- The experience of the past decade clearly shows that commercial banks have struggled to profitably **lend to long-term projects**. They are now weighed down with **soured loans to steel, telecom, power and infrastructure projects**.
- One part of the problem is that public sector banks were forced to lend to these projects during the previous credit bubble, as fiscal constraints meant that infrastructure could not be built using budgetary resources.
- The **deeper problem** is that commercial banks have been unable to convert their short-term liabilities to **long-term assets** for a variety of reasons. The limitations of universal banking are evident now.

What next?

- Creating a **new generation of development finance institutions** is easier said than done. The old financial institutions could lend cheaply because they had access to **subsidized capital** either from international agencies or directly from RBI.
- These options are neither possible nor recommended now. The old model made sense only as part of a broader framework of **planned industrialization** as well as **centralized credit allocation**. To blindly transplant the old financial structure into a market economy is not a good idea.

Indian Financial Sector to take a new generation reform:

- What India perhaps needs is a **newer generation of financial agencies** that can help **build national infrastructure without landing in a balance sheet mess**. The other alternative is deeper bond markets to provide finance to large projects.
- In fact, one possibility that is often discussed is a financial structure in which large companies borrow from the **bond markets** while smaller companies get their funding from **commercial banks**.
- The **Indian bond market** has shown some signs of life in recent years, especially after banks went slow on fresh lending because of their balance sheet troubles. However, most bonds are held to maturity, and the secondary market is still underdeveloped.
- The **ongoing problems** in the banking sector mean that much of the policy focus is on **the trio of recognition, resolution and recapitalization**.
- The reform debate is largely stuck on the issue of **who should own banks**—the government or private investors?
- There is a more profound problem that needs to be addressed. **What financial structure is needed** over the next two or three decades?
- The recent moves by RBI **to give differentiated licences** to payment banks, small finance banks and local banks should be seen as a move away from the earlier commitment to **universal banking**.
- The Indian central bank has also, in an April 2017 discussion paper, floated the **idea of specialist** wholesale and long-term finance banks that would **largely fund infrastructure projects**. They would not only lend directly but also **securitize priority sector loans** originated by other banks as well as do takeout financing.
- The funds for these specialist lenders would come from wholesale deposits, long-term deposits, debt/equity capital raised from primary market issues or private placements, and term borrowings from banks and other financial institutions.

Way forward:

- What India perhaps needs is a **newer generation of financial agencies** that can help build **national infrastructure** without landing in a balance sheet mess. The other alternative is **deeper bond markets** to provide finance to large projects.
- There is a need for a financial structure in which large companies borrow from the **bond markets** while smaller companies get their funding from **commercial banks**.
- Much of this is still in the realm of ideas. The risks of depending on commercial banks **to fund large projects** are now evident. The Narendra Modi government should—in the spirit of the two Narasimham committees—begin a broader discussion on the sort of **financial structure India needs for its next stage of development**.

9. CYBERSECURITY: WHAT INDIA NEEDS TO DO

Background:

- Cyber-attacks have grown in terms of sophistication and reach in the recent times. The countries are witnessing **growing cybercrime** ranging from fraud calls to malwares that bring banking systems to a standstill.
- India was one of the worst hit countries by the **WannaCry ransomware** malware affecting sectors such as banking, finance and manufacturing last year.
- Cyberattacks on Estonian networks in 2007, on Georgian networks in 2008, and the Stuxnet attack in 2010 that destroyed the Iranian uranium enrichment centrifuges alerted the world to the reality of cyberwarfare.
- Attacks are often anonymous and **difficult to attribute** to specific actors, state or non-state. **Advanced Precision Threats (APTs)** carried out by anonymous hackers are often silent and go unnoticed for long periods.

Importance of cyber security:

- Cyber security is an important arena of internet when the country is moving forward towards a **cashless society and digitization**. Till 2013, India did not even have a cyber security policy in place. It is of paramount concern **to take cyber security seriously in India** with most of the transactions going online and cashless.
- Security becomes a challenge as now **privacy is a fundamental right** as per SC verdict and the **rise in cybercrimes** can lead to violation of private space and liberty of expression.
- **Cyber security becomes a vital law of cyber law** today. There is need of new tools; capacity building must be done in various departments and a mechanism in place to address these challenges.
- 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**.

CYBERATTACKS IN INDIA OF LATE

July 2016

UNION BANK OF INDIA HEIST

Through a phishing email sent to an employee, hackers accessed the credentials to execute a fund transfer, swindling Union Bank of India of \$171 million. Prompt action helped the bank recover almost the entire money

May 2017

WANNACRY RANSOMWARE

The global ransomware attack took its toll in India with several thousand computers getting locked down by ransom-seeking hackers. The attack also impacted systems belonging to the Andhra Pradesh police and state utilities of West Bengal

May 2017

DATA THEFT AT ZOMATO

The food tech company discovered that data, including names, email IDs and hashed passwords, of 17 million users was stolen by an 'ethical' hacker—who demanded the company must acknowledge its security vulnerabilities—and put up for sale on the Dark Web

June 2017

PETYA RANSOMWARE

The ransomware attack made its impact felt across the world, including India, where container handling functions at a terminal operated by the Danish firm AP Moller-Maersk at Mumbai's Jawaharlal Nehru Port Trust got affected

Cyber security for Government and Public DATA: Need of the hour:

- The government is stepping up authority around cyber security to check the **rising menace of financial frauds**. Global Conference on Cyberspace was conducted in India for first time where the theme for the conference was **Cyber4All: A Secure and Inclusive Cyberspace for Sustainable Development**. GCCS was launched with a view to establish internationally agreed 'rules of the road' for behaviour in cyberspace and create a more focused and inclusive dialogue between all stakeholders on how to implement them.
- **GCCS 2017 aims** to foster a holistic view of cyber space ensuring not only empowerment of individuals but also enabling the Governments to achieve national goals of sustainable development.
- Much like state actors, many companies are developing their own capabilities of going after suspected cyber attackers in what is called '**hunting**'. Such unchecked proliferation of offensive cyber tools and practices can **destabilise the entire cyberspace** in the absence of any accepted norms of behaviour.
- The **Indian military** needs to make a proper assessment of an **offensive cyber doctrine** adopted by many countries and undertake action that goes beyond simply the building of defensive capabilities. Offensive cyber response is not limited to states alone.
- The international community has been unable to agree on suitable norms of behaviour in cyberspace. In 2013, the **UN Group of Government and Experts (UNGGE)** had **suggested 11 norms**.

- However, implementing them in cyberspace is a difficult task. In a major setback to the process of norms development, the 2015 UNGGE failed to arrive at a consensus. Presently, **there are no acceptable norms of behaviour in cyberspace.**
- In India, it is imperative that **cyber networks, software and cyber-physical systems, and platforms** should be **cyber-secure**. This requires a **judicious mix of people, policies and technology, as well as robust public-private partnership.**
- The reliance on imported information and communication technology (ICT) products and our inability to screen them for vulnerabilities is a major cybersecurity risk.

Cyber Deterrence will be the way forward?

- Detecting and responding to such cyberattacks is a **daunting task**. Analysts have been debating whether **cyber deterrence**, on the lines of nuclear deterrence, can dissuade such attackers.
- Cyber deterrence can be of **two kinds: by denying attacks (defensive)** and by **punishment (offensive)**. Cyber defences are raised so that the attacker is unable to pierce the adversary's networks. In the latter case, the cyber attacker is assured of a devastating response.
- Evidently, neither deterrence by denial nor by punishment works in cyberspace. Attackers are able to bypass the best of cyber defences. For offensive cyber deterrence, it is necessary to **identify the attacker** with pinpointed accuracy. But attribution is the Achilles heel of offensive cyber deterrence.
- **Indiscriminate targeting** could prove to be more destabilising and counterproductive. Some analysts have argued that for cyber deterrence to hold, the response need not always be in cyberspace. It can be in political, economic or military domains.
- The attacker's assets can be targeted in a **kinetic military response**. Economic sanctions can be imposed. Irrespective of the problems associated with the efficacy of the concept of cyber deterrence, countries are acquiring offensive capabilities in cyberspace. They are **building bits of software** called '**cyber weapons**' that can do enormous damage to the adversary's networks.

Recent Government Initiatives:

- To combat cyber threat, the government is coming up with **more cyber security labs**.
- The government has earlier launched **Digital Investigation Training and Analysis Centre (DITAC)** to tackle these crimes.
- The government launched its **first DITAC** in Gurugram, Haryana in 2016 in collaboration with National Technical Research Organisation (NTRO). The second one is being set up in Mohali, Punjab.
- DITACs will monitor and police cyber-crimes committed through different platforms such as mobile, email, computer and social media platforms like Twitter and Facebook.
- Apart from DITACs, the government also established **National Cyber Coordination Centre**, an operational cyber security and e-surveillance agency in India.
- **National Informatics Centre** opened the fourth new data centre in Bhubaneswar, the second largest after the one in New Delhi, recently.

Conclusion:

- Most of the **Indian banking industry** and **financial institutions** have embraced IT to its full optimization. Reports suggest that cyber-attacks are understandably directed toward **economic and financial institutions**. With innovative, technology led programmes such as AADHAAR, MyGov, GeM, Digital Locker the new India is the **land of technological prowess and transformation**.
- Government and the private sector jointly have to give cyber security some priority in their **security and risk management plan**.
- Cyber awareness must be spread and there should be **multi-stakeholder approach**- technological inputs, legal inputs, strengthening law enforcements, systems and then dealing with transborder crime involves lot of international cooperation.

Way Forward:

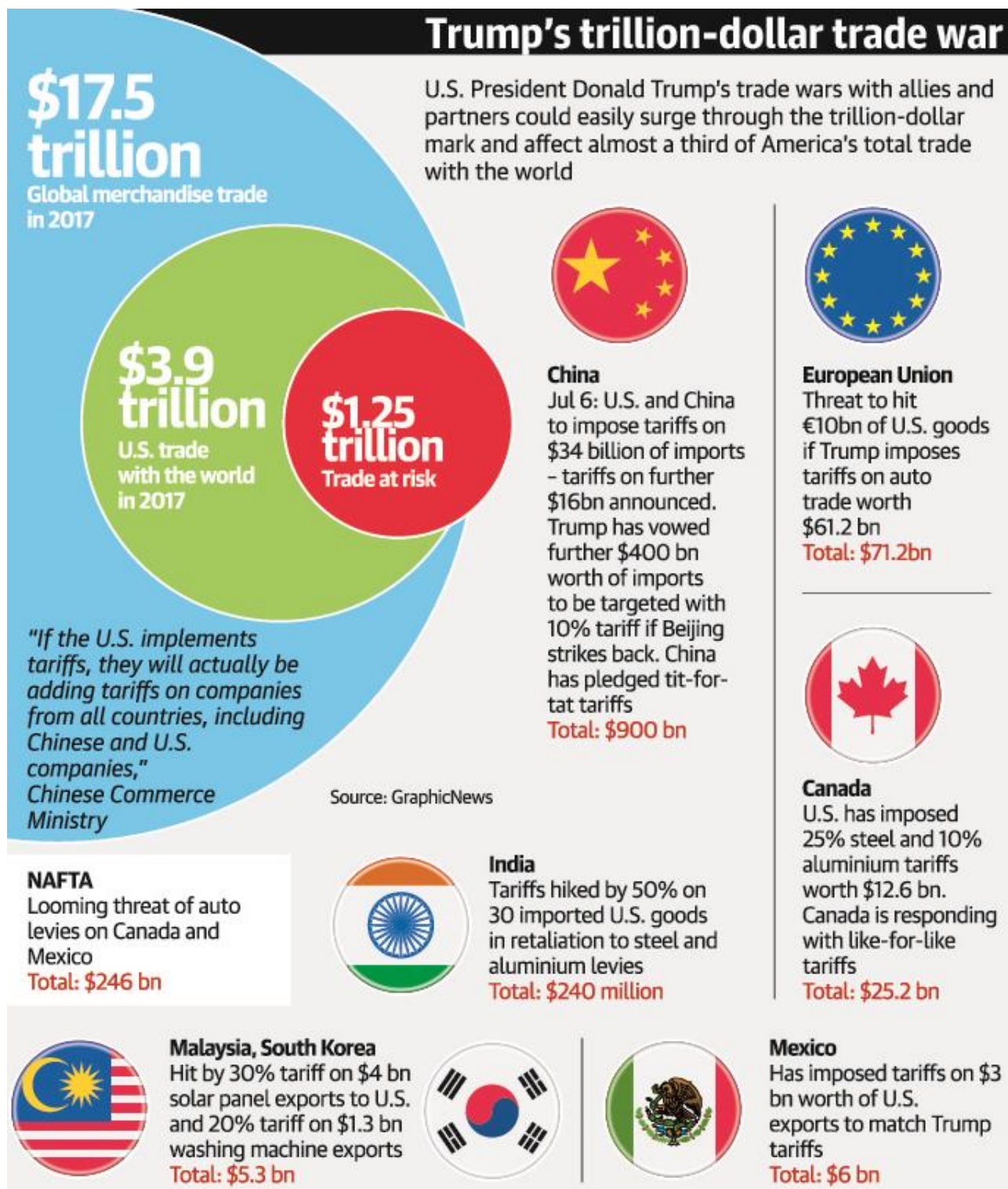
- Institutions such as the National Cybersecurity Coordinator (NCC), National Technical Research Organisation, Computer Emergency Response Team and the National Cyber Security Coordinator Centre are all doing a reasonable job. But they suffer from the **lack of skilled manpower and proper coordination.**
- The existing **National Information Board (NIB)**, headed by the National Security Adviser (NSA), **duly empowered**, can play the role of an apex body in India.

- NCC, set up in 2015 as a part of the National Security Council Secretariat, should be strengthened to bring about a **much-needed synergy** among various institutions and to work out a **coordinated approach to cyber security**, including cyber deterrence.

10. GLOBAL VILLAGE: THE FUTURE OF INTERNATIONAL TRADE

Context:

- American President Donald Trump, since assuming office, has consistently shown a dislike—both **through words and policies**—towards immigration, Islamic fundamentalism and trade protectionism by foreign states.
- The Trump administration has, beginning 2018, **imposed fresh import tariffs** on a number of countries spanning the globe. The countries include China, India, Canada, Mexico and a few others.



Aggressive protectionist measure:

- Many authors and global observers have labelled this **aggressive protectionist measure** as yet another evidence of Trump's ultra-nationalism.
- China, India and Canada are amongst the countries that have decided to counter the **new US tariffs in kind**.
- For instance, India has hiked the import tariff on as many as **30 American goods** after the metals including steel and aluminium from India were subjected in March 2018 to tariff hikes by the US.
- The Indian government has repeatedly confirmed that the hike was in order to **maintain the balance in trade** with the US, and also **to recover additional duty**.
- In addition, many other countries have decided to **revise their tariffs** on American goods.

Global Trade since 17th century: Industrial Revolution

- The **rise of the global trading system** as seen today, like many features of the modern world, began largely with the Industrial Revolution.
- **Technological advances** in the form of transportation—from ships, railroads, automobiles to airplanes—and the internet steadily reduced the cost of transporting goods, technology, capital and people around the globe.
- This “**death of distance**,” a modern-day metaphor, has been one of the most important forces shaping global economic development since the inception of Industrial Revolution.
- These technological forces were further **supported by structural forces**, facilitating and cushioning the rise of a **globally integrated market**.
- Globalisation has seen it all, right from the presence of the gold standard, the dense web of bilateral trade agreements to the advent of new multilateral economic institutions.

Failure of Global trading systems:

- **Global trading system** such as General Agreement on Tariffs and Trade and World Trade Organization were never designed to block a major world power from running amok. They **relied on the principal players** in global trade respecting the system.
- The **WTO Dispute Settlement Mechanism** has failed to act quickly to address the mounting spats about trade protectionism emanating from the U.S. – a major reason why countries around the world have not waited for verdicts from their WTO complaints and have instead proceeded with retaliation.

Present scenario in world trade policies:

- At present, the Trump administration, more than any other country, is taking a particular interest in China—for good reason. The prominent view of the Trump administration is that the American economy has suffered greatly due to “**unfair trade practices**” and state-sponsored “**Intellectual Property Theft**” by China.
- Although there is a **temporary push back** against globalisation, the global economy is expected to grow, as the global markets and their prosperity are too **intertwined to unwind**.
- In the **short term**, we may see a deeper focus on proper enforcement of current trade agreements and concerted efforts to make them **balanced from all sides**. We may also go for a close review or perhaps a **restructuring of the governance system within the WTO**.
- Another interesting scenario would be the extent of motivation for **US firms to stay in the domestic market** and encouragement for foreign firms to set up their base in the US, amid **growing protectionism**.
- The **long-term scenarios** seem intentionally vivid and provocative and are expected to not only spark debate about the future of world trade among policy-makers and the **wider trade community** but may also change the global structure on the basis of availability of resources and the willingness of global organisations to coordinate their actions.

Conclusion:

- Today, to overcome **current challenges and growth barriers** and maintain sustainable trade, countries may go beyond the neoclassical theories to **one-on-one partnership models**.
- They **need alliances** across industry sectors and value chains, and these include their competitors and peers too. Even market leaders cannot make the necessary impact acting alone.
- In this context, industry may undergo a **silent revolution** in order to adopt a completely different approach that will lead to the path of **long-term trade development in the form of accrued benefits** such as adjustment of global economies to technological innovation, new production schedules and changing competitive patterns, thus raising productivity levels.

Way Forward:

- All these **trade reforms**, if undertaken, will yield substantial economic benefits, but **sustaining the momentum** will be a key challenge as the consequences of this trade liberalisation will be associated **with societal and economic adjustments**, such as regional and sectoral disparities, and urban migration.
- Institutions attached to **labour markets** need to be strengthened to enhance **labour mobility and their skills**. The government would need to ensure that the possible gains from **trade reforms are shared by a wider segment of society**.
- The only big question is, whether **political will for market openness** will be maintained or whether **protectionism** and inward-orientation are going to gain an upper hand?
- The **need of the hour** is to explore the relationship between **comparative advantage and optimal trade policy**, and to understand, how the consequences of populist politics, economic dislodgement and technological alterations are going to **impact the future of global trade**.

11. IN NEED OF A PRACTICAL PLAN: ON JUDICIAL APPOINTMENTS**Background:**

- The **Indian Judicial System** is one of the **oldest legal systems in the world today**. It is part of the inheritance India received from the British after more than 200 years of their Colonial rule. The framework of the **current legal system** has been laid down by the **Indian Constitution** and the judicial system derives its powers from it.
- There are **various levels of judiciary in India**—different types of courts, each with varying powers depending on the tier and jurisdiction bestowed upon them. They form a **hierarchy of importance**, in line with the order of courts in which they sit, with the Supreme Court of India at the top, followed by High Courts of respective states with District Judges sitting in District Courts and Magistrates of Second Class and Civil Judge (Junior Division) at the bottom.

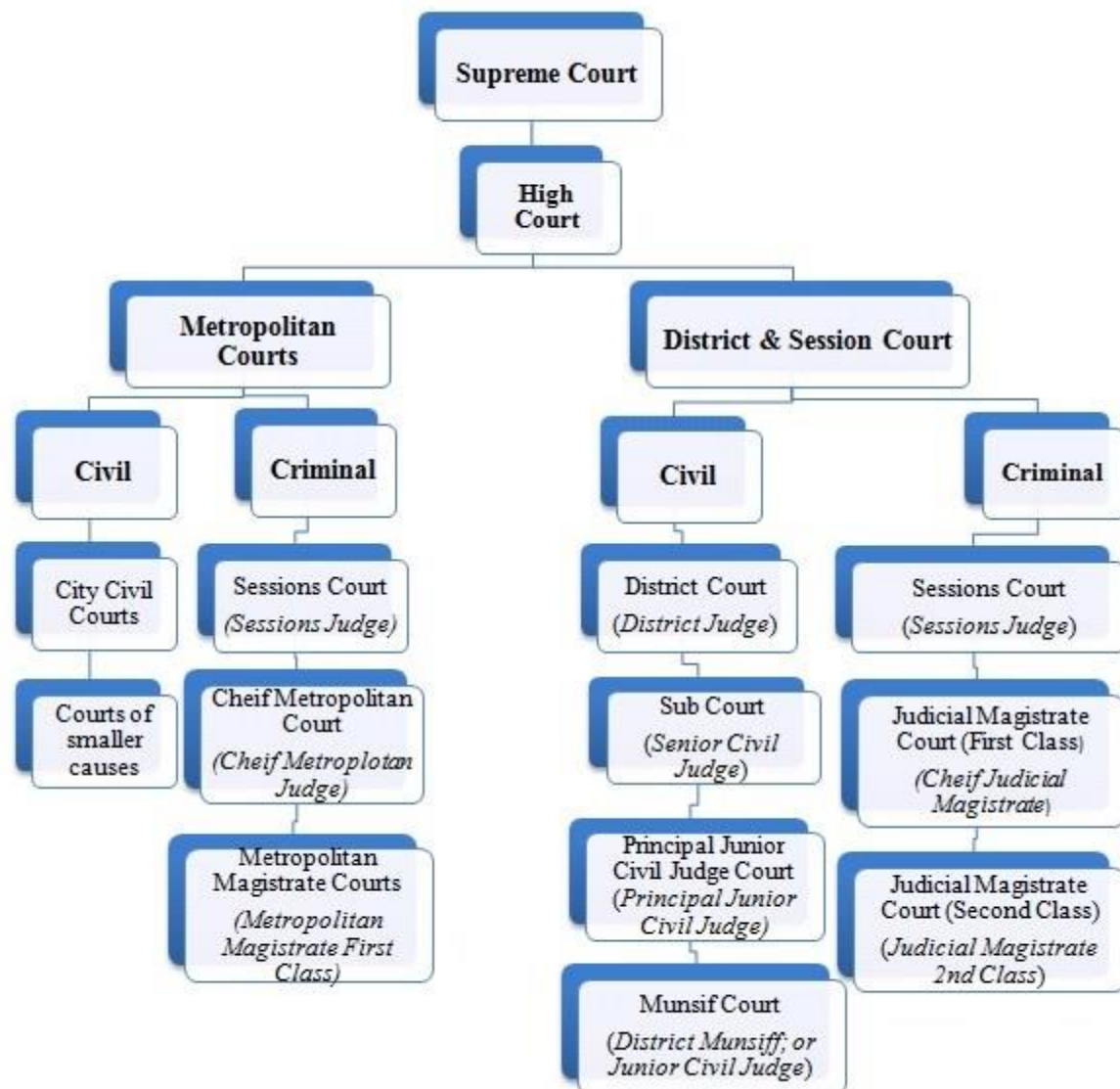
Streamline the present examination process for the lower judiciary:

- Recruitment to the lower judiciary has been under **public scrutiny** due to its **failure to fill almost a quarter (23%) of vacancies** that persist. The recruitment process of **district judges** is now the subject matter of a public interest litigation filed in the Supreme Court.
- The matter has now come to a standstill given opposition by States to a **centralised selection mechanism for judges**.
- This is not the first time that the Supreme Court has tried to streamline the examination process for the lower judiciary. In **Malik Mazhar v. U.P. Public Service Commission (2008)**, it highlighted the importance of a prescribed **time-schedule for judicial service examinations** and laid down stage-wise time lines for lower judicial appointments — for **civil judges** (junior division) and **district judges** (direct recruitment) in **321 days and 183 days**, respectively. An examination cycle is calculated from the date of notification to the last date for joining.
- However, such a benchmark has **three problems**.
 - First, the rationale behind arriving **at this timeline** is unclear.
 - Second, it is an inaccurate benchmark **to measure performance** as it does not consider different **sanctioned strengths** and **State resources** in conducting such exams.
 - Third, **strict adherence** to such timelines affects aspirants.

No coherent rationale: 'one-size-fit-all' timeline:

- A clear timeline does **ensure greater accountability**. However, the Supreme Court offers no substantial justification for determining these timelines. From the order, it appears that these were based on suggestions from States and the *amicus curiae* in the case. With no clear, scientific principle or methodology offered, it ends up **being a 'one-size-fit-all' timeline**, which forces a comparison of States that are not similarly placed. This leads to the second issue.
- **A report** by the Vidhi Centre for Legal Policy on **'Ranking Lower Court Appointments'** collated publicly available data on recruitment cycles undertaken by States (2007-2017).
- The study covered **direct recruitment of district judges and civil judges** (junior division) and measured the performance of States in terms of the number of days taken ('timeliness') to complete a cycle, and the percentage of vacancies potentially filled.

- But this timeline applies uniformly to States, regardless of **sanctioned strengths**. The timeliness measure in the report, when compared with data on sanctioned strengths in the lower judiciary, illustrates why this benchmark is inappropriate in measuring State performance.
- To elaborate, **States with lesser sanctioned strengths** also see lower numbers of applicants and have a natural advantage in adhering to the timeline. Take the case of **Himachal Pradesh** and **Maharashtra** for example.
- For civil judges, Himachal Pradesh and Maharashtra have a sanctioned strength of 62 and 1,118, respectively. Both must **finish their recruitment cycles** within 321 days. The study found that while Himachal could complete its cycle within an average of 178 days, it took 443 days for Maharashtra.
- When benchmarked against the prescribed timeline, Himachal performs better than Maharashtra, but the **comparison is unfair**, given the wide variance in sanctioned strengths, and, therefore, the number of applicants.
- The study also showed that of the **top five jurisdictions on the timeliness metric for civil judges**, Nagaland, Arunachal Pradesh, Himachal Pradesh (States) and Puducherry (Union Territory) have a sanctioned strength below 70. These States are quickest in completing recruitment cycles.
- Evidently, the **sanctioned strength influences the timeliness of the recruitment process**.



Logistical difficulties: structural and functional capacities of States:

- Clearly, this court-stipulated timeline does not account for the **structural and functional capacities** of States. While one assumes there is greater capacity in larger States, there is no reason to persist with this assumption without empirical verification.
- More importantly, there is **no methodological justification** in prescribing a **uniform timeline** without accounting for different capacities in States.
- The **120th Law Commission of India report** on Manpower Planning in Judiciary, 1987, contained significant suggestions for reducing pendency and, for the first time, suggested a **judge strength fixation formula**. It

suggested that the judge-population ratio in India be increased immediately from the then **ratio of 10 judges to 50 judges per million**.

- **Nearly 2.8 crore cases** are pending in the district and subordinate courts across the country and there are **only 16,874 judges to try them** — that's around 1,540 cases per judge.
- Another issue is Gender gap in Judiciary, **only 28% of lower judiciary judges** in the country are women, a first-of-its-kind study by Delhi-based Vidhi Centre for Legal Policy has revealed.
- The **lack of gender diversity** is not limited to the lower judiciary. The Supreme Court has only seen six women judges in its six decades of existence, and currently has one woman judge out of 25 judges.
- In the 24 High Courts across the country, just **over 10% judges are women**.

The issue of vacancies and pending cases are ingrained with not just one problem but many. They are:

- Lack of judicial reforms.
- Lack of political will to reform judiciary in the aftermath of NJAC.
- Lack of proper management of judiciary by judicial officers.
- Lack of coordination between political executive and judiciary in finding common solution.
- Lack of consensus between executive and judiciary to find a common mechanism to appoint judges.

Conclusion: For present "Examination process for the Lower Judiciary":

- Finally, the **prescribed timeline** does not register potential problems for candidates. If the timeline is strictly implemented, aspiring candidates will find it impossible to appear for examinations in multiple States, potentially harming the career opportunities of candidates who are otherwise eligible for judicial service in multiple States.
- While the **idea of a definite timeline** is undisputedly a good one, it should be flexible ***to suit the administrative and resource capacities of different States***.
- The **Malik Mazhar guidelines** could have easily ensured this by prescribing a standard which could be subject to State modifications rather than making them fixed. Currently, States can deviate from this timeline only by making an application to the Supreme Court. This **curbs their flexibility**.
- Further, and more importantly, **the court needs to adopt a more data-driven, methodological basis for such a timeline**.
- In a country like India where "**JUSTICE**" is the core principle of our constitution we cannot afford to deny justice to the people by not addressing the problems with the judiciary.
- As the saying goes Justice delayed is Justice denied, government should stand by judiciary in helping **to solve all the problems and find quick solution** by providing sufficient structural resources needed.

12. INDIA A STAKEHOLDER IN KOREAN PEACE: MODI

Context:

- South Korean President Moon Jae-in's visits to India and Singapore underscore his "**New Southern Policy**" (**NSP**), which gives priority to deepening bilateral relations with the **ASEAN economies and India**.
- India and Korea have signed agreements covering a **broad spectrum of areas**, including Internet of Things (IOT), Artificial Intelligence (AI), Big Data and anti-dumping. A joint statement on the Early Harvest Package of the **Upgraded Comprehensive Economic Partnership Agreement (CEPA)** was exchanged.
- The objective of the joint statement was to "facilitate ongoing negotiations on upgrading the India-Korea CEPA by identifying key areas for **trade liberalisation**".
- They signed 11 pacts to expand business ties and more than double bilateral trade to \$50 billion by 2030.

India: A key stakeholder in Korean peace:

- Modi made an oblique reference to North Korea's linkages with Pakistan and hinted that this is a reason why **India is a stakeholder in the peace process**.
- There is a proliferation linkage between **North-East Asia and South Asia** are a matter of concern to India. Therefore, India is also a stakeholder in the peace process. India highlighted that it will do their part to ensure peace.
- India has been pressing for a probe into **North's nuclear links with Pakistan** and demanding that those responsible for it be held accountable.

- Meanwhile, South Korea appraised India about the prospect of **denuclearisation of Korean Peninsula**. Modi, in turn, credited Moon for South Korea's peace breakthrough with North Korea and offered India's support in taking that forward.

Bilateral and Commercial relations:

- Trade, at \$20 billion, is a fraction of the potential, given that India and South Korea are **Asia's third and fourth largest economies**.
- South Korea's open market policies found resonance with India's economic liberalization, and its **'look east policy' and 'act east policy'**. The relations has become truly multidimensional, spurred by a significant convergence of interests, mutual goodwill and high level exchanges
- **Economic engagement** constitutes the core of our relations. South Korea is an **economic powerhouse** and has **advanced technology** in many sectors. India should have to leverage this.

- The agreements signed between the two countries included pacts for speeding up negotiations to **upgrade a 'comprehensive economic partnership agreement'** that was signed in 2009.
- The two sides also wanted to step up their cooperation in **health care, railways, artificial intelligence telecommunications and cyber security**. More Korean companies will have to invest in India so that the foundation for mutual prosperity can be further expanded.
- Bilateral trade rose by nearly a quarter to \$20.8 billion in the year ending 31 March, with \$16.4 billion of that in favour of South Korea. Korean majors like Samsung, LG, Hyundai and Kia have invested **over \$5 billion in India**.
 - Korea and India formally opened a new Samsung factory on the outskirts of Delhi which the company called the **world's biggest mobile phone manufacturing plant**.

Capacity Building programmes:

- The two countries also agreed to explore **tripartite partnership** for development in third countries, beginning with **capacity building programmes in Afghanistan**.
- India already has close ties with Afghanistan and is helping to **rebuild the war-ravaged country** and recently New Delhi and Beijing had decided to work in this area in Afghanistan.

India and S. Korea: Vision Document to Boosting strategic cooperation:

- The two sides also released a **vision document** articulating ways to **boost their strategic cooperation** and reaffirming convergence of their views in dealing with maritime conflicts, in a clear reference to China's expansionist behaviour in critical sea lanes.
- The vision document said the India and S. Korea also reaffirmed that **terrorism cannot be justified** on any grounds and sought coordinated regional and global efforts to tackle it.
- The Korean side also supported India's bid to become a **member of the Nuclear Suppliers Group**.
- Referring to disputes in the maritime sphere, the vision document said both Modi and Moon recognised the **link between prosperity and security** and reaffirmed the importance of freedom of navigation, overflight and unimpeded lawful commerce.
- We supported initiatives for peaceful resolution of conflict **through dialogue**, underlying the centrality of **sovereignty and territorial integrity**, in accordance with the universally-recognised principles of international law.
- South Korea and India will enhance military exchanges, training and experience-sharing, and research and development including innovative technologies for mutual benefit.

Hand-in-hand Prime Minister Narendra Modi said India is a stakeholder in the peace process in the Korean peninsula after holding wide-ranging deliberations with the South Korean President on Tuesday

- Agreement to explore tripartite deals for development programmes in third countries

- Agreement to discuss training programmes in Afghanistan

- Agreement to upgrade the Comprehensive Economic Partnership Agreement (CEPA), negotiations still on

- Set target of \$50 billion trade by 2030 (presently \$20 billion)

- MoU on railway design and safety research

- MoU on cooperation in Telecom and ICT services

- MoU on Princess Suriratna memorial project in Ayodhya. South Korea will be sending a cultural delegation to U.P.

India is central pillar of 'New Southern Policy'

— MOON JAE-IN

Republic of Korea is indispensable partner in 'Act East Policy'

— NARENDRA MODI

- Both also agreed to encourage their defence industries to **intensify cooperation** in this regard.
- The vision statement read, in a reference to discussions on encouraging Korean defence manufacturers to **"Make in India"**, one of whom, Hanhwa Techwin, has partnered with Larsen and Toubro to **produce K-9 Vajra artillery guns** for the Indian Army at a factory near Pune.
- The **bilateral vision document** also committed to building a **"peaceful, stable, secure, free, open, inclusive and rules-based region,"** incorporating President Moon slogan of **"3Ps: People, Prosperity and Peace"**.

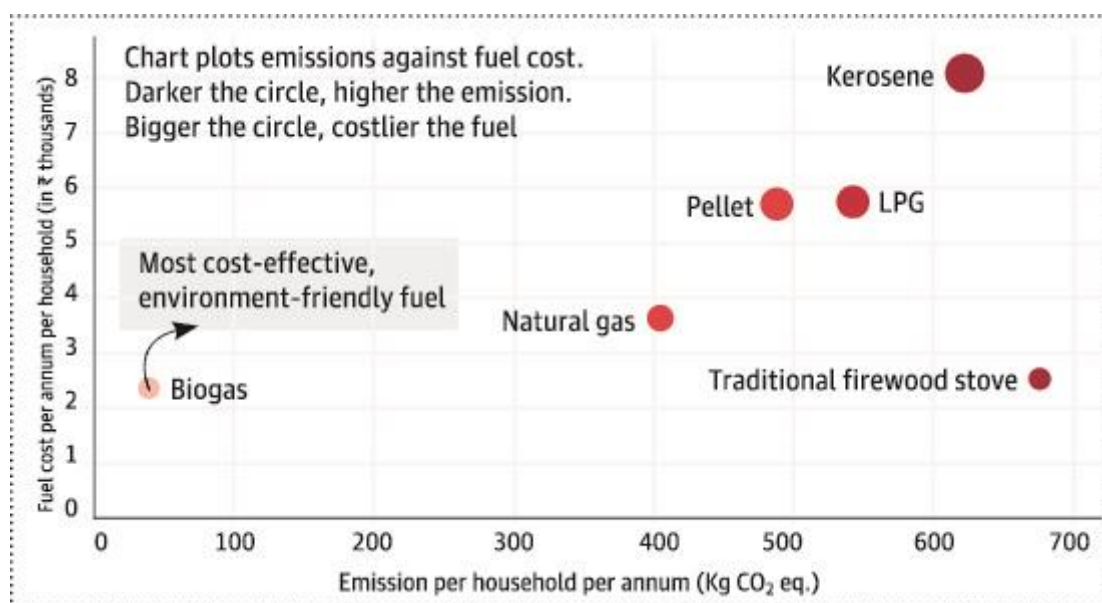
Way Forward:

- There is an urgent need to strengthen **economic partnership**. As a trade war unfolds between US and China, **Delhi and Seoul** need to liberalise their own bilateral trade relations.
- The two sides also need to focus on **expanding bilateral security and defence cooperation** and working together with other countries to **promote a stable Asian balance** of power system.
- Delhi and Seoul should focus on **building flexible middle power coalitions** in Asia to limit the impact of the current volatility in the relations between US and China.
- The business community of both countries must leverage opportunities arising from complementarities between the two economies **to enhance investment**, to promote joint ventures, and to work towards the **goal of raising bilateral trade to \$50 billion by 2030"**.
- At a time when U.S. foreign policy is capricious and unpredictable, and China's is making purposeful moves towards global domination, it is important that the South Korea-India partnership grows and consolidates, to **contribute to stability in the region**.

13. A CLEAN COOKING STRATEGY: DRIVING TOWARDS SUSTAINABILITY

Introduction:

- **Energy use** is a key indicator as well as a **key tool for development**. Energy use should not only be cost-effective but also **environmentally sustainable**. In this regard it is imperative for India to evaluate the **current fuel choices** and, seek to **diversify its fuel choices**, according to the need for and availability of fuels, in an area.



Cooking fuel in households:

- The **dangerous smoke** — from wood, dung, kerosene or charcoal fires **used by 3 billion people** in villages and slums across Africa, Central America and Asia — was estimated by health officials to shorten millions of lives every year.
- The **choice of cooking fuel** in households (especially rural) has a huge impact on living conditions especially for **women and children**. On an average in India, household spending on cooking fuel accounts for around **5-6% of its total expenditure**.

- Factors such as socio-economic (availability and easy access, also determined by household income and price of fuel, education and awareness), culture or lifestyle, and, to a large extent, government policies also influence cooking fuel choice.
- **Affordable, reliable and clean energy** for cooking is essential not only for reducing health and environmental impacts but also helping women to do more ***productive work and developing the rural economy***.

Comparing the options:

- Among the various fuel options available (firewood, pellet, biogas, kerosene, liquefied petroleum gas or LPG, piped natural gas or PNG) **biogas** accounts for the **lowest effective greenhouse gas emission**; PNG and then LPG are next.
- An assessment of annual life cycle emissions of various fuels per household per annum is based on the estimation of life cycle emissions, feedstock processing, fuel processing, distribution and cook-stove use.
- Further, a comparison of the **levelized cost of various fuels** (non-taxed and not subsidised), annual life cycle emission per household (kg/CO₂ equivalent) and extent of in-house air pollution for various cooking fuels suggests that biogas and PNG are the best cooking energy options.
- Cooking fuels emit substantial **amounts of toxic pollutants** (respirable particles, carbon monoxide, oxides of nitrogen and sulphur, benzene, formaldehyde and polyaromatic compounds) which contribute to **indoor air pollution**.
- In households with **limited ventilation** — common in rural household and semi-urban areas — these pollutants could lead to **severe health problems**. Among the various options available for cooking fuel, firewood and pellet are the most polluting, LPG and kerosene are moderately cleaner, and ***biogas and natural gas are cleaner fuels for combustion***.

The Push initiated for Clean Cooking Fuels:

- National level programmes to ensure that most switch to clean cooking fuels have been initiated since the 1980s.
- National Project on Biogas Development (NPBD)
- It was launched in 1981-82 by the Ministry of Non-Conventional Energy Sources. Though the socio-economic and environmental impact of biogas is well recognized, NPBD has been receiving public attention and scrutiny in India because of its vast potential on the one hand and its **poor performance, high mortality and non-functionality rates** on the other.
- The programme has been hampered by mala fide practices, poor construction material, a lack of maintenance, misrepresentation of achievements and a lack of accountability and follow-up services.
- Once again, in order to ensure access to clean energy — a key focus area for poverty alleviation — the government launched a flagship programme, Pradhan Mantri Ujjwala Yojana in May 2016.

Pradhan Mantri Ujjwala Yojana:

- It is a scheme of the **Ministry of Petroleum & Natural Gas** for providing LPG connections to women from Below Poverty Line (BPL) households (with a cumulative target of providing LPG connections to **more than eight crore families**).
- Further, the Petroleum and Natural Gas Regulatory Board (PNGRB) has been holding auctions across cities for distribution of gas for cooking through PNG.
- However, since conventionally, governments have been **subsidising LPG** and as such a **consumption-based subsidy is not available for biogas and PNG**, it has led to a preference for LPG over other cleaner, safer, more cost effective and locally available options (biogas in rural areas).
- The Government has launched **Pradhan Mantri LPG Panchayat** which is an **interactive communication platform** for rural LPG users on various subjects like safe usage of LPG, its benefit to environment, women empowerment and women health, and also use the forum to motivate the consumers to use LPG regularly as a clean cooking fuel. The beneficiaries under the Scheme are identified through Socio Economic Caste Census (**SECC 2011**).
- Further, **LPG import along with large subsidies are a drain on government resources** which hamper the focus on other social development programmes.

What can work: promoting Biogas as Alternative:

- To promote biogas in rural and semi-urban areas, adopting **the service-based enterprise model** with suitable resource availability offers a **sustainable approach**. It will also help self-drive the programme. The model is

being successfully implemented in Hoshiarpur, Punjab using a 100 cubic meter biogas plant. The plant **supplies clean and piped cooking biogas** to 44 households and a school every day.

- Such models can also **generation employment** significantly at the grass-root level an important additional benefit of **running a biogas programme**. However, there is a need to provide **financial support** and facilitate **capacity building** in order to promote **enterprise-based models** for community-level plants.
- The **cost-competitiveness of natural gas** (including imported re-gasified LNG) calls for scaling its penetration in urban and semi-urban/rural areas. PNG needs to be promoted in urban areas beginning with the densely populated Tier-I and Tier-II/III cities, making LPG just one of the options to choose from rather than it having an edge over others.
- For this, the cost of LPG must be set as the upper-cost ceiling and the PNGRB could focus only on the setting up of safety regulations, with distribution rights being given to distributors.

Way Forward:

- To further enable a consumer to **freely make cooking fuel choices**, consumption-based subsidies need to be replaced with a functional subsidy that is provided on the basis of household income levels and local variables.
- **Possibility of leakages** must also be eliminated by ensuring that subsidies of any kind are provided only through **direct benefit transfer**. Such an approach will provide a neutral thrust and promotion to different types of cooking fuels on the basis of their original virtues.
- As India takes a **long-term view on sustainability and energy security**, it is important to create an environment where its citizens are aware of the options and make their energy choices based on the **nature of the fuel** and not because of socio-economic constraints.

14. ROLE OF BIG DATA IN DISASTER MANAGEMENT

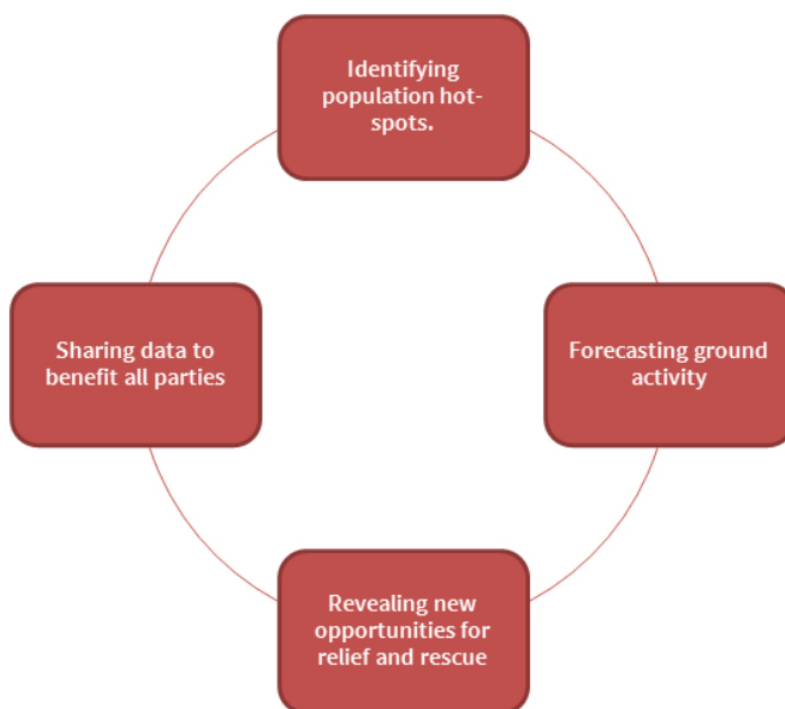
Context:

- India and South Korea recently signed agreements covering a broad range of areas, including cooperation in **development of big data technologies** for their diverse applications, like in disaster management. Big data can play a significant role in **enhancing our capabilities to manage disasters**.

Introduction:

- Undoubtedly, the **age of big data** has opened new options for natural disaster management, primarily because of the varied possibilities it provides in **visualizing, analysing, and predicting natural disasters**.
- From this perspective, big data has radically changed the ways through which human societies adopt **natural disaster management strategies** to reduce human suffering and economic losses.
- In a world that is now heavily dependent on information technology, the prime objective of computer experts and policy makers is **to make the best of big data by sourcing information from varied formats and storing it in ways that it can be effectively used during different stages of natural disaster management**.

BIG DATA IN DISASTER MANAGEMENT: THE OPPORTUNITIES



Benefits and Importance of Big Data Storage in Disaster Management:

- Big data is defined as the technological paradigm that allows researchers to conduct an **efficient analysis** of vast quantities of data that is made available through the current practices.
- It is the collection of **scientific and engineering** methods and tools that help in making the best of massive amounts of available data. Big data addresses not only storage issues, but also ***issues related to accessibility, distribution, analysis, and effective visual presentation of data and analysis.***
- More precisely, communication also entails understanding and monitoring the entire body of public and openly available communication such as messages and content that is publicly exchanged on social media.
- In such situations, people may be exchanging messages in reporting their condition to their loved ones or making appeals for help. However, big data allows researchers to **conduct a detailed analysis** of all communications which provides valuable information that has a general validity for the population at large; such as information about a disease outbreak.

Global Institutions to study Disaster and Risks:

- In 2015, the UNDP partnered with the Tohoku University and Fujitsu decided to create a **Global Centre for Disaster Statistics (GCDS)**. The aim is to gather and crunch 'big data' to meet the ambitious targets of the **Sendai Framework to reduce the risks from disasters**.
- **Fujitsu's cloud-based ecosystem** captures data from a variety of sources, including unstructured sources like social media, high-resolution satellite imagery and drones.
- Specialised technical institutions like the **Tohoku University** can crunch and analyse these data sets to provide insights for policymakers about the impacts of disasters. This includes helping to monitor recovery, focussing on early warning, and assessing resilience.

Other Areas that can able to reap benefit:

- **Efficient Allocation of Resources:** Big data generated from geo-informatics and remote sensing platforms help to identify the gaps and makes the recommendation on where to allocate resources to mitigate the risk. This includes helping to monitor recovery, focusing early warning and assessing resilience.
- **Identification of Vulnerable:** It can be used as most vulnerable population for natural disaster and data on these communities can be used to pursue 'risk informed' development.
- **Connecting missing people with their Families:** Companies like Google, Facebook are interested in helping communities during emergency situation by reducing recovery time.
- Facebook's '**safety check service**' is an example of this noble initiative where they help to connect people to their loved ones during and after disaster in real time.
 - **Indirect impact of Disaster:** It also provides aid in indirect disaster impact and its mitigation efforts, thereby allowing govt to anticipate indirect impact of disaster and reduce risks.
E.g.:- It can shows how devastation of rice crop by a disaster can adversely affects the several other sectors such as rice trading, packaging, retail, transport.
- Big data has now become a **crucial element of communication**, which complements the conventional exchange of intentional and explicit messages; such as first responders talking over a voice connection; or an announcement of a text message through which warning is given to citizens faced with the threat of an approaching natural disaster.
- Big data also provides a **deeper understanding** about how an economy is **interconnected**: how devastation of a rice crop by a disaster can trigger a chain impact across several industries and services, such as transportation, rice-trading, packaging and retail.
- With such valuable information, governments can **anticipate disasters and reduce risks** through preventive measures such as early warning systems, safety drills, and resilient infrastructure.

Conclusion:

- ✓ Big data has a significant role in **all phases of disaster management**. Big data from sensor networks, social media, and from other sources are available and **shows its usefulness** in disaster management already.
- ✓ These big data **help policy makers and first responders** to come with quick and concrete decision on the number of people affected, type and nature of the damage and where to allocate the resource. Many **natural hazard forecasting systems** rely on big data.

- ✓ Early warning system for tsunami, storm, forest fire, and flood can be **more accurate and reliable** from these huge volumes of data. Crowdsourcing, cyber infrastructure, and cloud computing approach can be used to get required information for emergency management by analysing big data.
- ✓ **Machine learning approach** and **parallel processing approach** might save valuable processing time during an emergency. The big data archive can be **helpful for model development** and validation to ensure more **efficient disaster management**.
- ✓ Despite having these challenges, research and data gathering on the usefulness of big data in disaster management are ongoing. The disaster managers and policy makers will get more confidence on the **usefulness of big data in disaster management**.

15. A HELPING HAND FOR INDIAN UNIVERSITIES

Context:

- **Six higher education institutions**, including the Indian Institute of Science (IISc), Bengaluru, the Indian Institutes of Technology at Mumbai and Delhi, and the proposed Jio Institute of the Reliance Foundation, have been named **Institutions of Eminence (IoE)** by the Centre.
- The Jio Institute in Maharashtra — which has been chosen in the greenfield category — is among three private institutions to be granted the status; the Manipal Academy of Higher Education and BITS, Pilani, being the other two.
- An empowered committee, under **former Chief Election Commissioner N. Gopalaswami**, recommended these institutions.

INDIAN UNIVERSITIES FALL IN THE RANKINGS

Indian universities continued to perform poorly in global rankings with the Indian Institute of Science (IISc) Bangalore sliding in the Times Higher Education (THE) World University Rankings 2018.

Though IISc remained the top school in India, it was ranked in the 251-300 group, a fall from the 201-250 cohort of the previous edition. After the first 200 ranks, THE places universities in groups instead of assigning them individual ranks. While the Indian Institute of Technology (IIT) Bombay continues to be in the 351-400 band, IIT-Delhi and IIT-Kanpur have dropped by one grouping—from 401-500 to 501-600.

Globally, the University of Oxford retains first place in the rankings, followed by Cambridge University.

Best universities in the world

Rank	2018	2017	University
1	1	1	Oxford University
2	4	4	Cambridge University
3	2	2	California Institute of Technology*
3	3	3	Stanford University*
5	5	5	Massachusetts Institute of Technology

*Caltech and Stanford were placed joint third

Best universities in India

Rank		
2018	2017	University
251-300	201-250	IISc Bangalore**
351-400	351-400	IIT-Bombay
501-600	401-500	IIT-Delhi
501-600	401-500	IIT-Kanpur
501-600	501-600	IIT-Kharagpur

**After top 200 ranks THE puts universities in groups

Source: THE World University Rankings 2018

Misinterpreting CSR- Resulted funding pattern:

- The Ministry of Corporate Affairs (MCA) has observed that among the 5,097 companies that have filed annual reports for the financial year 2015-16, only 3,118 companies had made some contribution towards CSR expenditure.
- During FY 2014-15, 3,139 companies had spent 74% of the prescribed CSR expenditure — most were to the Prime Minister's Relief Fund. There has been **very little strategic thinking and innovation in the CSR** where corporations can play a leadership role in contributing to society. This also shows that companies in India have generally not understood the **larger goals of CSR**, viewing it more as a charitable endeavour.

- While there is much that deserves attention under the CSR framework for contributing to the social sector, the fact is that higher education and universities do need to receive significantly more attention.
- Every aspect of a **university's growth** requires **substantial financial resources**: hiring of world class faculty; developing research centres; funding research projects; having rewards and incentives for faculty publications; building physical infrastructure and making available scholarships for students.
- The Ministry of Human Resource Development should be working closely with the MCA to have a road map that incentivises **CSR funding to be made available for universities**.

The funding factor in Higher Education:

- In past, a report by a committee constituted by the then Planning Commission and headed by the then chief mentor of Infosys, Narayana Murthy, focussed on the **role of the corporate sector in higher education**.
- It acknowledged the importance of stronger private initiatives and recommended steps such as free land for 999 years (sic), 300% deduction in taxable income to companies for contributions towards boosting higher education and 10-year multiple entry visas for foreign research scholars.
- It also recommended a ₹1,000 crore scholarship fund (with tax exemption for corporate sector contributions) to promote greater accessibility of higher education to the underprivileged. However, these **recommendations were not implemented**.
- A range of reforms are being promoted in higher education. Recognising that universities in India need to be significantly empowered in order to achieve excellence, the government has initiated **five major reforms in the areas of regulation, accreditation, rankings, autonomy and internationalisation**. However, the most critical aspect of building world-class universities as well as upgrading existing universities is in relation to funding and the availability of substantial financial resources.
- Every year, educationists have put forth the argument that we **need to increase the budget for higher education**. Marginal increases in budgets and creative reallocation of resources to show more spending on higher education are not going to help.

Issue of philanthropy in Higher Education:

- Beyond a few examples of philanthropy in higher education in India, contemporary **leadership in philanthropy in higher education** is limited and almost non-existent.
- The historical evolution of public universities in India and their exclusive dependence on the government for all financial resources have contributed to limiting the capacity of funding that could be available for public universities.
- Today, public universities (State universities and other higher education institutions) face **serious financial challenges**.
- While the Central universities and institutions of higher education are better situated, complex procedures, incessant delays, regulatory obstacles and a labyrinth of regulations for access to the funds have created many disincentives for universities to have the **necessary freedom and flexibility to spend resources** as per their needs and priorities.

Situation in Private Universities:

- As far as private universities/higher education institutions are concerned, the problem is even more serious. The opening up of the private sector to higher education has ended up **creating many mediocre institutions**.
- The privatisation of higher education has not been driven by philanthropy but to a large extent by commercial and for-profit interests that do not have a symbiotic relationship with the **vision, values and ethos of a university**. Higher education and universities (private or public) by their very nature ought to be not-for-profit and established through philanthropy.

Conclusion:

- The **future of Indian universities (public and private)** will significantly depend upon our ability to harness the possibility of individual, institutional and corporate philanthropy for the purposes of higher education. A major legal and policy reform to promote some form of mandatory **corporate social responsibility (CSR)** was initiated through the **Companies Act, 2013**.
- Path-breaking, it had the potential to transform the **relationship between business and society**. Unfortunately, the results so far have not been encouraging.

Way Forward:

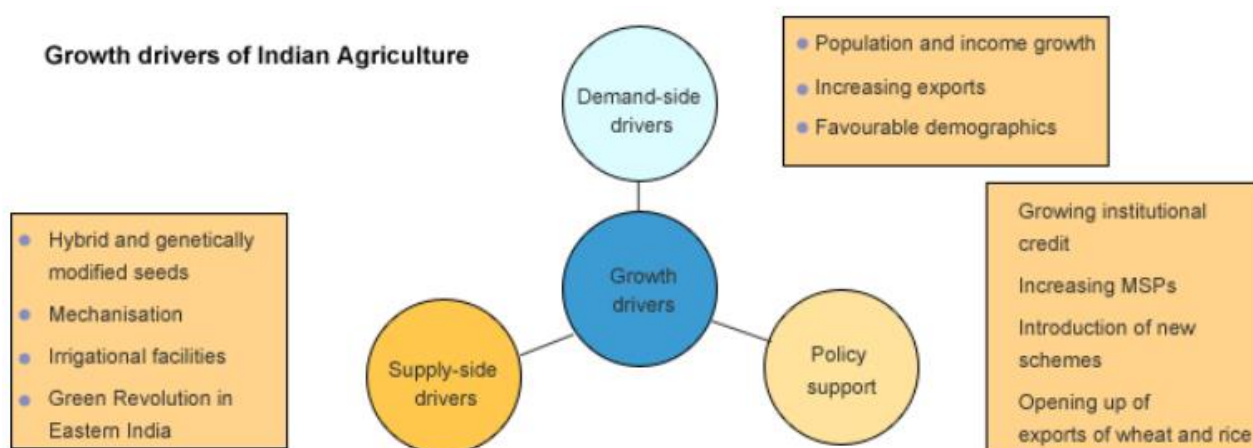
- The **Institute of Eminence (IOE) policy** by the government did create hopes and expectations for establishing world class universities in India. Unfortunately, the **policy, procedure and the process** of selecting IOEs has been marred by a **lack of transparency, vision and imagination in institution building**.
- A **thorough and even a radical re-examination of budgetary resources is essential**. The higher education sector can be truly re-energised only by a significant increase in loans, grants and philanthropy. Banks and financial institutions have been rather timid and even indifferent towards funding in higher education. Therefore, there is an **urgent need for policy intervention**, where universities and related funding should be designated a priority sector. It should be seen as being more important than infrastructure development.
- Therefore, there is an urgent need in Indian universities to reflect upon the **crisis of leadership** and the **inability to seek reforms** relating to institution building. In this, **leadership in philanthropy** is central to enabling an institutional vision that will help build the future of higher education in India.

16. AGRICULTURE INVESTMENT: TIME TO CULTIVATE A VISIBLE HAND**Introduction:**

- **Doubling the farmers' income in India by 2022** is one of the top priorities of the present government. However, it is not an easy task, given the plethora of challenges faced by agriculture sector. One of the challenges faced by Indian agriculture today is the **lack of investment**. It is essential to study why and how **smallholding farming families** be encouraged to invest in their farms.
- Agriculture plays a vital role in India's economy. The **principal means of livelihood** is agriculture for **more than 58 percent** of rural households.
- The increase in minimum support prices (MSPs), which promises **up to 97% increase in return on costs**, can become the trigger for stimulating much-needed investment in agriculture by the Indian farmer. But it needs to be backed by the other factors that go towards making farming profitable.

For Rapid Growth—→ Attracting Investments:

- Like all sectors, agriculture too depends upon attracting investment for rapid growth. This demand accelerated investment from farming families, besides greater capital efficiency.
- The ministry of agriculture estimates that to double farmer incomes by 2022-23, **private investment in agriculture** must jump two times to almost Rs 1,40,000 crore. Private investments refer to investments made by farmers themselves, inclusive of their own savings and borrowings **from institutional and non-institutional sources**.

**Smallholder Farmer: Key player in Agriculture Investments:**

- Since the decision to invest occurs within each farming household, and opportunity costs are high, the real question is: how can India encourage farming families to boost investment in their farms?
- The answer lies in unleashing the **entrepreneurial energies of the smallholder farmer**, especially those already thinking commercially and sell at least a third of their crop. Thanks to their majority, such **smallholders collectively** possess the **highest latent energy** for moving the needle on agricultural growth.
- **Smallholders (with up to 2 hectares of land) run 85% of the total farms in India and own more than 50% of the livestock**.

- They are highly cognisant of the need to invest. In Odisha, where 92% are smallholders, each farming family spent on average Rs 1,142 a month on crop production, according to **National Sample Survey Office (NSSO) 2012-13**.
- Yet, due to the low productivity, low production and lack of market incentives, families receive no commensurate return. So, smallholders have, on an average, less than 10% share of the total private investment in farming.
- What would encourage them to invest? Profitability. Assured buying, and export demand in some years, stimulated investment in wheat, rice, cotton, mentha, guar, a few pulses and sugarcane.

Access to markets is insufficient:

- But farmers are frustrated by the **high entry barriers** to liquid and regulated markets. If they do enter, the **interplay of market forces** doesn't necessarily enable fair play, trust and transparency.
- There are few ways to mitigate the higher risk in high-value horticulture crops. So, even small commercial farmers frequently survive mainly on income from wage labour.
- As financial markets demonstrate, **access to markets is insufficient**. Markets require the 'visible hand' to protect small participants so that they have agency.
- States must similarly **develop and defend agricultural markets** that work for smallholders by reducing transaction costs and counterparty risks, and raising price discovery, price transparency and bargaining power.
- Since smallholders till mainly leased land with uncertain and informal tenure, they have little incentive to take long-term capital loans for investments, such as micro-irrigation, which mitigate risk.
- Suitably modified land-leasing laws can encourage investments in land improvement. Likewise, investment in dairy and poultry will increase by the incentives from integration into tight value chains.
- Smallholders have always been excited **about technology**. The adoption of hybrid maize by Bihar's smallholders, hybrid vegetables in Maharashtra, solar power pumps in Gujarat, for instance, demonstrate **their eagerness to optimise profitability** and de-risk income when terms of trade turn positive.
- Strong public extension services can raise returns on this investment. Next comes capital. **Nearly 86% of farm investment depends on loans.**
- Smallholders borrow **nearly half of their loans** from moneylenders, traders and input dealers. Repaying debt is a far more compelling consideration than buying machinery.
- Deliberate efforts towards financial inclusion, and emphasis on long-term capital, could kick-start the virtuous cycle. Above all, smallholder farming is directly **energised by public investment**.

Conclusion:

- Agricultural growth is private sector but requires **large investment in public goods** — rural roads, education, research, irrigation, extension, finance, institutions for women farmers' participation.
- **According to ministry of agriculture, public investment must grow 16.8% annually, up from around 10%, to achieve the target of doubling farmer incomes.**
- Once the ecosystem for enabling agriculture growth strengthens, the corporate sector, with a **2% current share** in the overall investment, will venture closer to the bottom of the pyramid, offering smallholders linkages to technology, services and competitive markets.

Road Ahead:

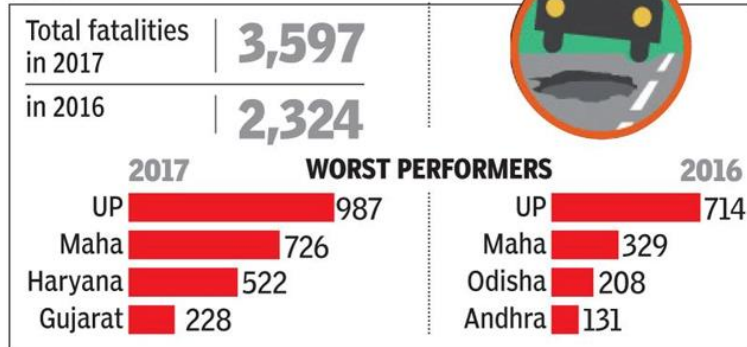
- **High growth in agriculture** springs ultimately from the convergence of profits, knowledge and power in the hands of smallholder commercial farmers.
- Despite poverty and neglect, they see themselves as entrepreneurs, willing to try new crops, cultivars, livestock and alternative technologies to increase productivity, diversify production, reduce risk — and increase profits. It is time to tap into this **entrepreneurial energy** by creating, and enabling, opportunities for them to invest in a bright future.
- Owing to **increased investments in agricultural infrastructure** such as irrigation facilities, warehousing and cold storage, it is expected that the agriculture sector in India will generate better momentum in the next few years.

17. FIX THE POTHOLE PROBLEM

Introduction:

- Potholes took a deadly toll in 2017, claiming almost **10 lives daily with annual fatalities** in the country adding up to 3,597 — a more than 50% rise over the toll for 2016.
- Maharashtra recorded a doubling of deaths at 726 year on year — disheartening evidence that road safety remains a casualty in India.
- On July 11, a 45-year-old man was crushed to death by a passing truck when he fell into a pothole in Kalyan, Mumbai. This is just one among the many recent deaths caused by potholes in the city.

DEADLY ROADS



Pothole crash: Severe injuries and death:

- In 2016, potholes claimed six lives every day in India.** The numbers could be higher as dozens of **pothole-related deaths go unaccounted** because crash reporting protocols vary from State to State.
- According to official statistics, potholes claimed 11,836 lives and left 36,421 persons injured in India from 2013 to 2016. A State-wise analysis of data pertaining to road crashes due to potholes reveals that Madhya Pradesh, Uttar Pradesh, Tamil Nadu and Maharashtra have maintained a fairly consistent record of being among the **top four in road crashes**, injuries and deaths due to faulty roads, **particularly potholes**. Andhra Pradesh, Kerala, Odisha and West Bengal feature regularly among the top 10 States in the same category.

Reasons for Potholes formations:

- Potholes are usually caused by the presence of heavy traffic and water on roads. Several studies conducted in cities such as Chandigarh and Mumbai point to the lack of a proper drainage system and weak proportioning of aggregates for road construction as major reasons for pothole formation.
- Therefore, it becomes necessary to ensure the **use of standardised methodology and good quality material** when constructing roads. There also needs to be regular maintenance and an effective system to **ensure accountability**.

Pinning the blame on victims:

- Every year, pothole-related deaths make it to the headlines especially during the **monsoon season**. The irony of the situation is that instead of booking cases against contractors or engineers for shoddy maintenance of roads, police reports often **blame the victims or drivers** for 'death due to negligence'. Negligence on the part of road owners or maintenance authorities is rarely brought to book.
- Number of accidents can be higher as there is **no scientific method** for reporting the road accidents in India. As a result, many accidents go unreported and there is no detailed investigation into causes of road deaths in our country.
- As per the guidelines, the height of the speed breaker cannot exceed 10 cm; however, in majority of cases particularly in smaller cities and residential pockets, the speed breakers are up to 6-8 inches high. This makes motorists particularly the bikers more vulnerable.

Guidelines for Road Construction, Maintenance and Management:

- The **Indian Road Congress** has prescribed over **100 sets of guidelines** to ensure standardised road construction, maintenance and management, including guidelines for repairing potholes.
- The challenge lies in ensuring that these **guidelines are implemented**. The absence of a unified statute or law on road construction, engineering and maintenance makes it nearly impossible to ensure that these guidelines are implemented.
- The existing legislation for road safety, the **Motor Vehicles Act**, has no provisions to **ensure accountability of road authorities** for defects in the engineering, design and maintenance of roads.

The Motor Vehicles (Amendment) Bill, 2017:

- Thankfully, the **Motor Vehicles (Amendment) Bill, 2017**, which seeks to strengthen the Act, has attempted to address the issue of liability for road defects. For any road crash injury or death caused by defective road design and engineering, the designated authority responsible to construct and maintain the road is to be penalised with a sum capped at ₹1 lakh.
- The Bill directs that safety standards be prescribed by the Central government.
- Unfortunately, road contractors and engineers will still **not be held criminally** liable for causing deaths and injuries, which organisations like the **SaveLIFE Foundation** have been demanding. But a fine, even if it is a small amount, is a **step in the right direction**.

Conclusion:

- Road safety is a multisectoral issue. At a policy level, the first step is to **create an enabling framework** that weaves in different progressive aspects across stakeholder sectors under one legislation.
- **The Motor Vehicles (Amendment) Bill, 2017** aims to rectify several systemic issues by providing a uniform driver licensing system, protecting children and vulnerable road users, rationalising penalties and creating a system of accountability in the construction of roads.
- The Bill was sent to the Rajya Sabha last Monsoon Session; a year later, it still awaits passage. The Bill is not a panacea for all problems, but it is the ***first step towards ensuring that no deaths are caused by road crashes.***
- There is a need to incorporate the **Safe System Approach** in all aspects of road design, engineering and construction. This approach takes into account the possibility of human error and ensures that the surrounding environment and infrastructure are designed to save lives.

18. THE MOB THAT HATES**Recent Context of Lynching in India:**

- As the grim **threat of lynching** casts a terrifying shadow over large swathes of the country, directions from India's Supreme Court to all governments to take steps to prevent what it described as "**horrendous acts of mobocracy**" can only be welcomed.
- The court has asked Parliament to consider **passing a special law on lynching**. This, it maintains, is **essential to protect citizens** and ensure that the "**pluralistic social fabric**" of the country holds against mob violence.
- Though, if this ruling will have any influence on actually stemming the hate violence sweeping through our land. A new law will work if gaps in existing law are what prevent state administrations from acting decisively and fairly against lynch mobs.

'SET UP FAST-TRACK COURTS'

➤ SC orders states to **designate officer of SP rank as nodal officer** in each district to prevent **mob violence**

➤ Centre, states to **broadcast radio, TV and online messages** warning that lynching and mob violence shall invite serious consequences

➤ **FIR must against persons spreading such fake/ irresponsible messages, videos**

➤ Police, district admin's **failure to comply with SC's directions** will be deemed **deliberate negligence**

➤ **States to draw up compensation scheme** for lynching with provision for interim relief to victim(s)/next of kin within 30 days

➤ Lynching cases to be tried by fast-track courts in each district and **preferably concluded in 6 months**

**What is meant by Lynching:**

- Lynching is not just "mobocracy"; it is a **collective hate crime**
- For Instance, Lynching may be sparked variously by disputes over allegations of cow smuggling or slaughter, or wild rumours of cattle theft or child kidnapping, or something even as trivial as a seat in an unreserved train compartment.
- Whatever the ostensible trigger, murderous mobs gather to lynch people of hated identities with gratuitous cruelty. IndiaSpend found that **86 per cent of persons killed in cow-related lynching were Muslim, and 8 per cent Dalit**
- The recent spate of mob killings on rumours of child kidnapping target strangers and mentally challenged persons.

Main Reasons of these Lynching in recent times:

- These hate crimes flourish most of all because of the **enabling climate for hate speech and violence** which is fostered and legitimised from above, which frees people to act out their prejudices; and the **impunity assured by state administrations to the perpetrators**.
- Senior ministers and elected representatives frequently come out in open **defence of the attackers**, charging the victims with provoking the attacks.
- The **messaging is unambiguous**: Not the lynch mob, but the victim, and the community to which he belongs, are guilty.
- The current phenomenon of lynching to be what intellectuals describe as **“command hate crime”**.
- By this underline, first, that these are **hate crimes, not ordinary mob violence**, as these mostly target identified **minority communities** and **disadvantaged castes**. And second, that these crimes are **tacitly or openly encouraged** by senior leaders of the political establishment.
- The members of the lynch mob in most incidents of **lynching video-tape** the act, and **upload the video-tapes**. To record one’s crimes and display these on the social media **reflects a brazen confidence** that you will not be punished for your crime, and even if you are nabbed, you will be a hero for the ruling establishment.

Is It an Administrative Failure?

- There is a **recurring pattern** in police action too. If present, even as the slaughter of innocents unfolds, they don’t act, pleading later that they were outnumbered. In most cases, they come in **too late to save lives**, and very often they register crimes against the victims and drag their feet to charge and arrest the attackers
- After the lynching, police often tries to record the incident as ***a crime of cow smuggling, animal cruelty, rash driving and road rage***.
- In its investigations, the police never cordon off the site of the lynch attacks: Even hours after the crime, people walk over the ground still splattered with blood or burned flesh. This is not a shoddy investigation. It is deliberate (and criminal) destruction of evidence which could have been used against the killers
- The police in almost every case, instead, ***registers crimes against the victims***.
- In recent incidences reflect that, State home ministers, sometimes chief ministers, and senior police officials publicly denounce not the members of the lynch mobs but the victims and survivors.

Conclusion:

- For people in political authority, uniform and magistrates to take sides in hate battles is a profound crime against humanity. Yet this still is recognised at best as a moral failure, not a punishable crime.
- If **there is any new law** we need to prevent the spread like an epidemic of this new scourge of targeted hate crime, of lynch mobs, it requires only one law, and this is the **creation of a crime of dereliction of duty and communal partisanship by public officials**.
- The challenge, ultimately, is not of law, but of **our collective morality and our collective humanity**.
- In the recent years, the **cases of mob lynching** have increased exponentially, which is an **alarming signal for the social harmony** of the nation.
- In the land of **Mahatma Gandhi**, who was the worshipper of non-violence, its very disconcerting and heartbreaking to see the innocent people being pray to the people with vested interests and a particular agenda claiming to be the **protector of religion, custom, and society**.

Way Forward:

- ✓ Off late, we have seen as to how the **technology**, which is considered to be the **boon for mankind**, is being used by some people to spread rumours and fake news leading to assault and death of innocent people.
- ✓ In the recent times, several instances of misuse of social networking sites such as Facebook, Twitter, and WhatsApp have caused the loss of lives.
- ✓ Though the service providers have come up with the modifications in the features to contain the **increasing dissemination of fake news**, yet it has not proven to be very effective. That means, there is a **need for stronger regulation** over the use of these apps.

19. EDUCATING GIRLS CAN IMPROVE INDIA'S HEALTH OUTCOMES

Introduction:

- **Education** is one of the **most critical areas of empowerment for women**, as many affirmed. It is also an area that offers some of the clearest examples of discrimination women suffer. Among children not attending school there are twice as many girls as boys, and among illiterate adults there are twice as many women as men.

Educating Girls resulted → Health outcomes:

- India has some of the world's worst public health outcomes, but educating girls can change that.
- Nationally, according to 2017 government data, 34 out of every 1,000 new-borns will not survive till their first birthday, of whom 25 would not have lived beyond their first 28 days.
- These figures are improving, because of concerted efforts by the national programme—but the gap is much too large for a country aspiring to be a world-beater on most fronts.
- Female literacy is one of the most powerful levers to improve a society's health and economic well-being. Ensuring that the girl child is educated sets off a virtuous chain reaction—improved literacy leading to delayed age of marriage, fewer and healthier children and corresponding reduction in poverty.
- Data comparing two states that lead in terms of welfare indicators (Kerala and Tamil Nadu) and two that lag (Bihar and Uttar Pradesh) is revealing. All figures cited here are the most recent government data.

Female literacy = Delayed marriage

- Female literacy rates in Kerala and Tamil Nadu are 92% and 73.9%, respectively, while the same rates for Uttar Pradesh and Bihar are about half, at 42.2% and 33.1%, respectively.
- Average age at marriage for women in these states is 21.4 for Kerala and 21.2 for Tamil Nadu, above the national average of 20.7 years. The same figures for Uttar Pradesh and Bihar are significantly lower at 19.4 and 19.5, respectively. By the recent data, one can have observed that in northern states, that women are routinely forced into early marriages.
- At the same time, there are enough cases can encounter that of girls whose families place greater priority on having their daughters finish school and perhaps college. These parents say they see a better overall future for their daughters, if they are educated.

Female literacy + delayed marriage = Fewer babies per woman

- In many parts of rural India there is **immense pressure on women to produce boys**, who will supposedly be the “breadwinners”. The sex ratio at birth (girls born per 1,000 boys) has fallen and is only around 800 in some North Indian states. **Multiple pregnancies with inadequate spacing adversely affect the health of mother and child.**
- The good news is that where there has been an **improvement in literacy and delayed marriage**, the **fertility rate** (average number of children per woman) has reduced. Kerala (1.7) and Tamil Nadu (1.6) perform better than the national average of 2.3, while Uttar Pradesh and Bihar are significantly worse at 3.1 and 3.3, respectively, though these figures are improving.

Female literacy + delayed marriage + fewer babies per woman = Higher child survival:

- A woman who is educated, older when she gets married and plans fewer babies will proactively seek out **good antenatal care**. The percentage of women receiving full antenatal care is 61.2 and 45 in Kerala and Tamil Nadu, respectively.
- These figures are only 5.9 and 3.3 in Uttar Pradesh and Bihar, respectively, though improving. Fewer babies receiving better care mean that fewer children die in their first four weeks.
- The **neonatal mortality rate** in all states is improving, but Kerala and Tamil Nadu are way ahead of the **national average (28)**, with figures of 6 and 15, respectively. The Kerala figure is the same as that in the US.
- All of the above add up to **lower poverty in the long run**

INVEST IN GIRLS AND WOMEN: THE RIPPLE EFFECT



Conclusion:

- As families become smaller and children survive and thrive, they can **spend more productively**, and improve their **economic situation**. Between 2004 and 2011, the percentage of population below the poverty line in Uttar Pradesh and Bihar registered slight improvements from 32.8 to 29.4, and 41.4 to 33.7, respectively. The percentage of population below the poverty line for Kerala and Tamil Nadu halved from 15 to 7.1 and 22.5 to 11.3, respectively.
- States that **invested in education and health** earlier are alleviating poverty faster now. China is a global benchmark for how these **social investments**, made decades ago, formed the foundation for that **country's rapid economic growth**.
- The message should be clear: greater female literacy translates into better health outcomes in the short run and poverty alleviation in the long run. ***Beti padhao makes a lot of sense.***

Road Ahead:

- **What would it take to improve girls' access to education?** Experience in scores of countries shows the importance, among other things, of:
 - **Parental and community involvement** — Families and communities must be important partners with schools in developing curriculum and managing children's education.
 - **Low-cost and flexible timetables** — Basic education should be free or cost very little. Where possible, there should be stipends and scholarships to compensate families for the loss of girls' household labour. Also, school hours should be flexible so children can help at home and still attend classes.
 - **Schools close to home, with women teachers** — Many parents worry about girls travelling long distances on their own. Many parents also prefer to have daughters taught by women.
 - **Preparation for school** — Girls do best when they receive early childhood care, which enhances their self-esteem and prepares them for school.
 - **Relevant curricula** — Learning materials should be relevant to the girl's background and be in the local language. They should also avoid reproducing gender stereotypes.
- An educated woman will also be **more productive at work** — and better paid. Indeed, the **dividend for educational investment** is often higher for women than men. Studies from a number of countries suggest that an extra year of schooling will increase a **woman's future earnings by about 15 per cent**, compared with 11 per cent for a man.

20. THE STATE OF STATE GOVERNMENT FINANCES

Context:

- The annual study of state government finances by the Reserve Bank of India (RBI) becomes important. The latest edition, published last week, shows that states missed the fiscal deficit target of 3% of gross domestic product (GDP) for the third year in a row.
- *The fiscal deficit of states is estimated to be at 3.1% of GDP in 2017-18.*

Review of State Budget Finances:

- Even though state governments collectively spend much more than the Union government every year, **state budgets do not attract the attention they deserve.**
- Some financial market analysts keep an eye on state budgets, but it remains largely an academic exercise since bond market investors neither reward nor punish states depending on their fiscal situations.
- However, at the aggregate level, the **state of state government finances has wider implications.**

Rise in Fiscal Deficit of States:

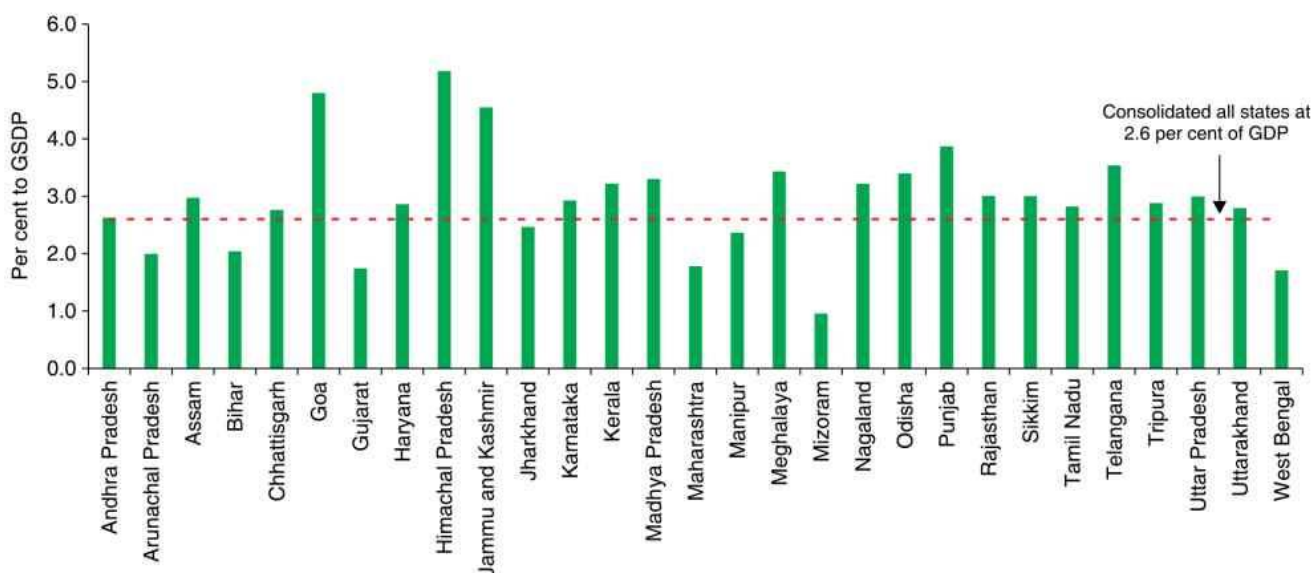
- This higher fiscal deficit at the state level in recent years has moderated the benefit of **fiscal consolidation by the Central government.** Higher borrowing, either by the Union or state governments, puts pressure on available financial resources and increases interest rates. India's general government deficit is one of the highest among its peers.
- After the implementation of the **fiscal responsibility and budget management rules** in the last decade, **state governments improved their finances** significantly.
- While the deterioration in 2015-16 and 2016-17 was largely due to the takeover of **debt of power distribution companies** under the **Ujwal Discom Assurance Yojana (UDAY) scheme**, government finances in the last fiscal were affected by factors such as a shortfall in revenue, implementation of pay commission recommendations and farm loan waivers.
- Some of these factors will continue to **affect state government finances** in the current year as well. As **states aim to consolidate their finances by reducing the fiscal deficit to 2.6% of GDP in the current year,**

At least three broad issues are worth highlighting:

- First, **fiscal slippage** in recent years has also led to **deterioration in the quality of expenditure**, with a **rise in revenue expenditure** (but not Capital Expenditure). What this means is that higher fiscal deficits have not augmented state capacity, which can push growth.
- One reason for higher expenditure in the last fiscal, for instance, was a **sharp rise in salaries**. States employ more people than the Central government. Further, as per the revised estimates for 2017-18, **debt waivers dented state governments' budget to the extent of 0.32% of GDP.**

- Put differently, if states had resisted populist farm loan waivers, their finances would have been in much better shape. **Loan waivers are unlikely to benefit states in the long run.**
- Studies have shown that while they reduce household debt, loan waivers do not help increase investment or productivity.
- On the contrary, formal financial institutions are reluctant to lend after loan waivers. This could make **access to formal credit more difficult** for some farmers.
- **Expenditure on loan waivers** also affects the ability of the state to undertake capital expenditure which can affect growth in the medium term. More announcements of debt waivers in the run-up to crucial assembly elections later this year and the Lok Sabha election next year could further reduce fiscal space for state governments.
- Second, since state governments are increasingly **raising resources from the bond market**, higher issuance can complicate fiscal management. The share of market borrowing in the financing of fiscal deficit is expected to top 90% in the current year, compared with about 61% in 2015-16.
- The maturity profile of state government bonds shows that redemption pressure has started increasing since the last fiscal. Also, large bond issuances by state governments have resulted in a rise in the spread over Central government securities.
- Continued higher borrowing by states could further raise the cost of borrowing and affect their ability to undertake development work.
- Third, the **proportion of state deficits** in the general government deficit has gone up in recent years. The RBI notes that in 2016-17, the general government sector **pre-empted 68% of financial resources** in the form of gross domestic households' financial savings at about 9% of GDP.
- This has **macroeconomic implications**, as it is perhaps **crowding out the private sector**. Large general government borrowing keeps interest rates elevated and affects private investment.
- This is one reason why, despite the currency risk, large businesses tend to borrow from international markets. A sharp movement in currencies can always make **debt servicing more difficult** and also **increase complexity** in macroeconomic management.

GFD AS PERCENTAGE TO GSDP: 2018-19(BE):STATE-WISE



Source: RBI

Bloomberg | Quint

Conclusion:

- It's time to **align the monetary and fiscal economies**. If bank credit growth falls, fiscal deficit may need to go up. If bank credit growth rises, fiscal deficit should reduce. This is particularly true for a growing economy like India.
- Even though government finances should improve with the stabilization of the goods and services tax, India needs **better fiscal management at both the state and Central levels** to avoid crowding out the private sector. This will enable **higher investment** and **help attain higher sustainable growth**.

Way Forward:

- Going forward, these **issues on fiscal federalism** need to be evaluated in a post-GST framework. In a growing economy like India, which has recently undertaken **structural tax reforms** like the GST, inherent buoyancy could lead to more revenues for all levels of government from a medium-term perspective.
- It is also crucial that states are able to **judiciously allocate freed untied resources** to desired sectors for long-term growth with minimal leakages.
- **Revenue mobilisation** remains one key ingredient to **attaining fiscal targets**. In 2018-19, states' revenue capacity may be augmented with the stabilisation of GST and the consequent expansion of tax base and efficacy.
- The cushion provided by **compensation cess** from the centre for any interim shortfall should smooth state finances. With the **implementation of the e-way bill** for inter-state movement of goods from April 2018, states could also strive for generating more revenues by locking in **efficiency in tax administration**.

21. THE ART OF WRITING A JUDGMENT

Importance of Judiciary in India:

- The Judiciary is the **third organ** of the government. It has the **responsibility to apply the laws** to specific cases and **settle all disputes**.
- The **real 'meaning of law'** is what the judges decide during the course of giving their judgements in various cases.

Context of Lengthy Judgements in Judiciary:

- The fate of the **governance** of the National Capital Territory of Delhi was decided earlier this month by the **Supreme Court**. But one had to pore **over 500 pages** of widely awaited judgment in order to understand the demarcation of powers between the Lieutenant Governor and the elected government.
- It was yet another reminder about the **need for crisp and on-message judgments** for many reasons.



Lacunae in present Judgement system:

- ❖ First, **erroneously drafted judgments** that run into pages and which state the same point repeatedly have been called out several times by critics within and outside the judiciary.
 - For example, the Chief Justice of India, received flak for his illegible sentence construction in a 2016 judgment — in *Subramanian Swamy v. Union of India & Ors*, the second sentence ran into 228 words separated by over six commas and 17 “ands”.
 - Whether the **crux of the decision** can be understood is questionable.
- ❖ Second, **insensitive comments** made in judgments can tarnish the quality of pronouncements.
 - For example, unnecessary remarks have been made on the ‘**promiscuous attitude**’ and ‘**voyeuristic mindset**’ of a woman in a bail order of a rape case. The Supreme Court has even frowned on a trial court judgment that rationalised how “wife beating is a normal facet of married life”.
 - Across the judiciary, there are numerous instances of judgments with similar **gender-insensitive remarks**.

Thus, the need for new judges to master sensitive writing cannot be stressed enough.

- Third, several judgments do **not record submissions or issues** raised by both parties, which often results in a reader being unable to make out the link between the legal provisions used to arrive at a judgment and the facts to which they are applied.
- Lastly, in most judgments, a **uniform structure (recording of facts, issues, submissions and then reaching the decision) is lacking**.
- ❖ Judicial decisions are the law of the land and if the law is unclear, it becomes increasingly difficult to follow or enforce them.

Importance of training in Judgment writing at Academic level itself:

- **Judicial academies** play a significant role in equipping trainee judges to deliver lean, to-the-point judgments. There are now at least **four State judicial academies** that conduct training.
- As **judgment writing** is one of the **most requisite skills** that a judge should possess, there has to be focussed training in this area.
- **Simple, clear and crisp judgments are vital**.
- To eliminate bias, training sessions could have **diverse socio-economic scenarios** which would also help trainee judges **apply theories**. There can be variations of the same case scenario and the facts that are likely to induce value judgments. **Evaluation** and a **full class discussion** must follow.
- Another useful exercise is in re-writing judgments, particularly those that are difficult to understand due to a **seeming lack of structure**. Trainee judges can be asked to **identify structural lapses and rework them**.
- For instance, judgments that do not elucidate upon recorded submissions of parties or legal provisions cannot be understood easily since there is no context as to why a decision was taken.

Judicial education needs to be improve at Lower and Higher courts:

- The attempt towards **improving judgment quality** (in the form of training sessions on judgment writing conducted by judicial academies) appears to be ineffective as several judgments in **lower and higher courts** continue to remain verbose.
- **Judicial training** must lay emphasis on the **need for concise and reasoned judgments**.
- **State academies** conduct training (from three months to a year) for entry-level judges, hold refresher courses for subordinate and district level judges, and have special training for service in special courts such as family and Protection of Children from Sexual Offences courts.
- **Right to Information responses** show that there has been no change in their academic calendars in the past five years. Further, the various modes of training remain uncaptured.

Another thing that need to address: How to speed the Indian Judicial System?

- To increase the strength of the judiciary
- To keep courts open throughout the year
- Proper modernization of courts
- Introduction of fast track courts
- To do away with the archaic laws
- Non-acceptance of flippant cases

Way Forward:

- Finally, very few States conduct **post-training evaluation of judges**. Judges-in-training do not go to areas of law or management that they want to be trained in. A **generic syllabus** is thrust upon them.
- The **pedagogical methodology of training** is classroom-like, with little or no post-training evaluation. Judicial academies must focus on **practical-based training**.
- In the interim, higher courts and also the Supreme Court must consider summarising the **crux of lengthy decisions** into a **separate official document**.
- Such summary briefs can be uploaded by the Registry along with the judgment which would help the **layperson in understanding the main ideas of the decision**.
- From the citizen’s point of view, Judiciary is the most important organ of the government because **it acts as their protector** against the possible excesses of legislative and executive organs.
- Role of Judiciary as the **guardian-protector of the constitution** and the fundamental rights of the people makes it more respectable than other two organs.

22. TWO ENGINES OF THE ECONOMY NEED TO FIRE

Introduction:

- The Government of India has taken significant initiatives to **strengthen the economic credentials** of the country and make it one of the strongest economies in the world.
- But recent time there is **lower in the investments in India** because of following reasons:
 - ❖ Impact of Demonetization on domestic as well as foreign investors.
 - ❖ Non-performance of banking institution.
 - ❖ Implementation of complex Goods and Service Tax.
 - ❖ Political instability and difference in global situation.
 - ❖ Low capacity of utilization in various sectors such as Infrastructure, Health, and communication etc.

Implications of a Rise in Business Investment

A higher level of investment (I) can raise both **actual and potential** GDP growth and help to control inflationary pressures

Macroeconomic advantages of a higher level of investment	Evaluation point
Investment is an injection into the circular flow of income – it is a component of AD	Some of the investment (capital) goods might be imported – a leakage from the circular flow
New capital can boost productivity and creates additional capacity to supply	Might be a lengthy time lag between workers getting more capital and productivity rising
Creates extra demand in investment goods industries and can lead to strong multiplier effects on the level of GDP	Some capital investment replaces labour and therefore might cause some short term unemployment
Investment will boost a country’s competitiveness and therefore improve the trade balance	Many other factors affect competitiveness – including the level of the exchange rate

- The **recovery in investments** will continue in fiscal 2019, led by government efforts **to build roads and houses**.
- **Capacity utilization**, which is a pre-condition to revival in private sector investments, should also keep improving. Additionally, **the crowding-in impact of public investments** is expected to kick in later.
- Yet a broad-based and decisive pick-up in the investment cycle will take time. The share of **gross fixed capital formation**—fresh investments in the form of plant and machinery, dwellings and other buildings—in India’s gross domestic product (GDP), which is also called the **investment rate, averaged 31%** in fiscals 2015-2018, compared with 33.6% in fiscals 2010-2014. It touched a decadal low of **30.3% in fiscal 2016**.
- For example, **fixed investment growth** in all the three quarters of last fiscal was revised downwards. As a result, growth in fixed investments last fiscal year was 7.6% compared with 10.1% in fiscal 2017.

Why have investments been slow to pick up?

- Data suggests weakness on two fronts as the reason for the decline in investments:
 - One, the **sticky share of private corporate sector investments in GDP**
- CSO data shows private non-financial corporate investments have remained subdued.
- Data from the Reserve Bank of India (RBI) also suggests that capital expenditure by the private sector declined for the sixth straight year in fiscal 2017.
 - Two, a **secular decline in household investments.**
- The **household sector** was the biggest contributor to investments in fiscal 2012 (share of about 45%), but its **share has declined consistently** since then and was about 31% in fiscal 2017.
- Purchase of houses is generally the largest part (more than three-fourths) of household investments, so a **slowdown on that score** becomes a key reason for the decline.
- It suggests **capital expenditure by the private sector** declined for the sixth straight year in fiscal 2017.
- However, it is important to note that the coverage of the **RBI data is limited to institutional financing** and does not include **projects below ₹10 crore**. Projects with private ownership below 51%, or undertaken by trusts, Central and state governments, and educational institutions are also excluded.

Reasons behind the decline in Private Investments:

- A broad-based pickup in private corporate investments was elusive for three reasons:
 1. First is the capacity overhang
 - Data from the RBI suggests overall capacity utilization declined to 74% at the end of December 2017 from 81% at the end of March 2011
 - CRISIL Research analysis corroborates this trend
 2. Second is the focus of corporates on improving their capital structure
 - High leverage has also been haunting the corporate sector and has been a deterrent for fresh investments in the economy
 - Companies are, therefore, focused on improving capital structure than investments
 - Consequently, debt/equity and interest coverage ratios have improved, not so much investments
 3. Third was that the transitory shocks from demonetization and implementation glitches in the roll out of the goods and services tax (GST)
 - It added to the uncertainty, which further delayed investment decisions
- Government investments improved from 3.7% of the GDP in fiscal 2015 to 4.2% as of fiscal 2017. But the government does not have the fiscal muscle to offset the sluggishness **in household and private corporate investments**, which pulled down the overall investment ratio.

What about productivity of capital investment?

- After a significant decline between fiscals 2012 and 2014, productivity of investments, as measured by **incremental capital output ratio (ICOR)**, has shown some improvement in the last four years.
- Between fiscals 2015 and 2018, ICOR averaged 4.3 compared with 5.5 between 2012 and 2014—a period of growth slowdown and policy paralysis.
- **Lower the ICOR, higher is the productivity of capital** because ICOR measures the capital required to produce an additional unit of output. The recent ICOR, however, is still **higher than the 3.4** achieved during the high-growth (over 9%) years of fiscals 2005 to 2008.

The way ahead:

- A **broad-based pick-up in investments** is unlikely this fiscal as capacity overhang persists and corporates continue to focus **on reviving their capital structure**. Pre-election year uncertainty, too, **discourages** private sector investments.
- The election season is generally marked by **uncertainties over regime-change and policy**. Large investment commitments, especially by the private corporate sector are, therefore, unlikely.

Conclusion:

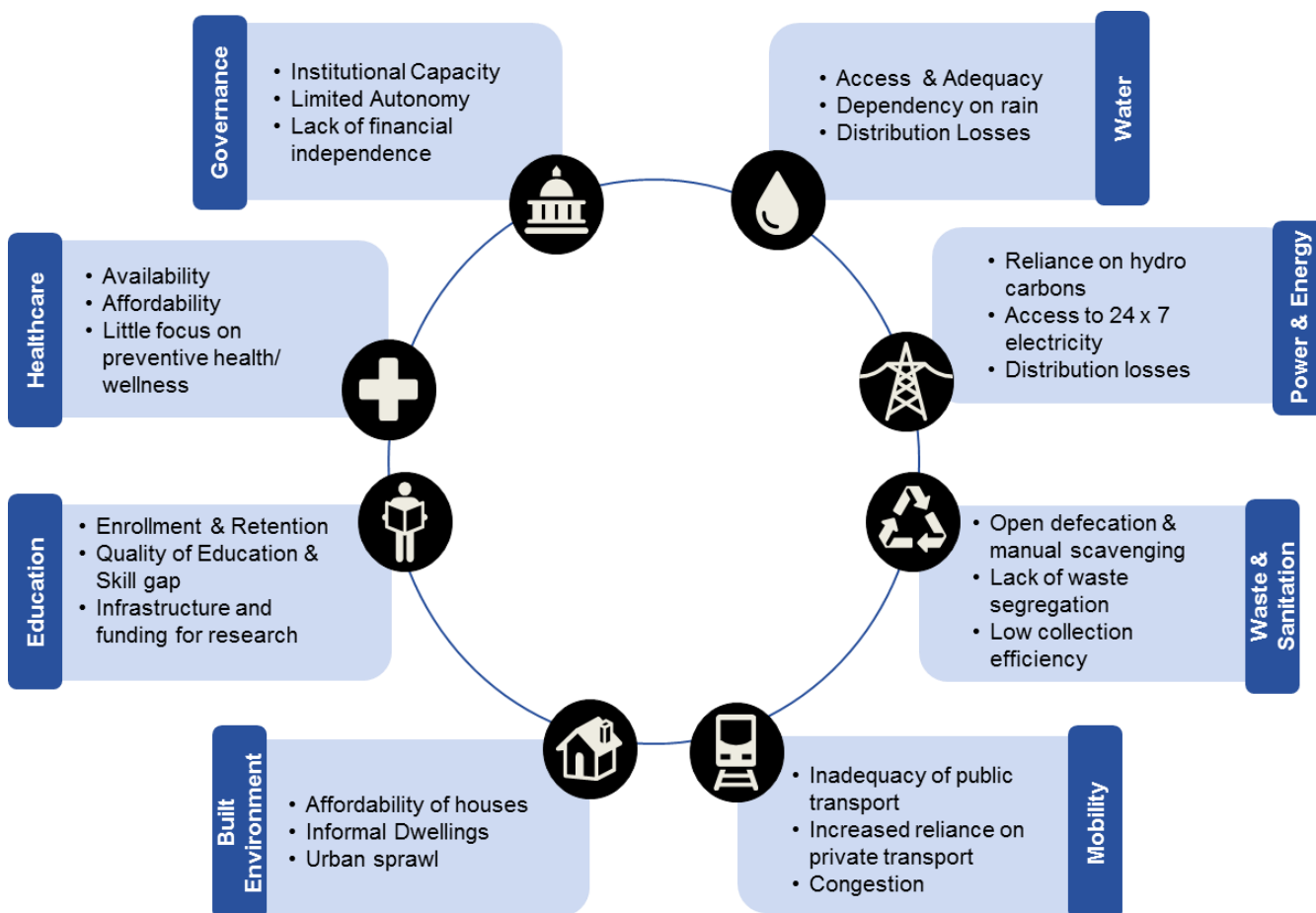
- That said, this fiscal is expected to see a mild improvement in investments, given the **government's sharp focus on affordable housing, rural infrastructure and roads.**
- Beyond the current fiscal year, we have to be **more optimistic on a broad-based pick-up in investments.**
- The government has initiated a number of **steps to ease the business environment:**
 - Big moves such as the **GST** and Insolvency and Bankruptcy Code(**IBC**), and

- Others, such as introducing **online single-window model** for providing clearances and filing compliances, **fast-tracking foreign investments**, surpassing the Foreign Investment Promotion Board, have helped. Some of these, however, remain a work in progress.
- So, **both investment and its productivity** should pick up as the deleveraging phase gets over, crowding-in benefits of public investment kick in and efficiency-enhancing reforms start bearing fruit. That will lead to **faster economic growth**.

23. INDIA NEEDS SMART URBANISATION

Context of the issue:

- Residents of Bhavanpur, a village about 15 km outside Ahmedabad, have been protesting against their **inclusion in the city's urban area** by the local urban development authority.
- Similar protests have been observed in villages elsewhere in Gujarat. It's a strange trend, the **fruits of urban development** seemingly rejected.
- Meanwhile, pollution in India's urban areas seems to have **sparked off a reverse migration**.
- Farmers from Haryana who had migrated to Delhi and Gurugram for work to escape an agricultural crisis are increasingly going back to their farms during winter, unable to take the toxic pollution. And it's not just big cities.
- **India's urbanisation template is clearly ripe for change.**



A rising number of Urban Population:

- **Over 34% of India's current population lives in urban areas, rising by 3% since 2011.** More importantly, while existing large urban agglomerations (those with a population above 50 lakh) have remained mostly constant in number since 2005, **smaller clusters have risen significantly** (from 34 to 50 clusters with 10-50 lakh population).
- By some estimates, **India's urban population could increase to 814 million by 2050.** And yet, cities look and feel downtrodden, riven with poverty and poor infrastructure, with little semblance of **urban planning**.
- With an increase in urban population will come rising demands for basic services such as clean water, public transportation, sewage treatment and housing.

Urban Development policy must correct Historical Mistakes:

- Our urban policymakers also need to be cognisant of the historical context of our urban development.
 - Our cities have been witnessing to **multiple transitions** over the last century, with barely any time to recover and adapt — the **British creation** of three metropolitan port cities, combined with the rollout of the railway network, transformed India's urban landscape, relegating erstwhile prominent Mughal-era towns such as Surat and Patna into **provincial backwaters**.
 - The **creation of hill stations** in northern India and the **advent of the plantation economy**, along with **industrial townships** (such as Jamshedpur) transformed trading networks.
 - Finally, the **creation of cantonments and civil lines areas**, along with railway stations, in our major cities led to the **haphazard growth of urban areas** away from bazaars and towards railway terminals. Transforming them into **neatly organised urban spaces will not be easy**.

Smart Cities Mission: Implementing at a required pace?

- Meanwhile, on the '**Smart City**' front, while over 90 'Smart Cities' have identified 2,864 projects, **India lags on implementation**, with about 148 projects completed and *over 70% still at various stages of preparation*.
- Finally, there is still an outstanding shortage of **over 10 million affordable houses** (despite the government taking encouraging steps to incentivise their construction).
- The annually recurring instances of **floods in Mumbai, dengue in Delhi and lakes on fire in Bengaluru paint a grim picture**.
- While work continues, admittedly slowly, on the Delhi-Mumbai Industrial Corridor project and the bullet train, **urban India's challenges** remain manifold.

Governance issues in Urban development:

- One primary problem is that of the **definition of what's urban**. Urban development comes under State governments, with the Governor notifying an area as urban based on parameters such as population, density, revenue generated for the local administration and percentage employed in non-agricultural activities.
- This notification leads to the **creation of an urban local government or municipality**, classifying the area as a "**statutory town**". With such a vague definition, discretionary decisions yield a wide variance in what is considered a town.
- The Central government considers a **settlement as urban**:
 - If it has a urban local government, a **minimum population of 5,000**;
 - over 75% of its (male) population working in non-agricultural activities; and
 - population density of at least 400 per sq. km
 - it has a urban local government.
- However, many States consider such "**census towns**" as rural, and establish governance through a rural local government or panchayat.
- Consider the case of Dabgram, in West Bengal's Jalpaiguri district, which is classified only as a "census town", while having a population more than 120,000 and located just 3 km from Siliguri.

Low Levels of Investments at Local level: Poor Capacity Building:

- Another issue is the **low level of urban infrastructure investment and capacity building**. India spends about \$17 per capita annually on urban infrastructure projects, against a global benchmark of \$100 and China's \$116.
- Governments have come and gone, announcing a variety of schemes, the Jawaharlal Nehru National Urban Renewal Mission included, but implementation has been mostly inadequate, with exploration of financing options limited as well.
- For example, *Jaipur and Bengaluru collect only 5-20% of their potential property tax — how can urban local bodies be sustainable without enforcing this?* Meanwhile, urban institutions also suffer from a shortage of skilled people.

Issue of urban Migration: Need of Effective policies:

- There needs to be a **systemic policy** to deal with **urban migration**.
- **Internal migration** in India is very closely linked to **urban transitions**, with such migration helping reduce poverty or prevent households from slipping into it. Urban migration is not viewed positively in India, with policies often bluntly seeking to reduce rural to urban migration.

- Preventing such migration can be **counterproductive** — it would be better to have policies and programmes in place to facilitate ***the integration of migrants into the local urban fabric, and building city plans with a regular migration forecast assumed.***
- Lowering the cost of migration, along with eliminating discrimination against migrants, while protecting their rights will help raise development across the board.
- Consider Delhi. While historically, urban policy sought to limit urban migration, this is now changing with a ***focus on revitalising cities nearby such as Meerut, building transport links and connectivity.***

Towards a new model: New Urbanisation Policy

- Perhaps we need a ***different model of urbanisation.*** The announcement of a **new urbanisation policy** that seeks to **rebuild Indian cities around clusters of human capital**, instead of considering them simply as an agglomeration of land use, is a welcome transition.
- We need to **empower our cities**, with a **focus on**:
 - land policy reforms,
 - granting urban local bodies, the freedom to raise financing and
 - enforce local land usage norms.
- Key areas to have fulfil Smart city mission
 - Socio economic aspect
 - Physical components
 - Institutional mechanism
- If these three objectives are **woven together and in each other**, it is easy to diversify and address number of problems like mobility, development of physical infrastructure, ICT, health, and economy. The main aim of the smart city mission is to **ensure better quality of life.**
- **For an India to shine, the transformation of its cities is necessary.**

24. IRAN CAN'T ISSUE THREATS TO SEEK INDIA'S HELP

Background

- The US has told India and other countries to **cut oil imports from Iran to “zero”** by November 4 or face sanctions.
- Iran will end the privileges being provided to India if it tries to source oil from countries like Saudi Arabia, Russia, Iraq, the US and others to offset cuts in Iranian oil.
- As for the US sanctions on oil import from Iran: Iran has been a **reliable energy partner for India** and follows a **“rationale pricing” of oil** which ensures the interest of both consumers and suppliers.

Context of the Issue:

- As pressure mounts on India to take a **re-look at its energy ties with Iran**, the debate has taken a predictable turn, one which assesses India-Iran relations through the **prism of the US.**
- India has been steadfast in its opposition to the **collapse of the JCPOA** and is working with Europe and China to salvage the deal.
- At the same time, India continues to look at the possibility of being exempted from the US sanctions. The US has indicated that waivers could be given if there was significant reduction in oil imports from Iran.

India's stakes in Iran are quite limited:

- **Iran is India's third-largest oil supplier** after Iraq and Saudi Arabia. Iran has offered refiners incentives including almost-free shipping and an enhanced credit period on oil sales.
- But if push comes to shove, it can be **replaced by other sources** as the volume is manageable. The larger economic relationship is nothing much to write about, especially when compared to burgeoning trade ties with the Arab Gulf states.



Iran's hype of privileges to India:

- The suggestions by Iranian officials that India could lose “privileges” and revert back to **dollar-denominated trade** could have been avoided.
- Though it was later clarified that Iran will do its best to **ensure security of oil supply to India** through offering various flexibility measures, which facilitates our bilateral trade in particular Indian export to Iran.
- India should not bother much about Iranian oil if Tehran continues to threaten New Delhi about **certain nominal “privileges”**.

Importance of Chabahar Port for India:

- **Gwadar port** in the Baluchistan province of Pakistan is **barely a 100 kms away** from Chabahar and is being **developed by China**.
- Chabahar will face stiff competition from Gwadar. India and Iran will have to make certain that to-and-fro business handled by Chabahar is significant.
- Chabahar enjoys **several advantages** over Gwadar-
 - It is located in a **peaceful region** as opposed to Gwadar which is situated in a violent and terrorism prone province.
 - The possibilities for establishing **manufacturing and downstream petrochemical industries** in Chabahar are much greater as ready, easy, cheap natural gas is available in plentiful in Iran.
 - Chabahar is a **natural harbour** and can serve as the sourcing point for the **International North-South Transport Corridor**.
 - For Afghanistan, the Chabahar port could prove to be, as Modi said, **“a Golden Gateway.”**
 - Chabahar provides a **strategic option to India** to connect with Afghanistan and Central Asia and beyond by sidestepping Pakistan.

However, Chabahar Port makes India bother:

- New Delhi certainly remains keen on the Chabahar Port and has spent significant diplomatic and political capital on the project.
- The port is expected to be operational **by the end of 2018**, with New Delhi committed to developing a free trade area around the port, and finally completing the **loop with a \$1.6 billion railway line to Zahedan**.
- As underlined by former foreign secretary S. Jaishankar, it was Iran which was responsible for **causing delays** in the execution of the Chabahar project.

Bringing threats onboard to Chabahar by Iran:

- Iran has not only suggested that **China** would be part of the Chabahar project, but has also dangled the possibility of Pakistan joining the project at some future date.
- In theory, **Sino-Indian cooperation** or a wider regional cooperative framework would be an excellent idea.
- But to talk of **India's two main adversaries**, while asking India to continue to invest in the project certainly won't make it very enticing to New Delhi.

Regional Stability and Security at stake:

- **Ensuring security and stability in Afghanistan**, which is vital to peace in the region, poses a challenge to both India and Iran.
- Both countries desire peace in Afghanistan but their approaches are markedly different.
- On Afghanistan and regional security, there are **growing divergences** between India and Iran. Much like the Taliban, Iran wants to see foreign forces leave.
- Tehran has been providing **military support to the Taliban in Afghanistan** for some time now, but this engagement has reached new heights more recently.
- Recent reports suggest that hundreds of Taliban fighters are being trained by **Special Forces at Iran's military academies** as part of a significant escalation of support for the insurgents.
- Iran has also reportedly sent Afghans to fight for its ally, Assad, in Syria. US withdrawal from the Iran nuclear deal further incentivises Iran to enhance its support to the Taliban.
- Emboldened by their experience in Syria, Iran and Russia are also working closely in Afghanistan to challenge the US and, this primarily means, supporting the Taliban with greater vigour.

Way Forward

- The **Indian strategic community** should resist the temptation of making this debate about India resisting or buckling under American pressure. As a self-confident rising power, this debate should essentially be **about Indian strategic priorities**.
- **Bilateral cooperation in security, defence and fight against terrorism** emerged as significant areas of discussion will be the way forward. A **Bilateral Extradition Treaty** was signed and it was also decided to have enhanced cooperation in the maritime domain.
- The two countries "agreed to **hold dialogue** to look into measures for cooperation in defence sphere, including port calls by naval ships, training and regular exchanges of defence delegations."
- If India has to move **beyond symbolism in its ties with Iran**, Iran has to do the same. Challenging Indian vital interests even as it asks for New Delhi's help is surely not the best way forward.

25. INDIA'S MAGNA CARTA**Context:**

- This month marks the **100th year** of the publication of the '**Report on Indian constitutional reforms**', commonly known as the **Montagu-Chelmsford Report (MCR)**.
- Edwin Montagu, then Secretary of State for India, had advocated for increased participation of Indians in the British Indian administration.
- After many meetings with Indian representatives, Montagu and the then Governor-General, Lord Chelmsford, published the MCR on July 8, 1918.

Significance of Montagu-Chelmsford Report (MCR)- India's Magna Carta:

- The MCR stands out for proposing some of the most radical administrative changes and for **giving provincial legislatures the mantle of self-governance**.
- To this extent, the report advocated the need "to emancipate the **local governments** and legislatures from central control; and to advance, by successive stages, in the direction of conferring **responsible government on the provinces**."
- The Montagu-Chelmsford Committee visited Madras Presidency to gather the views of political leaders and included the "**creation of municipalities and local body institutions with sufficient autonomy to handle their local issues...** bereft of the intrusive control of the Government."

- They further demanded that administration of the Presidency be eventually moved to the local legislature. To this end, they suggested that departments in administration be placed under the control of legislatures.
- Ultimately, the MCR established the framework for devolution of powers and gave credence to the cry for self-governance. This cannot come as a surprise because the report recommended that “the Provinces are the domain in which the earlier steps towards the progressive realisation of responsible government should be taken”.
- Another one of the most far-reaching objectives of the report was to elucidate the principle of accountable governance by directing that the “Government of India must remain wholly responsible to Parliament.”

Introduction of self government

1919 – 1947

□ **Montagu – Chelmsford Report :-** The landmark report in constitutional development which led to enactment of the Government of India Act, 1919.

❖ **Main Features of Act, 1919 :-**

1. **The Declaration** – promised for responsible government to India.
2. **Diarchy in the Provinces** – Double Rule. Its objects was to train the natives in the act of Self-Government.
3. **Central Government** – It was responsible to British parliament through the Secretary of State. It has bicameral legislative.
4. **Structure of Government to remain unitary** – Central Legislative had power to legislative on any matter. Government of India remained unitary and centralized government with the Governor General-in-Council as the key stone of constitution.
5. **Shortcoming of Act, 1919** – Reforms of 1919, **failed to fulfill aspirations** of the people of India. Its **reasons** where -
 - 1st non fulfillment of the demands for responsible Government.
 - 2nd the failure of Dyarchy.

Important Features of the 1919Act:

- It **relaxed the central control over the provinces** by demarcating and separating the central and provincial subjects. The central and provincial legislatures were authorised to make laws on their respective list of subjects. However, the structure of government continued to be centralised and unitary.
- It further divided the **provincial subjects into two parts—transferred and reserved**. The **transferred subjects** were to be administered by the governor with the aid of ministers responsible to the legislative Council.
- The **reserved subjects**, on the other hand, were to be administered by the governor and his executive council without being responsible to the legislative Council. This dual scheme of governance was **known as ‘dyarchy’**—a term derived from the Greek word **di-arche which means double rule**. However, this experiment was largely unsuccessful.
- It introduced, for the first time, **bicameralism and direct elections** in the country. Thus, the **Indian Legislative Council** was replaced by a **bicameral legislature** consisting of an Upper House (Council of State) and a Lower House (Legislative Assembly). The majority of members of both the Houses were chosen by direct election.
- It required that the three of the six members of the **Viceroy’s executive Council** (other than the commander-in-chief) were to be Indian.
- It extended the **principle of communal representation** by providing separate electorates for Sikhs, Indian Christians, Anglo-Indians and Europeans.
- It granted **franchise to a limited number** of people on the basis of property, tax or education.
- It created a **new office of the High Commissioner for India in London** and transferred to him some of the functions hitherto performed by the Secretary of State for India.
- It provided for the **establishment of a public service commission**. Hence, a Central Public Service Commission was set up in 1926 for recruiting civil servants.

- It separated, for the first time, **provincial budgets from the Central budget** and authorised the provincial legislatures to enact their budgets.
- It provided for the **appointment of a statutory commission** to inquire into and report on its working after ten years of its coming into force.

Drawbacks:

- The reforms had many drawbacks:
 - Franchise was **very limited**.
 - At the centre, the legislature had no control over the governor-general and his executive council.
 - **Division of subjects** was not satisfactory at the centre.
 - Allocation of seats for Central Legislature to provinces was based on '**importance**' of provinces for instance, Punjab's military importance and Bombay's commercial importance.
 - At the level of provinces, division of subjects and parallel administration of two parts was **irrational** and hence unworkable.
 - The **provincial ministers** had **no control over finances** and over the bureaucrats, leading to constant friction between the two. Ministers were often not consulted on important matters too; in fact, they could be overruled by the governor on any matter that the latter considered special.
 - On the home government (in Britain) front, the Government of India Act, 1919 made an important change the **secretary of state** was henceforth to be **paid out of the British exchequer**.

Response from Indian National Congress:

- However, in the **32nd session (Dec. 26-29, 1917)** of the Indian National Congress, led by British theosophist **Annie Besant**, there was strong opposition to the Montagu declaration as something that "was unworthy of England to offer and India to accept."
- However, Besant later accepted the reforms as **essential for the progress of British India**. This was laid the platform for the **development of a responsible government**.

Conclusion:

- The MCR would go on to become the **basis for the Government of India Act, 1935**, and, ultimately, the **Constitution**.
- The key principles of **responsible government, self-governance and federal structure** grew out of these reforms. Montagu-Chelmsford Report on **Indian constitutional reforms** is a watershed in India's constitutional history.
- The MCR on Indian constitutional reforms along with the Montagu Declaration are, thus, worthy claimants of the title of the **Magna Carta of modern India**.

26. PROTECT CRITICAL PERSONAL DATA OF CITIZENS: DRAFT BILL

Context:

- The **draft personal data protection Bill 2018**, submitted by the **Justice B.N. Srikrishna**-headed expert panel has proposed that **critical personal data of Indian citizens** be processed in centres located within the country.
- The **right to privacy is a fundamental right** which necessitates protection of personal data as an essential facet of informational privacy says the draft Personal Data Protection bill, 2018.
- The much-awaited bill is under the government's review and has been made public for **inviting suggestions**.

Data Protection Authority of India (DPA):

- It proposes **setting up of a DPA**, an independent regulatory body responsible for the enforcement and effective implementation of the law, consisting of a chairperson and six full-time members.
- In case of any appeal against an order of the DPA, an **appellate tribunal** should be established or an existing appellate tribunal should be granted powers to hear and dispose of any appeal.

A copy of the data in India too:

- Other personal data may be transferred outside the territory of India with some riders. However, **at least one copy of the data will need to be stored in India**. The draft Bill, which India hopes will become a **model**

framework for protection of personal data for the world, will apply to processing of personal data within India, including the State.

- Personal data, the draft law states, may be processed on the basis of the consent of the data principal, given no later than at the commencement of the processing. It added that **processing of sensitive personal data** should be on the basis of **“explicit consent.”**
- The law, the committee in its recommendations said, will not have retrospective application and will come into force in a **structured and phased manner**. “Processing that is ongoing after the coming into force of the law would be covered.”

Handle children’s data with care, says committee:

- The Justice Srikrishna committee on data privacy has made specific mention of the **need for separate and more stringent norms for protecting the data of children**, recommending that companies be **barred from certain types of data processing** such as behavioural monitoring, tracking, targeted advertising and any other type of processing which is not in the best interest of the child.
- It is widely accepted that processing of personal data of children ought to be subject to greater protection than regular processing of data.
- Safeguarding the best interests of the child should be the **guiding principle for statutory regulation** on protecting data of children.
- The committee noted that, at present, there were **two types of entities** processing the personal data of children.
- The first type were services offered primarily to children, such as YouTube Kids, Hot Wheels and Walt Disney, and the second were social media services such as Facebook and Instagram.
- The committee’s recommends that the **Data Protection Authority** will have the **power to designate websites** or online services that process large volumes of personal data of children as **“guardian data fiduciaries”**.

Parental consent in processing the data of a child:

- The committee noted that this approach, of placing the onus of properly processing the data of a child on the company, is preferable to the existing **regulatory approach** which is based solely on a **system of parental consent**.

‘Exemption in state or societal interest’:

- The expert committee, headed by Justice B.N. Srikrishna, has recommended that processing of data for certain interests such as security of the State, legal proceedings, research and journalistic purpose, may be exempt from **certain obligations** of the proposed data protection law.
- “For the creation of a **truly free and fair digital economy**, it is vital to provide certain exemptions from obligations that will facilitate the unhindered flow of personal data in certain situations. These exemptions derive their necessity from either a state or societal interest,” the committee said in its report.

‘Safeguards a must’:

- It, however, added that **adequate security safeguards** must be incorporated in the law to guard against potential misuse.

PRIVACY LAW IN THE MAKING

▶ Data Protection Authority of India (DPA), an independent regulatory body responsible for the **enforcement and effective implementation** of the law, will be established

▶ An appellate tribunal to be established or grant powers to an **existing appellate tribunal to hear and dispose of any appeal against an order of the DPA**

▶ The panel has identified **50 statutes and regulations**, which have potential overlap with the data protection framework

▶ The Aadhaar Act needs to be amended to **bolster data protection**, and the committee has suggested some amendments

▶ The law will cover processing of personal data by both **public and private entities**

“The data protection law will be like a new shoe, tight in the beginning but comfortable eventually.”

Justice B.N. Srikrishna



- In the draft 'The personal data protection law 2018' that the committee has submitted, it has said that "processing of personal data in the interests of the security of the State shall not be permitted unless it is authorised pursuant to a law and is in accordance with the procedure established by such law, made by Parliament and is necessary for, and proportionate to, such interests being achieved."
- SriKrishna Committee has recommended in the report that the Central government should expeditiously bring in a ***law for the oversight of intelligence gathering activities.***
- It further added that to strike a ***balance between freedom of expression and right to informational privacy,*** the data protection law would need to signal what the term 'journalistic purposes' signifies, and how ethical standards for such activities would need to be set.

Penalty Provisions for data security breach:

- **Regarding data misuse,** the committee recommended a penalty of either a certain percentage of the total worldwide turnover of the data misuser, or a fixed amount set by the law.
- It recommended that the penalty may extend up to ₹5 crore or 2% of the data misuser's total worldwide turnover of the preceding financial year, whichever is higher in situations where the company fails to **take "prompt and appropriate action"** in response to a **data security breach.**
- In situations where the norms on personal data, sensitive personal data, and the personal data on children are **violated,** the report has recommended a penalty of ₹15 crore or 4% of the total worldwide turnover of the preceding financial year of the company.

Conclusion:

- **Data is the new currency.** It is considered as the **oil of 21st century.** With the dawn of information age and mass digitalization there has been generation of huge data.
- In order to **protect people's privacy** and make **companies accountable,** India needs a data protection law "as soon as possible" as it is a "**fundamental thing**" so that the users can demand from the domestic or foreign companies to share their data when needed. This is not a technology problem, but a policy problem.
- Instrumentally, a **firm legal framework for data protection** is the foundation on which data-driven innovation and entrepreneurship can flourish in India. Fostering such innovation and entrepreneurship is essential if India is to lead its citizens and the world into a digital future committed to empowerment, experiment and equal access.
- India lacks a **coherent data protection law** which makes us more vulnerable. The government should thus **frame a robust law** to gain confidence of people that their private data will not be misused and used without their permission.
- The B.N Sri Krishna committee set to look into the law is much appreciated step in this direction. Now, the committee submitted its report also. The government should do the way forward with **utmost Transparency and Integrity** in framing in the law.

RSTV, LSTV, AIR - SYNOPSIS

1. THE EMERGENCY

- Link: <https://youtu.be/mevPEZ4G9WQ>
- “Emergency” in India was a period of 21 months during 1975 to 1977 declared by the then Prime Minister Mrs. Indira Gandhi and officially issued by President Fakhruddin Ali Ahmed under Article 352 of the Constitution of India because of the prevailing “internal disturbances”. This gave the Prime Minister an authority to Rule by decree leading to suspension of elections and curbing of civil liberties.

Analysis:

- A state of emergency in India refers to a period of governance that can be proclaimed by President of India during certain crisis situations. Under the advice of the cabinet of ministers, the President can overrule many provisions of the Constitution, which guarantees Fundamental Rights to the citizens of India.
- The President can declare 3 types of emergencies:
 - National emergency (Article 352)
 - State emergency (Article 356)
 - Financial emergency (Article 360)
- NATIONAL EMERGENCY: It can be declared on the basis of external aggression/armed rebellion in the whole of India/part of its territory.

Instances-

Time period	Reason	Remarks
26 Oct 1962 – 10 Jan 1968	India-China war	Security of India threatened By external aggression
3 Dec 1971 – 21 March 1977	Indo-Pakistan war; and later extended	Security of India threatened By external aggression
25 June 1975 – 21 March 1977	Political instability	Security of India threatened by internal disturbances

- It needs to be approved by both the Houses of Parliament within a month by special majority.
- Duration- It can be extended for up to 6 months further indefinitely by resolutions in 6-months increments.
- Effect- Many Fundamental Rights of Indian citizens can be suspended. The federal system of governance becomes unitary.
- STATE EMERGENCY/ PRESIDENT’S RULE: It can be declared in any state of India (except Jammu and Kashmir) under article 356 on the recommendation of the Governor of the state. It must be approved by the Parliament within 2 months.
 - In Jammu and Kashmir, Governor’s rule can be imposed for 6 months (under Section 92 of the state Constitution) and Article 356 can be imposed after these 6 months. It has been recently declared in the state on 20 June 2018.
 - Duration- It is imposed for an initial period of 6 months and can last for maximum 3 years with repeated Parliamentary approval and beyond that period a Constitutional Amendment is required.
 - Effects- The President takes over the Executive and Governor administers the state in the President’s name. The Parliament makes laws on 66 State subjects and all money bills are referred to the Parliament. The Legislative Assembly can be dissolved/ suspended. There is no effect on Fundamental Rights.
 - Instances- It has been declared in every state of India except Chhattisgarh and Telangana.
- FINANCIAL EMERGENCY: It can be declared by the President in situations of financial instability and must be approved by the Parliament within 2 months.
 - Effects- The President can reduce the salaries of all government officials. All money bills passed by the state legislatures are submitted to the President for his approval. Fundamental Rights cannot be suspended.

- **Duration-** It has no maximum duration.
- **Instances-** It has **never** been declared.
- **NATIONAL EMERGENCY (1975-1977):** During this period of Emergency under Prime Minister Indira Gandhi:
 1. Amendments were made which made policy guidelines more important than Fundamental Rights.
 2. Most of the political leaders were arrested.
 3. The press was censored.
 4. Several human rights violations were reported.
 5. **Elections were suspended**
 6. 38th Amendment: Judicial review of proclamation of Emergency was barred.
 7. 39th Amendment: Stripped the judiciary's power of electoral scrutiny of a person elected as PM.
 8. 42nd Amendment

42nd amendment of the Constitution of India:

1. Often called a “mini-Constitution”
 2. Very controversial
 3. Attempted to reduce the power of Supreme Court and High Courts.
 4. Defined Fundamental Duties.
 5. Almost all parts of the Constitution were changed and added words “socialist” and “secular” in the Preamble.
 6. Gave more powers to the Central government.
- Later, the newly formed Janata government brought about **43rd and 44th amendments** in 1977 and 1978 respectively to **restore the earlier constitution** to some extent. The Supreme Court evolved the **basic structure doctrine** to strike down 39th Amendment some parts of the 42nd. This paved the way for **restoration of democracy**.

Conclusion:

- The provisions of emergencies are provided keeping in view the security and stability in the nation. But they must not be used for political gains or disturbing the democratic structure of the nation.
- They are meant only to maintain the constitutional machinery only in cases of real crisis situations. If autocratic rule tries to destroy the democratic structure of India, the citizens have the powers to change the rule by general elections as done in 1977.

2. EMPOWERING NEC

- Link: https://youtu.be/ss8rOHfK_8M
- Government of India has approved the plan to reposition and further **empower the North Eastern Council**. The NEC is a **statutory body** with **eight North eastern states** as its members. It was **established in 1971** to ensure balanced and coordinated development of North Eastern states. The new decision to appoint **Home Minister as its chairman** is expected to provide a forum to discuss inter-state matters more comprehensively.

Analysis:

- The North Eastern Council was constituted as a statutory advisory body by **NEC Act 1971** at Shillong. Its member states are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim (added in year 2002).
- It is represented by **Chief Ministers and Governors** of the respective state members and, functions under the **Ministry of Home Affairs**, Government of India.
- The initial statutory body was sanctioned as a **regional planning body in 2002** to look at **economic and social planning** of these states and **mediate inter-state disputes**.
- The **funding of the Council** is done by both Central and State Governments. An annual budget of over **Rs2500 crores from Non-Lapsable Central Pool of Resources** was issued in year 2017. The



financial resources have been spent in transport and communications, agriculture, human resources development and education, power, health, tourism, etc.

- **Non-Lapsable fund** means the unused funds in a financial year will be **carry forward to the next financial year**. It is required for **North-eastern states due to their poor absorptive capacity** because of **difficult terrain** and many **internal security issues**.
- The **Home Minister becoming NEC's chairman** is crucial as he is the second-most **important minister next to the Prime Minister** in Union Government system. Also, being the in-charge of internal security, it is likely to address security issues in North Eastern states that border countries like China, Bhutan, Bangladesh and Myanmar more comprehensively.
- Since the **Look East Policy initiative**, there have been efforts to linking North Eastern states with the **ASEAN** (Association of South East Asian Nations) and benefit from it. Initiated in 1991, Look East Policy is an effort to **build economic and strategic relations** with Southeast Asian nations to stand as a regional power. It is an effort to counter-weight the strategic influence of China. The **recent Act East Policy is an extension to it**.
- There are **many connectivity projects of road, rail and waterways** between North eastern states and the neighboring nations and beyond also. They are **possible only if Northeastern states are focused** Examples: Kaladan Multimodal Transit Transport Project, Trans Asian Highway, Asian Highway Network, etc.

Conclusion:

- The **Northeastern states face developmental issues** due to their **geographical location, difficult terrain and security issues**. So, councils like NEC need to play their role in connecting them to mainland India and outer world in better ways. They have resources needed for development but, **efforts are needed to improve infrastructure and marketing institutions for these states**.