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1. Making sure that girls don’t drop out of school

Introduction:

Indian women excelled in the most decorated Olympic Games for India so far. There is no reason for it to be otherwise in any other field, especially education, given the right support.

As a nation, we can ill-afford to ignore half the potential workforce if we aspire to be an economic powerhouse.

As a society, women can be the pivot to bring about critical and lasting social transformation. As individuals, they deserve a shot at being the very best they can.

Need for Girl Education and its outcomes:

1. Healthy, educated girls with equal access to opportunities can grow into strong, smart women who can take on leadership roles in their countries.

2. This will help in having a better view of women's perspective in the government policies.

3. The global average for the private rate of return (the increase in an individual’s earnings) with just one extra year of schooling is about 9 per cent, while the social returns of an extra year of school are even higher above 10 per cent at the secondary and higher education levels as per a decennial World Bank review.
4. Interestingly, the private returns for women in higher education are much higher than for men 11 to 17 per cent as per different estimates.

5. This has clear policy implications. For their own empowerment, as well as for society at large, we must bring more and more women within the ambit of higher education.

6. It is estimated that over 2.4 crore girls globally are on the verge of dropping out of schools due to the Covid-19 pandemic.

7. Pandemic-induced school closures and economic hardships have significantly exacerbated many vectors that influence the problem of women in education.

8. In the Indian context before the pandemic, there was a welcome trend in the gradual increase in the Gross Enrolment Ratio (GER) for women in higher education — from 19.8 per cent in 2012-13 to 27.3 per cent in 2019-20.

9. That said, a more nuanced picture of the problem of women and higher education.

10. As girls progress from primary to secondary to tertiary school levels, their numbers decrease by the year.

11. The graph shows this gradual descent and the resulting paucity of women, who are even eligible to go to college.

The reasons for girls dropping out in rural India:

1. The primary ones are obvious: Girls drop out of school because, one, they are engaged in domestic activities (31.9 per cent),
2. Two, they have financial constraints (18.4 per cent),
3. Three, they are not interested in education (15.3 per cent), and
4. Four, they get married (12.4 per cent).

It is estimated that over one crore girls are on the verge of dropping out of schools due to the pandemic alone.

The problem is not only rooted in poverty and poor quality of school education, but also gender biases and outdated social norms.

It comes as no shock that the states having the highest rate of secondary school drop-outs among girls are also the ones where a significant percentage of girls get married before the age of 18 years, as we see in Graph 2.

Deep-rooted gender biases are also reflected in the choice of schools, access to private tuitions and the choice of discipline in higher education.
As per the **NSS 2017-18, 75th round, on ‘Household Social Consumption: Education’**, at the higher secondary level, 28 per cent of boys attend private schools as opposed to 24 per cent of girls.

Of the girls who do manage to enrol in a tertiary degree, a smaller proportion go on to pursue professional courses such as engineering (28.5 per cent), while many more take courses such as pharmacy (58.7 per cent) or opt for “normal graduation” (52 per cent) as per **AISHE 2019-20**.

**Steps to overcome systemic challenges:**

1. First, as an immediate step, in every locality, a **mohalla school or a community learning programme** should be started with appropriate Covid norms if the local disaster management authorities and the state governments permit.
   a. Evidence from the Ebola pandemic shows that continued engagement with educational activities reduces drop-outs in a statistically significant way.
   b. **NITI Aayog**, with the help of civil society organisations, had started a community programme led by volunteers called **“Saksham Bitiya”** in 28 aspirational districts where more than 1.87 lakh girl students were trained in socio-emotional and ethical learning.

2. Second, to predict likely drop-outs, a gender atlas comprising indicators that are mapped to key reasons for school drop-outs should be developed.
   a. Teachers should also be trained in all the scholarships and schemes available that provide economic support to girls and their families for continuing their education.

3. Third, there is a need to revise the **National Scheme of Incentive to Girls for Secondary Education** in areas or states with high prevalence of drop-outs and early child marriages.
   a. The scholarship amount may be increased and tied to the completion of graduation, with yearly scholarships paid to students upon successful completion of each year of their undergraduate degree.

4. Fourth, **special education zones** need to be set up in areas which have been traditionally backward in education.
   a. Every panchayat showing a consistent trend in girl child drop-outs should have composite schools till higher secondary (classes I-XII).
   b. The **National Education Policy 2020** provides for a gender inclusion fund. This fund should be utilised to support **STEM education** in these schools as well as in all Kasturba Gandhi Balika Vidyalayas.
c. State governments need to leverage existing schemes to design interventions to promote women in higher education.

d. The recently modified viability gap funding scheme includes provisions for social infrastructure projects, including education.

e. For greenfield projects in higher education, 60 per cent of the funding can be accessed as viability gap funding from the central and state governments.

5. Fifth and most importantly, **behavioural nudges** are going to be key in tackling social prejudices and orthodox cultural norms that prevent girls from achieving their innate potential.

   a. **Behavioural Insights Units (BIU)** may be established across states to tackle social issues with the help of ultra-local NGOs/CSOs to reach the last mile.

   b. NITI Aayog has taken a leap forward in this direction by establishing a BIU to tackle nutrition and health challenges in aspirational districts.

**Other Way Ahead steps:**

1. Encourage parents to send back child to school and conveyance of education importance.

2. Strict law should be imposed on those who are adopting child labour.

3. **Infrastructure development** like sanitation, water and special rooms for boys and girls.

4. **Patriarchal mind set** need to be change by social campaigning towards the girls.

5. Strengthening of **SDMC committee** and conducting periodic report.

6. **Ensuring social inclusiveness**, especially with regard to girls and SC/ST children, sensitizing teachers, and convincing parents of first generation students of the value of education always makes a big difference.

**Conclusion:**

To overcome these systemic challenges, the government has taken a number of initiatives in the past such as the **National Scheme of Incentives to Girls for Secondary Education (NSIGSE)**, supernumerary seats in all IITs and the **PRAGATI Scholarship scheme for girls in technical education**.

However, in these unprecedented times, we need **unprecedented measures** to address the issue of girl child school drop-outs and bring more girls in **professionally and monetarily rewarding fields of higher education**.

The pandemic has brought unprecedented challenges for educators and students, especially for those on the margins, including girls.
However, with recent experiments and learning experience, informed targeting of ample resources and an agile policy environment, this challenge could well prove to be an opportunity.

Given the right enabling environment, **educational outcomes can be improved.**

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**2. The long road to winning the battle against trafficking**

![Human Trafficking Statistics]

**Context:**

**July 30** is **United Nations World Day against Trafficking in Persons.**

**World Day Against Trafficking in Persons** is marked every year on **July 30** to create awareness around people who are being trafficked and are taken away against their will.

It helps to educate others that trafficking in persons is a crime exploiting even women and children for tragic jobs like forced labour and sex.

This gives an opportunity to understand the **harms of human trafficking and its impact** on the life of the people.

**Theme of this year: Suggestions of the victims into actions can be helpful:**

1. The theme for this year for the World Day Against Trafficking in Persons is ‘**Victims’ voices lead the way.’**
2. It highlights the **importance of sharing and learning** from survivors of human trafficking. The survivors are important factors in the battle against human trafficking.

3. They have a huge role to play in **establishing effective measures to eradicate this crime**.

4. They help in identifying and saving victims and supporting them on their way to rehabilitation.

5. Many victims of human trafficking have had traumatic post-rescue experiences during interviews and legal proceedings.

6. In their attempts to get help, they have experienced ignorance, misunderstanding, victimization and punishment for offences their traffickers had them commit.

7. Others received inadequate support or were subjected to stigmatization. Turning the suggestions of the victims into actions can be helpful to lead an **effective approach in preventing human trafficking**.

**About Human Trafficking:**

1. According to the **UN-International Labour Organization (ILO)** defines human trafficking as the trade of humans, most commonly for the purpose of forced labour, commercial sexual exploitation or sexual slavery for the trafficker or others.

2. It estimates that **21 million people** are victims of forced labour globally which includes victims of human trafficking for labour and sexual exploitation.

3. According to the UNODC, people are being trafficked for various exploitative purposes including forced marriage, begging, labour, sexual exploitation, organs removal, selling children etc.

4. A recent report by the **United Nations Office on Drugs and Crime** on the effects of the pandemic on trafficking echoes these findings.
   
   a. It says, traffickers are taking advantage of the **loss of livelihoods** and the increasing amount of time spent online to entrap victims, including by advertising false jobs on social media.

   b. In addition, there is an increased demand for child sexual exploitation material online due to lockdowns.

**India’s vulnerability in dealing with trafficking:**
1. It is also a time to reflect on India’s human trafficking crisis. Between April 2020 and June 2021, an estimated 9,000 children have been rescued after being trafficked for labour, according to a child rights non-governmental organisation (NGO).

2. In other words, 21 children have been trafficked every day over nearly 15 months.

3. The Childline India helpline received 44 lakh distress calls over 10 months. Over a year, 2,000 children have arrived at its shelter homes and 800 rescued from hazardous working conditions.

4. Trafficking in Human Beings or Persons is prohibited under the Constitution of India under Article 23 (1).

5. The Immoral Traffic (Prevention) Act, 1956 (ITPA) is the premier legislation for prevention of trafficking for commercial sexual exploitation.

6. Criminal Law (Amendment) Act 2013 has come into force wherein Section 370 of the Indian Penal Code has been substituted with Section 370 and 370A IPC which provide for comprehensive measures to counter the menace of human trafficking including trafficking of children for exploitation in any form including physical exploitation or any form of sexual exploitation, slavery, servitude, or the forced removal of organs.

Scant data, other gaps that needs to be addressed:

1. The Government admitted in Parliament as recently as March 2021 that it does not maintain any national-level data specific to cyber trafficking cases.

2. The efficacy of certain schemes launched by the Ministry of Home Affairs to improve investigation and prosecution of cybercrimes remains to be seen.

3. India is still classified by the U.S. Department of State as a Tier-2 country in its report on global human trafficking.

4. This means that the Government does not fully meet the minimum standards under U.S. and international law for eliminating trafficking, but is making significant efforts to comply.

5. The lack of implementation is illustrated by the state of the Anti-Human Trafficking Units (AHTUs).

6. AHTUs are specialised district task forces comprising police and government officials.

7. In 2010, it was envisioned that 330 AHTUs would be set up. RTI responses in August 2020 showed that about 225 AHTUs had been set up, but only on paper.

Draft Bill, judicial issues of new draft anti-trafficking Bill:
1. With focus now shifting to the new draft anti-trafficking Bill, the point to be highlighted is that there is no shortage of anti-trafficking policy in India.

2. Where the system is found lacking is in the implementation of the laws.

3. Significant discussion is required on the provisions of the Bill, particularly with respect to bringing in the National Investigation Agency and increasing the punishment for offences, including the death penalty as an option in some cases.

4. It is not proven that more stringent laws, particularly the death penalty, have any greater deterrent effect on crime.

5. The draft Bill also provides for AHTUs/committees at the national, State and district levels, but as noted, their effective functioning cannot be taken for granted.

**Way Forward:**

1. **Legislating without the political will** to implement and monitor effectiveness is futile.

2. **Special attention** must also be paid to the challenges prosecutors and judges face in trafficking cases. There were 140 acquittals and only 38 convictions in 2019, according to government data.

3. This points to a failure of investigation and cannot be solved by the draft Bill’s provision that accused traffickers must be presumed guilty unless they can prove the contrary.

4. Further, trials can drag on for years, with victims sometimes withdrawing their complaints after being intimidated by traffickers.

5. **Proper case management** must be introduced to give meaning to the “fast track” courts.

6. Other problems include the low number of beneficiaries of monetary compensation and the lack of consistent access to psychological counselling.

7. Parts of the draft Bill recognise the importance of rehabilitation, but implementation is key.

**Conclusion:**

**Most victims of trafficking** are from low-income communities for whom the novel coronavirus pandemic and lockdowns have caused long-term financial distress.

With schools continuing to be closed in much of India and no definite end to the pandemic in sight, it cannot be assumed that incidents of trafficking will decline with a return to “normalcy”.


If properly staffed and funded, **Anti-Human Trafficking Units (AHTUs)** could provide **crucial ground-level data on the methods and patterns of traffickers**, which in turn can strengthen community-based awareness and vigilance activities.

**Global practices** such as in Nigeria, Africa, should be **encouraged in India**, in consonance with a **larger framework to protect women and children** by incentivising education and creating safe employment opportunities.

That apart, the failure of existing institutional mechanisms to foresee the present crisis should spur the Government and other stakeholders to take preventive action now.

**July 30 should be the beginning of the end of human trafficking in India.**
1. Finding a healthy way to cook

Introduction:
In India, many women in poor households who use firewood or dung cakes for cooking spend long hours collecting firewood and making dung cakes. This is drudgery.

It affects their health and puts the safety of women and girls in jeopardy. Using firewood and dung cakes also leads to indoor pollution, as chulhas (firewood-based stoves) using these sources of energy release carbon monoxide and carbon dioxide into the atmosphere.

Both these gases have an adverse impact on the health of the family members. They also impact the environment.

Background:
The earlier solution to firewood cooking problem is smokeless or fuel-efficient chulhas for cooking — was introduced in the 1980s.

The National Programme on Improved Chulha was launched in 1984. This was backed by training programmes for making and maintaining these chulhas.
But these programmes failed when subsidies were withdrawn, governments lost interest, people could not be convinced to use the new chulhas and did not participate, target beneficiaries were not properly identified, and there was little quality control.

**Introducing LPG: PAHAL scheme:**

The Indian government then introduced Liquefied Petroleum Gas (LPG) in June 2013 under the PAHAL scheme on an experimental basis.

The scheme finally covered 291 districts. Access to this clean energy was expected to alleviate the public health burden posed by household air pollution on women.

With rising incomes, the lower classes were expected to be covered by the scheme.

The scheme, it was thought, would improve women’s access to education, leisure, and the labour market, and also improve the environment, climate, and human health.

**Drawbacks in PAHAL scheme:**

1. In India, 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.

2. 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.

3. Most of these premature deaths were due to non-communicable diseases such as heart disease, stroke, chronic obstructive pulmonary disease and lung cancer.

4. Indoor air pollution is also responsible for a significant number of acute respiratory illnesses in young children.

5. According to experts, having an open fire in the kitchen is like burning 400 cigarettes an hour.

6. Providing LPG connections to BPL households will ensure universal coverage of cooking gas in the country.

7. This measure will empower women and protect their health. It will reduce drudgery and the time spent on cooking.

8. It will also provide employment for rural youth in the supply chain of cooking gas.

9. Pradhan Mantri Ujjwala Yojana is a scheme of the Ministry of Petroleum & Natural Gas for providing LPG connections to women from Below Poverty Line (BPL) households.
Launch of Pradhan Mantri Ujjwala Yojana (PMYU):

In 2016, the Modi government launched the LPG scheme as the Pradhan Mantri Ujjwala Yojana (PMYU).

NITI Aayog laid out a road map for universal access to LPG by 2025. The subsidy for LPG increased from Rs. 12,000 crore in 2016-17 to Rs. 21,000 crore in 2017-18 (Petroleum Analysis and Planning Cell, 2018), and 94% of all households had an LPG connection as of September 2019, an increase from 56% in 2014-15.

Shortcomings in PMYU:

1. Studies found that the poor use LPG mainly for making tea or snacks while they continue to use firewood or cow dung for their main cooking, as these sources of fuel are free of cost and easily available.
2. However, as per evaluation studies, many LPG connection holders were found to still be using other fuels like firewood and dung cakes.
3. This is because men, who usually make the decision of buying the refill, often do not agree to a refill which is expensive for the poor.
4. Usually, as low value is attached to women’s time in production, the opportunity cost of women’s labour is low even when a capital subsidy is available, and women have to depend on traditional fuels.
5. LPG is used for cooking when the opportunity cost of women’s labour is considered high, such as in the peak season in farming.
6. On the other hand, urban households with reasonably high incomes and rural households belonging to upper income groups consider LPG refill a necessity for full cooking.
7. Official data show that 48% rural households used LPG (2018) but only partially.
8. The other problems in accessing LPG are administrative and include the distance to LPG distribution centres, long waiting time, and rising costs of LPG cylinders.
9. It is clear that the planners have not looked at the evaluation studies of Ujjwala 1.0 and the official data on the performance of the scheme.
10. LPG cylinders are not a priority for the poorest. They sometimes even sell the cylinder to meet their urgent needs.
Therefore, Ujjwala 2.0:

Despite these findings, the Prime Minister recently introduced Ujjwala 2.0 under which one crore additional PMUY connections aim to provide deposit-free LPG connections to those low-income families who could not be covered under the earlier phase of PMUY.

Under Ujjwala 2.0, migrants will not be required to submit ration cards or address proof. The amount allocated for this purpose is Rs. 14,073 crore this year.

Objectives of the scheme are:

1. Empowering women and protecting their health.
2. Reducing the serious health hazards associated with cooking based on fossil fuel.
3. Reducing the number of deaths in India due to unclean cooking fuel.
4. Preventing young children from significant number of acute respiratory illnesses caused due to indoor air pollution by burning the fossil fuel.

Presently, UJJWALA 2.0: One crore additional PMUY connections:

1. In the Union budget for FY 21-22, provision for an additional one crore LPG connection under the PMUY scheme was announced.
2. This one crore additional PMUY connections (under Ujjwala 2.0) aim to provide deposit-free LPG connections to those low-income families who could not be covered under the earlier phase of PMUY.
3. Along with a deposit free LPG connection, Ujjwala 2.0 will provide first refill and hotplate (stove) free of cost to the beneficiaries. Also, the enrolment procedure will require minimum paperwork.
4. In Ujjwala 2.0, migrants will not be required to submit ration cards or address proof.
5. A self-declaration for both ‘family declaration’ and as a ‘proof of address’ will suffice. Ujjwala 2.0 will help achieve the Prime Minister’s vision of universal access to LPG.

Conclusion: LPG works well, but only for non-poor households. Others need affordable alternatives to choose from, such as solar energy and solar cookers, smokeless chulhas, biogas plants and electric cookers where electricity is cheap.

There is no doubt that crores of poor and middle-class women need better sources of cooking energy that are time saving, healthy, easily accessible and affordable.
Good research and development efforts need to be made in the public and private sectors to explore these alternatives.

As one solution may not fit all, there is a need to offer a set of energy sources to households so that each of them finds a suitable energy for itself.

Women in India can achieve energy security for cooking only through cheaper and efficient alternatives.

2. Breaking the logjam, handing over the baton

Context:

For the first time ever, the Supreme Court Collegium led by the Chief Justice of India (CJI) recommended/selected as many as nine persons at one go to be appointed to the apex court.

With the appointment later of the nine judges by the President of India, barring one vacancy which arose after the Collegium met, all the nine vacancies in the Supreme Court will be filled up.

The purpose of the collegium system is to ensure that the opinion of the Chief Justice of India (CJI) is not his individual opinion, but the one formed collectively by a body of judges of the highest integrity in the judiciary.

The highest court in the country having its near full strength will ease the pressure on it considerably.

Collegium System in Judiciary: Appointment of Judges:

1. The Collegium System is a system under which appointments/elevation of judges/lawyers to Supreme Court and transfers of judges of High Courts and Apex Court are decided by a forum of the Chief Justice of India and the four senior-most judges of the Supreme Court.'
2. There is **no mention of the Collegium** either in the **original Constitution** of India or in successive amendments.

3. The recommendations of the Collegium are **binding on the Central Government**, if the Collegium sends the names of the judges/lawyers to the government for the second time.

4. Collegium considers the names or suggestions made by the Central Government and resends the file to the government for final approval.

5. If the Collegium resends the same name again then the government has to give its assent to the names. But time limit is not fixed to reply. This is the reason that appointment of judges takes a long time.

**Evolution of the Collegium System in Judiciary:**

**First Judges Case (1981):** It declared that the “primacy” of the Chief Justice of India (CJI)s recommendation on judicial appointments and transfers can be refused for “cogent reasons.”

The ruling gave the Executive primacy over the Judiciary in judicial appointments for the next 12 years.

**Second Judges Case (1993):** Supreme Court introduced the Collegium system, holding that “consultation” really meant “concurrence”.

It added that it was not the CJI’s individual opinion, but an institutional opinion formed in consultation with the two senior-most judges in the SC.

**Third Judges Case (1998):** Supreme Court on President’s reference expanded the Collegium to a five-member body, comprising the CJI and four of his senior-most colleagues.

**Constitutional Provisions regarding appointments of Judges:**

1. **Article 124(2)** of the Indian Constitution provides that the Judges of the Supreme Court are appointed by the President after consultation with such a number of the Judges of the Supreme Court and of the High Courts in the States as the President may deem necessary for the purpose.

2. **Article 142 (1)** contains the **concept of ‘complete justice’** in any cause or matter which the Supreme Court is enjoined to deliver upon.

   a. The Supreme Court has gone into this fundamental normative matrix in which the whole exercise of selection of judges is performed.
3. **According to Article 217**, the Judge of a High Court shall be appointed by the President in consultation with the CJI and the State Governor, and, in the case of appointment of a Judge other than the Chief Justice, the Chief Justice of the High Court.

**Present appointment criteria:**

1. The Bench observed: “There can be no denial that there is a vital element of **public interest** in knowing about the norms which are taken into consideration in selecting candidates for higher judicial office and making judicial appointments”.

2. Thus, the **essence of the norms** to be followed in judicial appointments is a **judicious blend** of merit, seniority, interests of the marginalised and deprived sections of society, women, religions, regions and communities.

3. It is also a **matter of public knowledge** that many of those selected have zealously upheld citizens’ freedoms and **public interest**.

4. The contributions of a few of them in waking up governments from their slumber in the wake of the COVID-19 pandemic is well documented.

5. **A high level of social consciousness** possessed by a Judge enhances the quality of justice.

6. The present CJI can be credited with **recognising this crucial factor in the selection of judges**.

**Much-awaited move:**

1. India is a country of **bewildering diversity**. In this **cacophonous democracy**, language, region, religion, community, caste, are all realities which the state cannot ignore while identifying people to man its various organs.

2. Every CJI during his tenure has taken up the **filling up of vacancies** as a **matter of highest priority**, but many could not succeed.

3. It is indeed a happy augury that the present CJI, Justice N.V. Ramana, could, along with his colleagues in the Collegium, **select the judges within a short period of his assumption of office**.

4. It is almost a truism that the selection of judges for appointment to the higher courts, particularly the top court is a **complex exercise**.

5. The citizens of the country look up to the Supreme Court for **complete justice**. So, while selecting a judge to adorn the Bench, the fundamental consideration should be **his/her ability to do complete justice**.

**Reforms in Judiciary: Need for transparency:**
1. The National Judicial Appointments Commission (NJAC) could guarantee the independence of the system from inappropriate politicization, strengthen the quality of appointments and rebuild public confidence in the system.

2. The decision was struck down by the SC in 2015 on the ground that it posed a threat to the independence of the judiciary.

3. The other area of concern is the composition of the higher judiciary. While data regarding caste is not available, women are fairly underrepresented in the higher judiciary.

4. India is perhaps the only country where the judges select judges to the higher judiciary.

5. It is, therefore, necessary to make the norms of selection transparent. The Supreme Court has emphasised the need for maintaining transparency and an openness with regard to the norms of selection.

6. In 2019, a five judge Bench of the Supreme Court, of which the present CJI was also a member, laid emphasis on this point.

7. The collegium members often face the issue of mutual consent regarding appointment of judges.

8. The shadow of mistrust between the members of the collegium exposes the fault lines within the judiciary.

Conclusion: Amongst the constitutional institutions designed to protect democracy, the pride of place is enjoyed by the Indian judiciary.

The nation, citizens and the judiciary must guard against the dilution of its independence.

There is no doubt that there are meritorious people outside this group too. But in a population of 1.3 billion, to select just nine suitable persons to man the highest judiciary is not without difficulty.

Considering the merit of the selected persons, one can undoubtedly say that the Collegium has done a good job.

With seven names (district judges) cleared by the Collegium for the Telangana High Court in one go, we can safely trust Team Ramana to speedily fill up all judicial vacancies. The Collegium has started doing its job.

Now, it is time for the Government to match the pace and take the process of appointments to its logical conclusion at the earliest.

3. Parliament Passes Constitution 127th Amendment Bill to Restore States' Power to Specify SEBCs
The Constitution (127th Amendment) Bill, 2021, was passed by the Parliament with Rajya Sabha giving its approval to the bill.

The Rajya Sabha approved the bill with the majority of the strength of the house and not less than the two-thirds majority of the members present in the house.

Lok Sabha had passed the Constitution (127th Amendment) Bill, 2021, unanimously.

The bill was passed in the Lower House of Parliament with more than two-third majority of the house strength as well as the members present in the house.

Constitutional Provisions for identification of OBCs:

1. The Bill seeks to **restore the power of State governments to identify OBCs** that are socially and educationally backward after a Supreme Court order in May 2021 empowered only the Centre to do so.

2. According to the Constitution of India, **Articles 15(4), 15(5), and 16(4)** confer power on a state to identify and declare the list of socially and educationally backward classes.

3. As a matter of practice, separate OBC lists are drawn up by the Centre and each state concerned.

4. The amendment was thought necessary because the SC, in its order on Maratha reservation, upheld the 102nd Constitutional Amendment Act.
5. It inserted Articles 338B and 342A (with two clauses) after Article 342, which said the President of India, in consultation with the Governors, would **specify socially and educationally backward classes**, taking away the powers of State governments to do so.

6. The bill should be considered as the 105th Constitution Amendment bill after being renumbered.

7. The legislation **aims at restoring the power** of the States and the Union Territories **to make their own OBC list**.

8. The Central Government had introduced a key constitution amendment bill in Lok Sabha that seeks **to restore the state’s power to make their own OBC lists**.

**About National Commission for Backward Classes (NCBC):**

It is made under 102nd Constitutional Amendment Act, 2018. It had inserted Articles 338B and Article 342A (with two clauses) after Article 342.

**Articles 338B** deals with the structure, duties and powers of the National Commission for Backward Classes.

**Article 342A** says that the president, in consultation with the governor, would specify the socially and educationally backward classes.

**Constitutional status to National Commission for Backward Classes:**

1. **The NCBC is a body set up under the National Commission for Backward Classes Act, 1993.**

2. **It has the power to examine complaints** regarding inclusion or exclusion of groups within the list of backward classes, and advise the central government in this regard.

3. The **Bill seeks to establish the NCBC** under the Constitution, and provide it the authority **to examine complaints and welfare measures** regarding socially and educationally backward classes.

4. The NCBC will be required to present annual reports to the President on working of the safeguards for backward classes.

5. These reports will be tabled in Parliament, and in the state legislative assemblies of the concerned states.

**What is the procedure to get 127th Constitution Amendment Bill passed?**
1. An amendment of the Constitution can be initiated only by the introduction of a bill in either House of Parliament.

2. The bill must then be passed in each House by a majority of the total membership of that House and by a special majority of not less than two-thirds of the members present and voting.

3. In case of disagreement between the two Houses, there is no provision for a joint sitting.

4. If the amendment seeks to make any change in any of the provisions mentioned in the provision to Article 368, it must be ratified by the Legislatures of not less than one-half of the states.

5. Although there is no prescribed time limit for ratification, it must be completed before the amending bill is presented to the president for his assent.

127th Constitution Amendment Bill: Why is it needed?

1. The latest amendment was necessitated after the Supreme Court in its Maratha reservation ruling upheld the 102nd Constitutional Amendment Act but stated that the President, based on the recommendations of the National Commission for Backward Classes (NCBC), will determine which communities will be included on the state OBC list.

2. The 127th Amendment is required to restore the powers of the State Governments in order to maintain the state list of OBCs which was taken away by the Supreme Court interpretation.

3. This Bill furthers social empowerment. It also reflects our Government’s commitment to ensuring dignity, opportunity and justice to the marginalised sections.

4. The government also announced 27% reservation for the Other Backward Classes (OBCs) and 10% quota for the Economically Weaker Sections (EWS) in the All India Quota (AIQ) scheme for undergraduate (UG) and postgraduate (PG) medical/dental courses from 2021-22 onwards.

However, some experts said that the concept of social justice will remain incomplete till “backward and oppressed castes don't get proportional representation in all pillars of the democracy”.

For this it is necessary that other backward castes should be identified and counted. Who can do this work other than the state government.

Conclusion:
The current Constitutional Amendment Bill is a **historic legislation** as 671 castes in the country would benefit from it. Therefore, **benefitting nearly one-fifth of the total OBC communities.**

It will **restore the States’ rights** to maintain a state list of OBCs which was taken away by a Supreme Court interpretation.

It will allow states to **respond quickly to socio-economic requirements** which are specific to a state or region.

**India has a federal structure** and the passed Bill will further enhance the federal structure of the country. This amendment was essential to benefit society at large.

### 4. Parliament is abdicating its oversight role

#### Context:

1. The dormancy of the Parliament makes democracy in India as good as dead. The **deterioration in Parliament’s functioning** needs to be stopped to make it fulfil its constitutional mandate.

2. The monsoon session of Parliament which ended and was a **disappointment in several ways.**

3. This was the **fourth straight session** that ended ahead of the original schedule other than the cancelled winter 2020 session.
4. This meant that many important issues had not been discussed such as the COVID-19 response and strategy, the Chinese incursion into Ladakh, the economic situation, rising prices of many essential items, and farmers’ problems, to name a few.

5. And of course, the news of snooping using the Pegasus system broke out just ahead of the session.

**Shrinking work time: Productivity goes for a toss; Lok Sabha passes 5 bills in just 44 minutes:**

1. **Frequent disruptions and adjournments** during the Monsoon Session have taken a toll on Parliament’s productivity.

2. Lok Sabha’s productivity has fallen to 14 per cent, while the Raj Sabha fares slightly better at 22 per cent.

3. But Parliament hardly functioned. Both Houses were **frequently disrupted** as the Government and Opposition parties could **not agree on the topics to be debated**.

4. The Government pushed through 20 Bills, mostly without any discussion. Of the 18 Bills passed by the Lok Sabha, only one saw discussion over 15 minutes. While the Rajya Sabha crossed this low bar for most Bills, only two Bills were discussed for over an hour.

5. **Every Bill introduced during the session was passed within the session. This means that there was no time for any scrutiny by members.**

6. While we have seen such **behaviour in State Assemblies** (in 2020, 91% of all Bills in 19 Assemblies were passed within five days of introduction), this is a **new development for Parliament.**

7. In the period of the Fifteenth Lok Sabha (2009-14), **18% of the Bills were passed within the same session.**

8. This rose to 33% in the Sixteenth Lok Sabha and is at 70% halfway through the current Parliament.

**No scrutiny: Bills passed without any serious examination:**

1. None of the Bills was referred to a **parliamentary committee for examination**. These committees provide a **forum for parliamentarians** to engage with experts, stakeholders and government officials to understand the implications of Bills.

2. They deliberate on the **consequences of various provisions**, and **recommend amendments.**

3. In recent years, we have seen significant changes made in Bills such as the **Insolvency and Bankruptcy Code and Motor Vehicles (Amendment) Bill** as a result of the recommendations made by parliamentary committees.
4. There has been a sharp downward trend in Bills being referred to them — from 71% in the Fifteenth Lok Sabha to 27% in the Sixteenth, and 12% in the current one till date.

5. **For Example:**
   
a. there was an amendment moved in the Rajya Sabha to refer the Tribunals Reform Bill to a select committee of that House, and the motion was rejected by 79 votes to 44.

   b. Given that there are currently 232 members, this indicates that nearly half the members were absent during the vote.

6. Thus, we see that Bills are being passed **without any serious examination by parliamentarians.**

7. They are most often **not being referred to committees,** there is hardly any discussion on the floor of the House, and in most instances, **Bills are passed within a few days of introduction.**

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**Crucial Bills: No discussion on any policy issue:**

There were **some important Bills** passed this session. The Constitution was amended to allow **States to identify backward classes** (i.e., Other Backward Classes) for the **purpose of providing reservations.**

1. A recent Constitution Amendment has converted the **National Commission for Backward Classes from a statutory body** set up by an **Act of Parliament** to a constitutional body.

   a. That amendment also specified that the President of India shall specify the list of OBCs.

2. Recently, the Supreme Court of India had interpreted this provision to imply that **the State government cannot issue the list of backward classes.**

   a. The Amendment passed this session clarified that States have the power to do so.

3. In 2012, the Income Tax Act was amended with retrospective effect from 1961 to cover certain transactions.

   a. A Bill passed this session reversed this provision of retrospective taxation. Famously, Vodafone was required to pay a large sum under the now repealed provision.

4. **The Deposit Insurance and Credit Guarantee Corporation** insures all bank deposits against default (currently up to ₹5 lakh).

   a. The Act was amended to require an interim pay-out within 90 days if a bank was going through a liquidation or reconstruction.
5. **The General Insurance Business (Nationalisation) Act** was amended to enable the Government to bring its shareholding in general insurance companies below 51%.

6. **The Tribunals Reforms Bill** was passed. The Bill replaced an ordinance which specified the process of appointment of members and their tenure and service conditions.

7. There was **no discussion in Lok Sabha on any policy issue**. The Rajya Sabha had just one such discussion on the management of COVID-19 which lasted nearly five hours.

**Course correction needed:**

To sum up, Parliament appears to be quite ineffective in all its functions.

1. The reason for having a legislature separate from the executive is to have a check on executive power.

2. This session, the Government got every Bill that it introduced passed as an Act, without any debate, and without any scrutiny by committees. Question Hour hardly worked.

3. There was just one debate in the Rajya Sabha and none in the Lok Sabha on policy issues.

4. A **large supplementary Budget** was passed in less than 10 minutes without even one member speaking on it.

5. Circumventing the parliamentary committees while passing legislations undermines the very spirit of the democracy.

**Way Forward:**

1. Parliament has the central role in our democracy as the representative body that checks the work of the government. In order to fulfil its constitutional mandate, it is imperative that Parliament functions effectively.

2. Also, proper scrutiny of the bills is an essential requirement of a quality legislation.

3. In order to strengthen the role of the opposition, the institution of ‘Shadow Cabinet’ can be formed in India.

4. Shadow cabinet is a unique institution of the British cabinet system formed by the opposition party to balance the ruling cabinet.

5. Measures for the effective functioning of Department Related Standing Committees (DRSCs) like longer tenure, promoting specialization, etc are needed.
6. **Every legislative proposal** must incorporate a **detailed account of social, economic, environmental and administrative impact** for wider awareness and subsequent legal assessment.

Conclusion:

To preserve the **very idea of India as a democratic country**, the Parliament needs to function more actively in terms of framing bills, its scrutiny and holding sessions.

Parliament must ensure sufficient scrutiny over the proposals and actions of the government.

This may include: Creating a system of research support to Members of Parliament. Providing sufficient time for MPs to examine issues.

Parliament will have its **70th anniversary next year**. Parliament also plans to move to a larger building. We will see many speeches celebrating these occasions.

They will be just empty words in a brand-new building unless parliamentarians get their act together.

5. **No fundamental right to strike**

   ![Occupation of public ways for protests isn't acceptable. Administration ought to take action to keep areas clear of encroachments or obstructions. We hope such a situation doesn't arise in future. Protests aren't permitted to get out of hand. Courts adjudicate legality of actions and are not meant to give shoulder to the administration to fire their guns from... there were neither any negotiations nor any action by the administration, warranting our intervention. Supreme Court.]

Context:

Recently, the Minister of Defence introduced **the Essential Defence Services Bill, 2021**, in the Lok Sabha to provide for the **maintenance of essential defence services** so as “**to secure the security of nation and the life and property of the public at large**” and prevent staff of the government-owned ordnance factories from going on strike.
The Essential Defence Services Ordinance 2021 comes in the backdrop of major federations affiliated with the 76,000 employees of the **Ordnance Factory Board (OFB)** making an announcement that they would go on **indefinite strike** from July 26 in protest against the government’s decision to **corporatize the OFB**.

**Right to Strike:**

1. The **word ‘strike’** comes from ‘strican to go’ which means to quit, hit or impress in case of a trade dispute.
2. It is the **most effective and final resort** in the hands of workers to secure economic justice.
3. This meaning of strike has undergone various changes across the world and most of the nations have given the right to strike to the workers.
4. The right to strike is a **statutory right** in India guaranteed under **Section 22(1)(a) of the Industrial Disputes Act, 1957**.

**Background: Rules and rights:**
This is not for the first time that strikes by government employees are being made explicitly illegal by the government.

**The Madhya Pradesh (and Chhattisgarh) Civil Services Rules, 1965**, prohibit demonstrations and strikes by government servants and direct the competent authorities to treat the durations as unauthorised absence.

A strike under this rule includes **“total or partial cessation of work”**, a pen-down strike, a traffic jam, or any such activity resulting in cessation or retardation of work. Other States too have similar provisions.

**Features of the Bill:**

1. The Bill defines **Essential Defence Services**, it includes any service in any establishment or undertaking dealing with production of goods or equipment required for defence related purposes or any establishment of the armed forces or connected with them or defence.
2. The Bill seeks to empower the government to **declare services** mentioned in it as **“essential defence services”** and **prohibit strikes and lockouts** in any industrial establishment or unit engaged in such services.
3. The Minister, however, assured the **Ordnance Factory Board (OFB) employees** that their service conditions will not be affected.
4. The Bill **amends the Industrial Disputes Act, 1947** to include essential defence services under public utility services.

**Constitutional provisions related to Right to strike:**

1. For the armed forces and the police, where discipline is the most important prerequisite, even the fundamental right to form an association can be restricted under **Article 19(4)** in the **interest of public order and other considerations**.

2. **Under Article 33 of the Constitution**, Parliament, by law, can **restrict or abrogate** the rights of the members of the armed forces or the forces charged with the **maintenance of public order** so as to ensure the **proper discharge of their duties and maintenance of discipline** among them.

3. India recognized strike as a **statutory right** under the Industrial Disputes Act, 1947.

4. Strike is not expressly recognized in the Constitution of India. The Supreme Court settled the case of **Kameshwar Prasad v. The State of Bihar 1958** by stating that strike is not a fundamental right. Government employees have no legal or moral rights to go on strikes.

5. The **Supreme Court in Delhi Police v. Union of India (1986)** upheld the **restrictions to form association** by the members of the non-gazetted police force after the Police Forces (Restriction of Rights) Act, 1966, and the Rules as amended by Amendment Rules, 1970, came into effect.

6. While the **right to freedom of association is fundamental**, recognition of such association is not a fundamental right.

7. Parliament can by law regulate the working of such associations by imposing conditions and restrictions on their functions, the court held.

8. In **T.K. Rangarajan v. Government of Tamil Nadu (2003)**, the Supreme Court held that the employees have no fundamental right to resort to strike.

9. Further, there is prohibition to go on strike under the Tamil Nadu Government Servants’ Conduct Rules, 1973.

10. Also, there is **no moral or equitable justification** to go on strike. The court said that government employees cannot hold the society to ransom by going on strike.

**Arguments given by government:**

1. In its objectives, the government has stated: “Indian Ordnance Factories is the **oldest and largest industrial setup** which functions under the Department of Defence Production of the Ministry of Defence.”
2. The ordnance factories **form an integrated base for indigenous production** of defence hardware and equipment, with the **primary objective of self-reliance** in equipping the armed forces with state-of-the-art battlefield equipment.

3. In view of the prevailing situation on the northern front of the country, it was felt necessary that the Government should have **power to meet the emergency** created by such attempts.

4. It ensures the maintenance of essential defence services in all **establishments connected with defence, in public interest or interest of the sovereignty and integrity of India** or security of any State or decency or morality.

**International practices:**

1. **The English judiciary** has been very amenable towards the right to strike. They have recognized the said right as justiciable one.

2. Lord Denning held that strike is the last remedy and that it has emerged as an inherent right of the worker which forms the essence of collective bargaining.

3. Even in the **US, the National Labour Relations Act, 1935** provides the right to strike to bargain for better wages and working conditions, health and hygiene etc. However, no such recognition has been given to the aforesaid right in India. It is just a **statutory right**.

4. International Labour Organization mandates that a **right to organize and collective bargaining shall be given to the employees**.

5. Although, there are no express provisions on the right to strike. But ILO Committee of experts has highly regarded this right as **indispensable and an integral part of the right to organize**.

6. India has implemented and promoted almost all the principles embodied in these two conventions except the right to strike.

7. **Universal Declaration of Human Rights, 1948** provides for the protection of workers’ interests. They have the right to form trade unions and associations. And the right to strike is a sequel of their constitutional privilege to form association.

8. **International Covenant of Economic, Social and Cultural Rights, 1966** also provides for the recognition of the right to strike with the condition that it is in conformity with the law of the member states.

**Conclusion:**

There is **no fundamental right to strike under Article 19(1)(a) of the Constitution**.
Strikes cannot be justified on any equitable ground. Strike as a weapon is mostly misused which results in chaos.

Though the employees of OFB have threatened to go on strike, Parliament, which has the right to restrict even the fundamental rights of the armed forces, is well within its right to expressly prohibit resorting to strike.

Collective bargaining is the essence of trade unions and associations but it is only possible if right to strike is given the fundamental right status.

Considering the dismal conditions of industries, employer domination, minimum wage issues and social aspects of the strike, it casts a legal and constitutional obligation on the State to made strike as a fundamental right under Article 19(1)(c).

6. Providing horizontal quota: the Bihar way

Context:

The Bihar government recently announced 33% horizontal reservation for women in State engineering and medical colleges.

1. While reservation for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Economically Weaker Sections (EWS) is referred to as vertical reservation.

2. Horizontal reservation refers to the equal opportunity provided to other categories of beneficiaries, such as women, veterans, the transgender community, and individuals with disabilities, cutting through the vertical categories.

3. Bihar at present has 60% reservation in the State higher educational institutions along the six vertical categories (SCs, STs, EWS and so on).
4. The newly announced reservation for women in engineering and medical seats will not be in addition to this, it will instead be distributed across all the vertical categories, including the non-reserved 40% seats open to all.

5. For example, if an engineering college has 100 reserved seats for STs, 33 of those seats will have to be filled with ST women.

6. Article 15(3) of the Constitution allows governments to make special provisions for women and children.

**About Horizontal Reservation:**

1. Reservation is a form of positive discrimination, created to promote equality among marginalised sections, so as to protect them from social and historical injustice.

2. Generally, it means giving preferential treatment to marginalised sections of society in employment and access to education.

3. Horizontal Reservation refers to the equal opportunity provided to other categories of beneficiaries such as women, veterans, the transgender community, and individuals with disabilities, cutting through the vertical categories.

4. Article 15(3) allows protective discrimination in favour of women.

5. Article 15(4) and 16(4) of the Constitution enabled the State and Central Governments to reserve seats in government services for the members of the SC and ST.

6. The Constitution was amended by the Constitution (77th Amendment) Act, 1995 and a new clause (4A) was inserted in Article 16 to enable the government to provide reservation in promotion.

7. Article 335 of the Constitution says that the claims of SCs and STs shall be taken into consideration constitutively with the maintenance of efficacy of the administration.

**Dropping out of the workforce:**

1. This horizontal reservation initiative should be welcomed and adopted across sectors, departments, and States given that India’s female labour force participation (FLFP) rate is consistently declining and is worryingly low.

2. World Bank data show that the FLFP came down to 21% in 2019 from 31.79% in 2005.

3. As per the Bihar Economic Survey 2019-20, the State’s FLFP rate was abysmal compared to the all-India average.
4. Only 6.4% and 3.9% women were employed in the urban and rural areas of Bihar compared to the all-India figures of 20.4% and 24.6% respectively.

5. The FLFP rate needs to be treated cautiously though as it doesn’t take into account unpaid work (majorly performed by women) or the role played by social barriers like caste in blocking employment opportunities for women like owning a shop.

6. The governments needs to work towards reducing the female and male school dropout rate and ensure quality education at the primary and secondary level.

More jobs for women:

1. While the Bihar government has taken some laudable steps for the empowerment of women, the low female literacy rate and FLFP rate are of concern.

2. One of the important factors for the low FLFP rate is the lack of employment opportunities for women after matriculation and graduation.

3. The India Human Development Survey-II found that women with low levels of education and from rural areas are relatively more active in the labour market compared to women with middle or high school education.

4. Therefore, the Bihar government needs to ensure that women don’t fall out of the labour market as they become more educationally qualified.

5. One way this can be done is by filling up pending vacancies in the health sector, police force, teaching and other government departments as at least 35% of these posts will go to women.

6. The government should also do away with hiring workers on contract and make all the current contractual workers permanent.

7. A strong political will is indispensable to find an equilibrium between justice to the backwards, equity for the forwards and efficiency for the entire system.

Way Ahead by the author:

1. Evidence points out that increasing women’s participation in the workforce to the level of men boosts the economy.

2. In light of this, it is important for the government to make more and more jobs available for women.

3. The Bihar government should also extend the engineering and medical quota for women to all institutions of higher education, including private colleges and universities.
4. Further, the quota allotted to them can be increased to 40-45%, if not 50%, and the category can be renamed as ‘women and transgender persons’.

Fair and practical ways to help needy person from each community through reservation is possible and necessary.

The process of reservation should filter the truly economically deprived individuals and bring them all to justice.

Revolutionary changes in the education system at the grass-roots level is need of the hour.

Conclusion:

Patriarchal control of women and systemic gender discrimination cannot be defeated by government intervention alone. State welfare schemes can go a long way in challenging them.

Other State governments and the Union government should follow the Bihar government’s lead and introduce horizontal quota for women (and in addition, for transgender persons) in higher educational institutions as well as State employment as these measures will go a long way in reducing gender disparity in the country.

In addition, initiatives like reservation of seats, when implemented properly, could become an important driver for improving the FLFP.

7. An urban jobs safety net
Context:
Hit by a relentless second wave of COVID-19 infections, India has seen localised lockdowns across several States.

With activity restrained, job losses have climbed. This has dampened family incomes and consumer sentiment, setting the stage for lower-than-anticipated economic growth and belying the nation’s hopes of racing back to activity this year on a low base last year.

During the pandemic, we have again and again faced the difficult choice of saving lives versus protecting livelihoods.

Economy Estimates and GDP figures:
1. As per the Centre for Monitoring Indian Economy’s estimates, the unemployment rate in India peaked to 23.5% in April 2020 before falling to 6.9% in February 2021.
2. According to the World Economic Outlook report of April, 2021 of the International Monetary Fund (IMF), almost all countries, except China, experienced economic contraction last year.
3. The global GDP shrunk by 3.3%. The contraction in the U.S., Brazil, Japan, Canada and Euro Area was in the range of 3.5%-7%. India’s GDP plummeted by 8%. China, on the contrary, posted a growth of 2.3%.
4. The report stated that 95 million people have fallen into the ranks of the extreme poor category.
5. The unemployment rate in the Euro Area, the U.S. and Canada shot up to 7.1%, 8.1% and 9.6%, respectively.
6. Spain, Greece, Turkey, the Philippines, Argentina, Brazil, Colombia, and Peru among others are grappling with unemployment rates in double digits.

Vulnerability of Informal sector jobs:
1. Workers in the informal sector have already begun to face wage loss due the curfews and lockdowns in some States like Maharashtra and National Capital Territory of Delhi.
2. The job loss, hunger will be worse this time as the COVID-19 cases are much worse.
3. Experts argued that the government failed to take actions like reducing the working hours of informal sector workers and getting them registered for social security benefits.
4. **Daily wage labourers and small traders** saw a loss of employment in the order of 0.2 million in April.

5. Some of these agricultural and daily wage labourers may have found work in the construction industry as the sector saw an increase of 2.7 million jobs during April.

6. But, as the CMIE posits, most of the 6.2 million people released from agriculture and daily wages jobs could well have ended up remaining unemployed during the next months.

7. This is a clear indication that the jobs scenario is weakening even before recovering from last year’s onslaught.

**Rural-urban livelihood divide must be address:**

In the wake of economic deceleration, the challenge is to *minimise livelihood losses*. Traditionally, governments have addressed this issue from a sectoral viewpoint.

1. Given the contemporary realities, the need is to approach this from a rural-urban perspective for two reasons.
   a. First, when there is an economic shock, it is essential to provide people with **formal access to a livelihood safety net**.
   b. Second, the livelihood safety net must have **comprehensive coverage**.
   c. Such a net, provided by the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), exists only in rural areas.

2. **Urban India does not have any such cushion.** Though the Indian government operates the National Urban Livelihoods Mission, which is focused on self-employment through skill upgradation and credit linkages through banks, the scheme does **not have guaranteed wage employment** provisions akin to what MGNREGS provides.

3. MGNREGS, designed to check such migration, provides a livelihood safety net in rural India only.

**Solution:**

**Case study: Insights from Himachal Pradesh:**

1. A few States have experimented with a wage employment-based urban livelihood scheme.

2. Himachal Pradesh (H.P.) launched the Mukhya Mantri Shahri Ajeevika Guarantee Yojana (MMSAGY) last year with the objective of *enhancing livelihood security* in urban areas by providing **120 days of guaranteed wage employment** to every household at minimum wages in FY 2020-21.
3. A job card is issued to the beneficiary within seven days of registration and employment is provided within a fortnight. Otherwise, the beneficiary is eligible to be compensated at a rate of ₹75 per day.

4. In a year of its operation, a quarter million man-days, benefiting about 3% of the total urban households in H.P., were generated.

5. If the scope of MMSAGY is broadened to include muster-roll based works, other municipal services, etc., it could enhance livelihood opportunities.

H.P.’s experience has provided some crucial insights:

1. One, an urban livelihood scheme can be launched within the existing fiscal space. If not, the Union and States can provide resources together.

2. Two, separate minimum wages for rural and urban areas do not cause migration to urban areas since the higher cost of living in urban areas has an offsetting effect.

3. Three, the focus must shift from asset creation to service delivery. Restricting it to asset creation or wage-material ratios may be sub-optimal in urban settings. The focus should be on enhancing the quality of municipal services.

4. Four, such a scheme is like an ‘economic vaccine’ and will protect people against unemployment. It should be administered at the national level rather than at the State level.

Conclusion:

Policy experts have considered migration in India to be essentially a rural to urban phenomenon. This pandemic has demolished that myth.

Last year’s migration tragedy and the economic slowdown have highlighted the need for a similar of MGNREGA livelihood safety net in urban India.

During the lockdown last year, we saw migrant labour moving in large numbers from the urban to rural areas, which is symptomatic of the rural-urban livelihood security divide. This divide needs to be bridged if the livelihood loss is to be minimised.

The central and state governments should think about the feasibility of introducing such an Urban livelihood Scheme by discussing it with Economic advisors and other important stakeholders.
8. We need a way to measure true human progress

Introduction:

The **ultimate aim of economic and social policy** is to improve the lives of people, and to enhance their choices and capabilities.

Since measuring human progress facilitates this goal, it has been an abiding interest of all.

Human Development Reports since 1990. **Measurement is a challenging task**, however, fraught with myriad statistical and real-world complexities.

The **first global Human Development Report** in 1990 presented the human development index (HDI) as an alternative to gross domestic product (GDP).

**Reality of Indian Median Income levels:**

We are all familiar with the economic hardship of many Indians, the figures tell us how deep this issue is.

1. Even before the pandemic, the median household income in India was Rs 15,000 per month.
2. That means a family of four at the median income level lived on just Rs 125 per day per person for all their expenditure on food, clothing, housing, healthcare, festivals and more.
3. Half of India lives with less than that. It isn’t a surprise that one health emergency can crush an entire family economically even at the median income level and this happens to fellow citizens in our country every day.
4. The **bottom 25 percent of households** (about 300 million people in India) lived on an income of less than Rs 8,500 per month or Rs 70 per day per person.
5. For the **bottom 10 percent** these numbers are even more gut-wrenching. And these numbers do not account for the economic devastation that the pandemic has caused. This reality is visible, but often not noticed.

6. None of these numbers capture stark inequities and injustices across gender, caste, regions, and more.

**Beyond GDP: Are there better ways to measure well-being?**

1. The creation of the HDI emerged from the tension between **two approaches**:
   a. One, seeking to develop a statistically pure, scientifically perfect measure, and
   b. The other, looking for a **less pure, but effective measure**, especially relevant to advocacy and policy-making.

2. HDI became a **measure of human progress** more related to the lives of people. As eloquently expressed by Robert Kennedy, GDP “measures everything ... except what makes life worthwhile.

3. The HDI has been a **useful tool of analysis** for governments, the media and civil society, who employ it to evaluate and contrast human development achievements across nations, regions and groups, and over time.

4. There has been variety and diversity of different views of the world of the **tremendous potential and success technology** has brought to our lives and the **tremendous deprivation and inequity** that still exists all around us.

In an economy with well-being at its heart, economic growth will simply be another tool and GDP will cease to take the center stage.

The focus would instead shift towards **more desirable and actual determinants of welfare**.

Today, India must commit to itself that the HDP growth rate become higher than the GDP growth rate.

**Therefore, Experts propose that HDP consist of five parameters:**

1. First, the **female labour force participation rate**. Depending on what definition you look at, currently this number is 11 per cent or 22 per cent. It is shockingly low.
   a. The **empowerment of women** through their **economic independence** is **central to human development**.
2. Second, **gender income parity**: A comparison of both, the median and the 75th percentile, of wages of men and women.
   
   a. There is no point in more women participating in the labour force if we continue to give them **insecure and lower-paying jobs than men**.

3. Third, **stunting**. Stunting amongst children is about 35 per cent.
   
   a. This number reflects many things directly, for instance, the state of our public health, the nutritional status of our people, and environmental conditions.

4. Fourth, **water quality and availability**.
   
   a. This is more difficult to measure, but tracking a few important indicators can suggest the national trends.
   
   b. So, there are suggestions that we measure the **quality and flow** of 10 key rivers at **specified geographical points and periodicity**, as well as **measure groundwater levels** and quality in some of the most stressed areas. All this could give us an **aggregate water health index**.

5. Fifth, **the quality of polity**. For this, we can measure the percentage of members of all our legislatures, state legislatures and Parliament against whom criminal cases are pending or have convictions.

The center of **Amartya Sen's vision** is **'capability approach'**, where the basic concern of human development is 'our capability to lead the kind of lives we have reason to value', rather than the usual concentration on rising GDP, technical progress, or industrialization.

**Raising human capability** is good because it improves: the choices, wellbeing, and freedom of people; their role in influencing social change; and their role in influencing economic production.

A full picture of human development may require going beyond the dimensions of the HDI and the new family of indices.

**Conclusion:**

“At present, we are stealing the future, selling it in the present, and calling it GDP.” — Paul Hawken.

The current approach provides information on three different but **interrelated aspects of human development**: the average condition of people; levels of inequality; and levels of absolute deprivation.

Achievements may need to be qualified by unsustainable production and consumption patterns, and the disempowerment of large groups of people around the world, among other factors.
The frontier for measuring human progress has expanded through the introduction of subjective measures of well-being.

The main challenge now is to improve their measurement (including their representativeness and data quality) and to understand the linkages with objective measures.

Subjective well-being indicators could be viewed as complementary measures to monitor ‘social cohesion and atmosphere’, formed by people’s emotional responses, and sense of satisfaction in general and across different domains of life.

9. Assam, Mizoram agree to ease border tension

Context:

An exchange of fire between the police forces of both the States on July 26 left six Assam policemen and a civilian dead and 60 others, including Cachar district’s Superintendent of Police injured.

Assam claimed the firing was one-sided and unprovoked while Mizoram said they had retaliated to the aggression by the Assam police.

Now, the Chief Ministers of Assam and Mizoram have sought to ease tension along their troubled inter-State border after a telephonic discussion with Union Home Ministry.

Assam-Mizoram: What is the demarcated boundary?

1. Mizoram borders Assam’s Barak Valley, and both border Bangladesh.
2. The boundary between the two states, which runs 165 km today, has a history dating back to the time when Mizoram was a district of Assam and known as Lushai Hills.

3. Boundary demarcations in 1875 and 1933, particularly the second one, are at the heart of the dispute.

4. The **1875 demarcation**, notified on August 20 that year, derived from the Bengal Eastern Frontier Regulation (BEFR) Act, 1873.

5. It differentiated Lushai Hills from the plains of Cachar in Assam’s Barak Valley.

6. This was done in consultation with Mizo chiefs, and it became the basis for the **Inner Line Reserve Forest demarcation** in the Gazette two years later.

7. The **1933 demarcation** marks a boundary between Lushai Hills and Manipur, beginning at the **tri-junction of Lushai Hills, Cachar district and Manipur**.

8. The Mizos do not accept this demarcation on the ground that their chiefs were not consulted this time.

**Situations that led to the two differing notifications:**

1. **British tea plantations** surfaced in the **Cachar plains** during the mid-19th century. It covers the **Barak Valley** - now comprises the districts of Cachar, Hailakandi and Karimganj.

2. Their expansion led to problems with the Mizos whose home was the **Lushai Hills**.

3. In **August 1875**, the southern boundary of Cachar district was issued in the Assam Gazette.

4. The Mizos say this was the fifth time the British had drawn the boundary between the Lushai Hills and the Cachar plains.

5. But this was the only time when it was done in consultation with Mizo chiefs.

6. This demarcation also became the basis for the Inner Line Reserve Forest demarcation in the Gazette two years later.

7. But in **1933**, the boundary between **Lushai Hills** and the then princely state of Manipur was demarcated.

8. This notification said the Manipur boundary began from the trijunction of Lushai Hills, Cachar district of Assam and Manipur state.

9. The Mizos do not accept this demarcation, and **point to the 1875 boundary** which was drawn in consultation with their chiefs.
When did the dispute become so bitter?

1. The dispute has been simmering since Mizoram became a Union Territory in 1972 and then a state in the 1980s.

2. The two states signed an agreement that status quo should be maintained at no-man’s land set up in the boundaries.

3. While alleged transgressions have often happened over the decades, skirmishes have happened very frequently in recent months.

4. While Assam sees its claimed boundary as transgressed, Mizoram cites unilateral moves by Assam inside Mizoram territory.

5. Mizoram claims that both Assam and Mizoram authorities have undertaken construction work at Buarchep village of Mizoram, and that the Home Ministry is aware of all these issues.

6. In recent months, several huts and small shops have been torched, and violent clashes have taken place on issues as petty as claims over betel nut cultivation, with plantations belonging to two residents of Mizoram allegedly set ablaze.

7. There have been clashes between villagers of Lailapur and Vairengte, and between residents of Karimganj (Assam) and Mamiut (Mizoram).

8. There are many issues when people of a state feel that their land and resources are being used by the migrants from other states.

9. This happens when there are not enough resources in the state which makes the job seekers move to other places.

10. The most long-standing issue is the issue of water resources among the people of India. Due to increased demand for water people migrate and create ruckus.

Border disputes can only be resolved through discussion:

1. There is no sure-shot and quick solution possible to the border disputes between various states without a spirit of give and take, and a civic engagement brokered by the Union government.

2. After discussions by Home Ministry with both state governments, Mizoram has said it wants “that the inter-state border issue with Assam be resolved in an atmosphere of peace and understanding”.

3. It has also called upon Assam to create “congenial environment” for peaceful resolution of the dispute.
4. Further, a **time-bound court-monitored commission** involving local communities in joint demarcation exercises should be announced.

5. Assam Chief Minister and Mizoram Chief Minister tagged each other in their tweets while calling for peace. The previous day, they had sparred publicly on Twitter.

**Clear dialogue between both sides**, aided by the Union government, is needed to resolve the issue. The border demarcation in place must be reinforced to remove any confusion.

**Conclusion:**

In regard to border disputes, states should be **sensitive to and accommodative** of each other’s interests so that the entire region can prosper.

The **various boundary issues** can be settled in case the satellite mapping of actual borders is done in the country. The **interstate council must be revived** so as to provide better options for dispute settlements.

Also, **Zonal Councils** can be revived to inquire and advice on disputes in such matters.

The Constitution’s mechanisms for **addressing inter-state disputes** should be duly used. This includes activating an **Inter-State Council (Article 263)** or asking the **Supreme Court to adjudicate (Article 131).**

**10. Law and lawmakers: On criminal acts and legislative privilege**
Context:

The Supreme Court has rejected Kerala government’s plea to withdraw criminal cases against its MLAs who were charged in the assembly.

Legislative privileges available to the members of a House cannot extend to immunity from application of criminal law, the Supreme Court said by dismissing Kerala government’s challenging the order of the state High Court upholding a trial court decision to reject the request to withdraw the prosecution of six Left Democratic Front (LDF) MLA’s under IPC and Prevention of Damage to Public Property Act 1984 for alleged acts of vandalism inside the Assembly during budget presentation in March 2015.

The Supreme Court held that legislators who indulge in vandalism and general mayhem cannot claim parliamentary privilege and immunity from criminal prosecution against leaders who destroyed public property and disrupted a Budget speech (on the State Assembly floor in 2015 Kerala government).

About Privileges and Legal immunity:

1. Feature of parliamentary privileges in the Indian Constitution is borrowed from the British Constitution.
2. The British Constitution is a source of other borrowed features like parliamentary government, the rule of law, legislative procedure, single citizenship, cabinet system, prerogative writs, and bicameralism.
3. Legislative privileges are defined as special powers given to the legislators so as to enable them to carry out their role of framing laws in an unbridled manner and also, they are able to express their views inside the parliament without any fear of legal proceedings against them.
4. Legislative privileges draw its origin from British parliament and is a convention that is being followed as "corner stone of British parliament" them.
5. It was inserted as part of constituent assembly as temporary in character but it has prevailed since then and forms part of 105 and 194 Articles of Constitution.
6. Rule No 222 in Chapter 20 of the Lok Sabha Rule Book and correspondingly Rule 187 in Chapter 16 of the Rajya Sabha rulebook governs privilege.
7. Since Independence we have witnessed many instances of arbitrary usage of such powers, shadowing the fundamental rights of the citizens.
Benefits of a parliamentary privilege:

1. The exemptions, rights or immunities provided to the members of each house of the parliament and the parliament committees secure the **independence and effectiveness** of the actions taken by them.

2. The parliamentary privileges help **maintain the dignity, authority and honour** of the members of parliament.

3. The parliamentary privileges help secure the members of the houses from any obstruction in their discharge of actions.

**Collective privileges: That belong to both houses are:**

1. Right to publish records, reports, debates and prohibit others from doing the same. However, by 44th amendment others can publish true reports of proceeding except secret sittings without permission of house.

2. Right to have secret sittings

3. Right to informed of the arrest and release of members

4. Right to punish for its contempt or breach of privilege

5. No court can inquire into proceedings of house or any committees. No legal process [civil / criminal] can be served without informing presiding officer.

**Individual privileges: Enjoyed by every member:**

1. They cannot be arrested during sessions of the parliament. 40 days before beginning and 40 days after end of each session. This extends to civil cases not criminal cases or preventive detention.

2. They have freedom of speech in parliament. No member can be held liable for anything said or vote given in parliament in any court.

3. Can refuse to give evidence or bear witness during parliament sessions.

**Breach of privilege** is an act by which any person or authority attacks the rights, immunity's or privileges of individual or house.

**Contempt of house** is an act of omission which may or may not breach any specific privilege but lower dignity and authority of the house. Thus, it has a wider implication.
SC: Criminal acts by Law makers: Legal immunity cannot be extended:

1. The Supreme Court ruling that legislative privilege cannot be extended to provide legal immunity to criminal acts committed by lawmakers ought to be welcomed for two reasons.
   a. It lays down that legislator charged with unruly behaviour that results in offences under penal laws cannot be protected either by their privilege or their free speech rights.
   b. Second, the decision revivifies the law relating to a prosecutor’s role in withdrawing an ongoing criminal case.

2. Vandalism on the Assembly floor could not be equated with the right to protest by Opposition legislators.

3. Destruction of public property could not be equated with the exercise of freedom of speech.

4. It was definitely not for them to “betray the trust of the people” who elected them as law makers by engaging in wanton destruction of public property in the Assembly and then claim privilege and immunity from the very process of law.

5. Parliamentary privileges and immunities are not gateways for legislators to claim exception from the law of the land, especially criminal law.

Conclusion:

Legislative privilege and parliamentary free speech are necessary elements of a lawmaker’s freedom to function, but it is difficult to disagree with the Court’s conclusion that an alleged act of destroying public property within the House cannot be considered “essential” for their legislative functions.

Its high time that the privileges be “defined and delimited” and judiciary steps in to protect its citizen, the fights between India’s legislatures and her fundamental rights.

To maintain healthy democracy in a large country like India it is important that all pillars of democracy should perform their responsibilities independent & unbiased manner.

Codification of privileges mentioned in Article 105 and Article 194 is need of the hour to avoid above mentioned problems in future.
11. Why is retrospective tax being scrapped?

**Context:**

Finance Minister introduced the **Taxation Laws (Amendment) Bill** in the Lok Sabha to **nullify the tax clause provision** that allows the government to levy taxes **retrospectively**.

The bill seeks to **withdraw tax demands** made using a **2012 retrospective legislation** to tax the indirect transfer of Indian assets.

The government has been **fighting legal cases** against Vodafone and Cairn Energy on taxes it has **claimed retrospectively on transactions** these entities entered into relating to operations in the country.

Both the U.K.-based companies have **won international arbitration rulings** that held the Indian government in **breach of bilateral investment protection agreements** with the Netherlands and the U.K. respectively.

**What are the proposed changes in the Taxation Laws (Amendment) Bill?**

1. The Bill says that it is argued that such **retrospective amendments militate against the principle of tax certainty** and damage India’s reputation as an attractive destination.
2. The country today stands at a juncture when **quick recovery of the economy** after the COVID-19 pandemic is the need of the hour and foreign investment has an important role to play.
3. The Bill proposes to do **away with retrospective taxation** on the sale of assets in India by foreign entities executed **before May 2012**, with a caveat, the companies that will benefit from the amendment must withdraw all legal cases against the government and forfeit interest, costs and any damages.
4. The government, on its part, is willing to refund any tax dues it may have collected or seized.
Meaning of Retrospective Taxation:

*Retrospective Taxation* allows a country to pass a rule on taxing certain products, items or services and deals and charge companies from a time behind the date on which the law is passed.

Countries use this route to correct any anomalies in their *taxation policies* that have, in the past, allowed companies to take advantage of such loopholes.

Apart from India, many countries including the USA, the UK, the Netherlands, Canada, Belgium, Australia and Italy have retrospectively taxed companies.

Background: What is the genesis of the retrospective tax imbroglio?

1. In May 2007, Vodafone bought Hong Kong-based Hutchison’s controlling stake in Hutchison Essar for $10.9 billion.

2. The **transaction took place** in the **Cayman Islands** where Hutchison’s unit which in turn was acquired by Vodafone’s Netherlands-based Vodafone International Holdings.

3. That September, India’s Income Tax Department served a notice on Vodafone for **failing to deduct tax at source** from the amount it paid to Hutchison in lieu of the **capital gains tax** it contended the seller Hutchison was liable for. The case went to court.

4. In January 2012, India’s Supreme Court backed Vodafone, ruling that indirect transfer of shares to a non-Indian company would not attract tax in India.

5. Separately, in 2006-07, Cairn Energy U.K. had reorganised its Indian oil and gas exploration business ahead of a planned IPO in India and subsequently sold part of its stake in Cairn India Ltd., first to Malaysia’s Petronas, and then the Vedanta Group during the 2009-11 period.

6. In the **Union Budget of 2012**, the then Finance Minister, introduced an **amendment to the Finance Act**, which allowed the government to **retrospectively tax such transactions**.

7. In 2014, the Income Tax Department froze Cairn’s remaining shares in Cairn India. The next year, Cairn initiated international arbitration against the government under the **India-U.K. bilateral investment treaty**.

Why did the government decide to rescind the provision?

1. Though the government had raised tax demands in 17 such cases, Vodafone and Cairn attracted the most attention.

2. Both initiated **international arbitration under bilateral agreements**.
3. Vodafone got a favourable ruling in September 2020 at the Permanent Court of Arbitration at The Hague in the ₹22,000-crore case.

4. In December, an Arbitral Tribunal ruled in favour of Cairn, awarding it $1.2 billion plus interest and costs in damages, which came to $1.7 billion in total.

5. Government insisted that, by introducing this bill would help in establishing an investment-friendly business environment, which can increase economic activity and help raise more revenue over time for the government.

6. This could help restore India’s reputation and improve ease of doing business.

How are global investors likely to react?

1. Even after the Bill becomes law, entities such as Cairn Energy must convince its shareholders and accept the caveats.

2. Prospective investors, however, may take heart from the fact that the government has shown the intent not to claim tax retrospectively and demonstrated a willingness to undo a measure that was seen as hurting the inflow of foreign investment.

3. US-India Strategic and Partnership Forum (USISPF), applauded the Indian move to withdraw the retrospective law relating to tax on indirect transfers.

4. India needs to craft meaningful and clear dispute resolution mechanisms in cross-border transactions to prevent the disputes from going to international courts, and save the cost and time expenditure.

Conclusion:

Government argued that Taxation Laws (Amendment) Bill introduced will only encourage more international investments into India and is a welcome relief for companies who have long invested in the country.

The government has informed Parliament that at least 17 companies will benefit from the move including Cairn Energy Plc and telecom giant Vodafone.

Some experts welcomed the move as it will end the spectre of policy uncertainty for potential investors who have seen the Vodafone and Cairn cases unfold over the past decade.

The amendments may put an end to arbitration cases from the past “which have created great embarrassment for India in international circles”, while most observers lamented that the issue had been allowed to linger for far too long.
This could help **restore India’s reputation as a fair and predictable regime** apart from helping put an end to unnecessary, prolonged and expensive litigation.

### 12. An opportunity for India to pitch for holistic maritime security

#### Context:

In an innovative departure from normal practice, Prime Minister Narendra Modi will preside (in virtual mode) over an open debate at the **global high-table**, namely the **UN Security Council**, on August 9 when India holds the President’s chair for one month.

This will mark a **diplomatic first for an Indian PM**: This role has been performed in the past by a minister or a senior diplomat.

Recently, Defence Minister has flagged **India’s concerns on Maritime Security**.

In **ADMM-Plus**, Defence Minister called for **rule-based order in Indo-Pacific** and raised the issue of freedom of navigation in SCS. India also sought adherence to international rules and laws.

### Global maritime security and India’s role:

1. India’s location in the Indian Ocean has placed it at the **nerve centre of trade and cultural cross-pollination** in this region throughout history.
2. **Historical evidence** exists of Indian linkages with Cambodia, Indonesia, Malaysia and Mauritius with manifestations of Indian culture clearly seen in their temples and legends.

3. **Nurturing of these linkages** is important for **preservation of India’s interests in the region**.

4. The subject to be deliberated upon by the UNSC members is “Enhancing maritime security: A case for international cooperation” under the larger umbrella of the **“Maintenance of international peace and security”**.

5. This would be an extension of Modi’s **advocacy of SAGAR (security and growth for all in the region)** that he had unveiled in 2015 in relation to the **Indian Ocean region (IOR)**.

6. Currently, **global maritime security** is roiled and the most recent incident that has caused considerable unease about the safety of merchant shipping is the suspected drone attack (July 29) on an Israeli-controlled tanker in the north Arabian Sea off Oman that killed two crew members.

7. Piracy and non-traditional challenges at sea such as gun-running and smuggling are old chestnuts.

**India’s Maritime Interests:**

India has a **huge coastline of about 7517 km** and **more than 1200 islands**. Many of these islands are quite distant with the farthest of the A&N islands about 1600 km from the nearest mainland.

India has **invested in a variety of sectors** like infrastructure, industry, energy, and services in a number of counties in the immediate maritime neighbourhood and beyond.

India has made significant strides towards harnessing deep sea resources with the International Seabed Authority according it pioneer status and an allocation of 75000 sq.km of seabed in the Central Indian Ocean.

1. India’s territorial sea has an expanse of 193,834 sqkm while the **Exclusive Economic Zone (EEZ)** covers 2.02 million sqkm.

2. The living and non-living resources in this zone, which measure **about two-third of the landmass of the country**, are exclusive to India, as also the trade and transport facilities that navigate through this area.

3. This expanse is also home to **51 percent of India’s proven oil reserves** and **66 percent of natural gas reserves**.

**Sea Lines of Communication (SLOCs):**
1. The importance of the Sea Lines can be gauged from the fact that the oceans supported about four fifths of the total world merchandise trade.

2. Over the last decade, India’s seaborne trade has grown at twice the global growth rate of 3.3 percent while cargo traffic at Indian ports has doubled to 1 billion tonnes per annum over the last decade and is expected to reach 1.7 billion tonnes per annum by 2022.

3. This amounts to a total of 95 percent of India’s trade volume.

4. In order to secure Sea Lanes of Communication, enhancing interoperability at sea, intelligence-sharing and maintaining freedom of navigation, India should work together with like-minded nations.

Maritime Economy:

1. The Indian economy is hugely dependent on energy imports to the extent of 81 percent of the total domestic oil consumption in 2015-16.

2. Nearly 95 percent of India’s international trade by volume and over 70 percent by value is carried over the seas.

3. India is also the world’s fourth largest producer of fish, most of which comes from the sea.

4. This maritime economy is supported by an extensive network of 13 major and about 200 minor ports all along the coast.

Developing Blue-water Naval Capabilities:

Given India’s stakes in Indian ocean, it is very significant for India to develop blue-water naval capabilities.

Apart from developing indigenous naval capacity, there is a need to push for development of three aircraft carrier groups, one for each Command, and set to operate in western, southern, and eastern quadrants of the Indian Ocean.

On the ‘Act East Policy’, key elements of the policy aim to promote economic cooperation, cultural ties and develop strategic relationships with countries in the Indo-Pacific region through continuous engagement at bilateral, regional and multilateral levels.

Way Ahead:

Over the decades, India highlighted the nuclear issue to the global high-table: Delhi brought nuclear disarmament into the global discourse, even though it demonstrated its own nuclear weapon capability in 1998.
In a similar manner, the Modi legacy to the global policy basket could be advocacy for **sustained focus on the maritime domain** and the correlation with globalisation, the blue economy, the health of the ocean and the **overall impact on human security**.

**Security and equitable growth for all** by husbanding the global ocean for future generations is a laudable goal and encouraging the UNSC to prioritise this issue is a worthy cause.

Extension of the **Malabar exercise** to the QUAD members and willing nations of Asia-Pacific.

**Conclusion:**

Thus, **maritime security** has many strands and PM Modi would be well advised to look at the big picture while encouraging the global high table to **review the maritime domain holistically**.

Clearly, **nettlesome strategic and security issues** such as the South China Sea and FON would find little consensus in the UNSC where China is a permanent member and would stall any meaningful debate.

What may find support for a useful debate at the UNSC would be those areas that could be brought under the **rubric of the “global good”**.

For instance, the welfare of seafarers who are the sinews of the global merchant marine, which is the foundation of global trade, has received scant attention in this Covid-scarred period and the **IMO (International Maritime Organisation)** has been unable to effectively address such issues.

**13. The script of the new endgame in Afghanistan**
The rapidity with which Afghanistan has unravelled has **shocked and surprised everyone.**

The **fall of Kabul**, and the ignominious end of any resistance to the Taliban within six weeks of the U.S. forces vacating the Bagram airbase (near Kabul) on July 2, reveals how brittle the vaunted Afghan Security Forces were.

The departure of Afghanistan President Ashraf Ghani and almost the entire top political leadership of Afghanistan to safer havens, removes the last vestige of hope that the Taliban can be checked.

**Old threats may resurface:**

1. Some political commentators seem to believe that after the initial success of the Taliban and the collapse of the Afghan state, the **natural political dynamics** of the region would assert itself.

2. After two decades of active involvement in the affairs of Afghanistan, and **spending over a trillion dollars** in the process to **defeat terrorism** and the al Qaeda, the U.S. has left Afghanistan in a **worse situation than when it entered.**

3. It is not possible to discern any reduction in terrorism or the demise of any of the better known terror groups, such as the al Qaeda and the Islamic State (IS), or for that matter, of lesser known terror outfits.

4. As a matter of fact, there has been a **resurgence in al Qaeda activities** recently. The IS, after some earlier setbacks, is again regrouping and currently **poses a real threat to areas abutting**, and including, Afghanistan.

5. **Radicalised Islamist terror** and the **forces of ‘doctrinaire theocracy’** have, if anything, thus become stronger. The collapse of the Afghan state will ignite many old threats.

6. Compared to the situation when the U.S. left Vietnam in 1975, which was also seen by many as a kind of ‘retreat’, the Afghan ‘misadventure’ has been a disaster.

7. Under the leadership of the Communist Party, Vietnam was able to emerge as a vibrant nation with a thriving economy.

8. Under the Taliban regime, Afghanistan cannot hope for any such outcome. It would remain the **‘sick man of Asia’ for generations to come**, a standing folly to perils of outside intervention in the affairs of another nation.
### India 'very carefully' following developments in Afghanistan:

1. With the Taliban now in control in Kabul, External Affairs Minister said that New Delhi is "very carefully" following the developments in Afghanistan and India's focus is on **ensuring the security and safe return of Indian nationals still in the war-torn country**.

2. External Affairs Ministry, while addressing reporters at the UN Security Council stakeout after chairing an open-debate on **peacekeeping under India’s current UNSC Presidency**, said, "that (situation in Afghanistan) is really what has been very much the focus of own engagements here.

3. At the moment we are, like everybody else, very carefully following developments in Afghanistan.

4. India’s focus is on ensuring the security in Afghanistan and the safe return of Indian nationals who are there.

### What the Taliban Takeover means for India?

1. The Taliban takeover of Afghanistan has significant ramifications for **South Asia**, beginning with the rush of refugees Pakistan may soon see at its western borders.

2. But few countries in the region have as much at stake in Afghanistan’s future as India, its fifth-largest aid donor and one of the most effective.

3. India now finds many of its **critical investments in human and physical infrastructure** in Afghanistan in jeopardy as the Taliban take control.

4. Worse still, the crisis following the U.S. withdrawal leaves India’s foreign-policy and security interests at considerable risk on two fronts.

5. A new Taliban government will likely foster safe havens for anti-Indian terrorist organizations and other groups that could sow chaos in Indian-administered Kashmir.

6. Meanwhile, China’s willingness to work with the Taliban could expand its footprint in the region.

7. In the last two decades, India had become one of Afghanistan’s most significant donors, providing scholarships to Afghan students, offering food assistance, and helping restore the country’s war-ravaged power grid.

8. But based on its past experience with a Taliban government, India’s security establishment now faces serious fears about its interests in the country.

9. Despite the Taliban’s public assurances, Afghanistan could once again emerge as a **regional terrorist haven**.
10. When they previously held power, the Taliban gave free rein to a host of anti-Indian terrorist organizations within Afghanistan, most notably Jaish-e-Mohammed (JeM) and Lashkar-e-Taiba.

11. Safe havens allowed these organizations to regroup, train, and then wreak havoc in Indian-administered Kashmir, the site of a long-running insurgency.

**India’s regional connectivity interests:**

1. Afghanistan will continue to be important for regional connectivity. But now the focus may change towards China’s Belt and Road Initiative (BRI) and the Gwadar port in Pakistan.

2. Even under the Ghani government, Afghanistan has been keen on connecting itself to the BRI either directly or through the China-Pakistan Economic Corridor (CPEC). As Central Asians are already part of the BRI, they may find these developments useful.

3. One of the declared core Indian interests in Afghanistan has been its importance for regional connectivity.

4. The whole idea of the US New Silk Road Strategy was to link Central Asia and South Asia (especially India) via Afghanistan through trade, transit and energy routes.

5. From the Indian side, investments at the Chabahar port in Iran and the Zaranj-Delaram Road in Afghanistan were part of this strategy.

6. The USA administration had recently agreed to set up a new quadrilateral diplomatic platform focused on enhancing regional connectivity involving the US, Afghanistan, Pakistan and Uzbekistan.

7. In changed circumstances, the Chinese may replace the US as leaders in regional connectivity platforms involving Afghanistan.

8. To counter China’s rise, India may aspire to work with the US in the Indo-Pacific, but it will have a tough time finding convergences with the China-Pakistan-Taliban nexus in South-Central Asia.

9. The Taliban government, even under Pakistani influence, will need broader recognition and economic opportunities arising from Indian linkages.

**Conclusion:**

Like a ‘house of cards’, Afghanistan has fallen apart the moment foreign forces vacated the country.

If the 21st century was expected to become the century of progress, the situation in Afghanistan represents a severe setback to all such hopes and expectations.
The aftershock of the takeover of Afghanistan by the Taliban can be expected to continue for long.

Since India has not been in a position to influence the outcome in Afghanistan, it is time for India to carefully monitor the evolving situation and wait for the opportunity for new engagements.

For India, the virtual retreat of the U.S. from this part of Asia; the growing China-Russia-Pakistan nexus across the region; and an Iran under a hardliner like Ebrahim Raisi, all work to its disadvantage.

A great deal of hard thinking is needed as to how to retrieve a situation that for the present seems heavily tilted against India.
1. Asset monetisation — execution is the key

Context:
The government has announced an ambitious programme of asset monetisation. It hopes to earn ₹6 trillion in revenues over a four-year period. At a time when the government’s finances are in bad shape, that is money the government can certainly use. Getting asset monetisation right is quite a challenge, though.

Creation of National Monetisation Pipeline (NMP) is Government of India’s pioneering initiative to establish a medium-term pipeline along with a roadmap for “monetisation ready” assets. Developed in the backdrop of the unprecedented Covid-induced economic and fiscal shocks, NMP lists out assets and asset classes, under various infrastructure ministries, which will be monetised over a period of time.

Meaning of Asset Monetisation:

1. In asset monetisation, the government parts with its assets — such as roads, coal mines — for a specified period of time in exchange for a lump sum payment.

2. At the end of the period, the assets return to the government. Unlike in privatisation, no sale of government assets is involved.
3. By monetising assets it has already built, the government can **earn revenues to build more infrastructure.**

4. Asset monetisation will happen mainly in **three sectors**: roads, railways and power.

5. Other assets to be monetised include: airports, ports, telecom, stadiums and power transmission.

**About National Monetisation Pipeline (NMP):**

1. It is an ambitious 4 year period ₹6 lakh-crore National Monetisation Pipeline (NMP) that included **unlocking value in brownfield projects** by involving private firms across infrastructure sectors from passenger trains and railway stations to airports.

2. As per the plan, **private firms** can invest in projects for a **fixed return** using the **Infrastructure Investment Trusts (InvIT) route** as well as operate and develop the assets for a certain period before **transferring them back to the government agency.**

3. **Union Budget 2021-22** has identified monetisation of operating public infrastructure assets as a key means for sustainable infrastructure financing.

4. **Land will not be monetised under National Monetisation Plan** only **brownfield assets to be monetised.**

5. The government has stressed that these are brownfield assets, which have been “de-risked” from execution risks, and therefore should encourage private investment.

6. The funds will then be used to **build new infrastructure assets**, helping boost economic growth in the country.

7. The **top five sectors** by value under the government’s asset monetization programme are roads (27%), railways (25%), power (15%), oil and gas pipelines (8%) and telecom (6%).

8. The plan is in line with **Prime Minister’s strategic divestment policy**, under which the government will retain presence in only a few identified areas with the rest tapping the private sector.

**First, under-utilised assets:**

Two important statements have been made about the asset monetisation programme.

One, the **focus will be on under-utilised assets.**

Two, monetisation will happen through **public-private partnerships (PPP) and Investment Trusts.**
1. Let us examine each of these in turn. Suppose a port or airport or stadium or even an empty piece of land is not being used adequately because it has not been properly developed or marketed well enough.

2. A private party may judge that it can put the assets to better use. It will pay the government a price equal to the present value of cash flows at the current level of utilisation.

3. By making the necessary investment, the private player can reap the benefits of a higher level of cash flows.

4. The difference in cash flows under government and those under private management is a measure of the improvement in efficiency of the assets. This is a win-win situation for the government and the private player.

5. The government gets a ‘fair’ value for its assets. The private player gets its return on investment. The economy benefits from an increase in efficiency. Monetising under-utilised assets thus has much to commend it.

Choice between well-utilised and under-utilised assets:

1. Matters could be very different in monetisation of an asset that is being properly utilised, say, a highway that has good traffic.

2. In this case, the private player has little incentive to invest and improve efficiency. It simply needs to operate the assets as they are.

3. The private player may value the cash flows assuming a normal rate of growth of traffic. It will pay the government a price that is the present value of cash flows minus its own return.

4. The government earns badly needed revenues but these could be less than what it might earn if it continued to operate the assets itself. There is no improvement in efficiency.
   a. Suppose the private player does plan to improve efficiency in a well-utilised asset by making the necessary investment and reducing operating costs.

5. The reduction in operating costs need not translate into a higher price for the asset than under government ownership.

6. The cost of capital for a private player is higher than for a public authority. A public authority needs less equity capital and can access debt more cheaply than a private player.

7. The higher cost of capital for the private player could offset the benefit of any reduction in operating costs.

8. As we have seen, the benefits to the economy are likely to be greater where under-utilised assets are monetised.
9. However, **private players will prefer well-utilised assets** to assets that are under-utilised.

   a. That is because, in the former, cash flows and returns are more certain. Private incentives in asset monetisation may not accord with the public interest.

10. The life of the asset, when it is returned to the government, may not be long. In that event, asset monetisation virtually amounts to sale. **Monetisation through the PPP route is thus fraught with problems.**

**What are the challenges?**

Among the **key challenges** that may affect the NMP roadmap are:

1. **Lack of identifiable revenues streams in various assets,**
2. **Level of capacity utilisation in gas and petroleum pipeline networks,**
3. **Dispute resolution mechanism,**
4. **Regulated tariffs in power sector assets,** and
5. **Low interest among investors in national highways below four lanes.**

While the government has tried to address these challenges in the NMP framework, execution of the plan remains key to its success.

**Structuring of monetisation transactions** is being seen as key.

The **slow pace of privatisation** in government companies including Air India and BPCL, and less-than-encouraging bids in the recently launched PPP initiative in trains, indicate that attracting private investors interest is not that easy.

Monetisation potential of toll road assets, though being a market-tested asset class with established monetisation models, is limited by the percentage of stretches having four lane and above configuration.

The total length of national highway (NH) stretches with four-lane and above is estimated to be **about 23% of the total NH network.**

The government has tried to address this with a plan to monetise assets that are four-lane and above.

The MNP framework notes that **other key impediments** to the monetisation process are **asset-specific challenges** such as presence of an identifiable revenue stream.

This is specifically relevant to the railway sector, which has seen **limited PPP success as a mode of project delivery.**
Konkan Railway, for instance, has multiple stakeholders, including state governments, which own stake in the entity.

Creating an effective monetisation transaction structure could be a bit challenging in this case.

Infrastructure Investment Trusts (InvIT): Another way of going about it:

1. The other form of monetisation the government has indicated is creating Infrastructure Investment Trusts (InvIT) to which monetisable assets will be transferred.
2. InvITs are mutual fund-like vehicles in which investors can subscribe to units that give dividends. The sponsor of the Trust is required to hold a minimum prescribed proportion of the total units issued.
3. InvITs offer a portfolio of assets, so investors get the benefit of diversification.
4. Assets can be transferred at the construction stage or after they have started earning revenues.
5. In the InvIT route to monetisation, the public authority continues to own the rights to a significant portion of the cash flows and to operate the assets.
6. So, the issues that arise with transfer of assets to a private party — such as incorrect valuation or an increase in price to the consumer — are less of a problem.

The pathway for proper execution is the key:
First, a public authority has inherent advantages on the funding side. In general, the economy is best served when public authorities develop infrastructure and monetise these.

Second, monetisation through InvITs is likely to prove less of a problem than the PPP route.

Third, we are better off monetising under-utilised assets than assets that are well utilised.

Fourth, to ensure proper execution, there is a case for independent monitoring of the process.

Conclusion:
The end objective of this initiative is to enable "infrastructure creation through monetisation" wherein the public and private sector collaborate, each excelling in their core areas of competence, so as to deliver socio-economic growth and quality of life to the country's citizens.
The government can set up an **Asset Monetisation Monitoring Authority** staffed by competent professionals.

The authority must put all aspects of monetisation under the scanner and **valuation**, the impact on price charged to the consumer, monetisation of under-utilised versus well-utilised assets, the experience across different sectors, etc. — and document the lessons learnt.

### 2. e-RUPI: Voucher system ahead of digital currency

**What is e-RUPI?**

A digital voucher developed by the National Payments Corporation of India (NPCI) will be transferred directly to the mobile phone as an SMS string or QR code. e-RUPI users will be able to redeem the vouchers at the merchants accepting UPI e-PayPrepaid Vouchers.

**Where can the e-RUPI be used?**

For now, only for schemes related to the Ministry of Health. Soon, it should be used widely for other DBT schemes of the government. However, the private sector can also use it to sponsor welfare schemes.

**How does it work?**

The beneficiary registered for direct benefit transfer (DBT), registered with the govt using Aadhar, gets an SMS/QR code. Let us say for vaccination purposes. The person can show the SMS/QR code at the vaccination centre. After the scan, the beneficiary gets a code on the same number where he/she received the original SMS or QR that need to be shared with the official at the health centre for redeeming the amount, and the beneficiary can go for the vaccination.

**Is it an alternative to UPI?**

No, but it is derived from UPI and uses NPCI infrastructure to work. For now, e-RUPI is used for DBT schemes in a targeted manner, in order to stop misuse of funds. It is not a standalone payment system but UPI for a specific purpose.

### Context:

Taking the first step towards having a **digital currency in the country**, Prime Minister Narendra Modi launched an **electronic voucher based digital payment system “e-RUPI”**.

The platform, which has been developed by the National Payments Corporation of India (NPCI), Department of Financial Services, Ministry of Health and Family Welfare and the National Health Authority, will be a **person-specific and purpose-specific payments system**.

### Capturing the unbanked and helping underprivileged:

1. With a population of 1.3 billion, India is the world’s second-most populous country and the world’s seventh-largest at 3.288 million sq km.

2. Although the nation has achieved **grain self-sufficiency** from its largest industry, agriculture, production remains resource-intensive, cereal-centric, and regionally biased.
3. Food security is still an issue for the majority of people, and the poverty rate is still high at 30%.

4. This initiative seems like one of the ways the government is trying to digitalize, while at the same time provide opportunities and resources for the underprivileged.

5. According to local reports, government embarked on this to capture the unbanked population, who mostly comprise the underprivileged.

How will e-RUPI work?

e-RUPI is a cashless and contactless digital payments medium, which will be delivered to mobile phones of beneficiaries in form of an SMS-string or a QR code.

This will essentially be like a prepaid gift-voucher that will be redeemable at specific accepting centres without any credit or debit card, a mobile app or internet banking.

e-RUPI will connect the sponsors of the services with the beneficiaries and service providers in a digital manner without any physical interface.

It is important to note, however, that e-RUPI is neither a cryptocurrency nor a central bank digital currency (CBDC). It is also not a digital or e-wallet either, which may admittedly sound strange to some.

Does India have appetite for a digital currency?

According to the RBI, there are at least four reasons why digital currencies are expected to do well in India:

1. One, there is increasing penetration of digital payments in the country that exists alongside sustained interest in cash usage, especially for small value transactions.

2. Two, India’s high currency to GDP ratio, according to the RBI, “holds out another benefit of CBDCs”.

3. Three, the spread of private virtual currencies such as Bitcoin and Ethereum may be yet another reason why CBDCs become important from the point of view of the central bank.

   a. As Christine Lagarde, President of the ECB has mentioned in the BIS Annual Report “central banks have a duty to safeguard people’s trust in our money. Central banks must complement their domestic efforts with close cooperation to guide the exploration of central bank digital currencies to identify reliable principles and encourage innovation.”
4. Four, **central bank digital currency (CBDC)** might also cushion the general public in an environment of volatile private VCs.

**Global examples of a voucher-based welfare system:**

In the US, there is the **system of education vouchers or school vouchers**, which is a certificate of government funding for students selected for state-funded education to create a targeted delivery system.

These are **essentially subsidies** given directly to parents of students for the specific purpose of educating their children.

In addition to the US, the school voucher system has been used in several other countries such as Colombia, Chile, Sweden, Hong Kong, etc.

**How will these vouchers be issued?**

The system has been **built by NPCI on its UPI platform**, and has onboarded banks that will be the issuing entities.

Any corporate or government agency will have to **approach the partner banks**, which are both **private and public-sector lenders**, with the **details of specific persons and the purpose** for which payments have to be made.

The beneficiaries will be identified using their mobile number and a voucher allocated by a bank to the service provider in the name of a given person would only be delivered to that person.

**Significance of e-RUPI and how is it different than a digital currency:**

1. The government is already working on developing a central bank digital currency and the launch of e-RUPI could potentially highlight the **gaps in digital payments infrastructure** that will be necessary for the **success of the future digital currency**.

2. In effect, e-RUPI is still backed by the existing Indian rupee as the underlying asset and specificity of its purpose makes it different to a virtual currency and **puts it closer to a voucher-based payment system**.

3. Also, the ubiquitousness of e-RUPI in the future will depend on the end-use cases.

4. Even the **private sector can leverage** these digital vouchers as part of their employee welfare and corporate social responsibility programs.
Conclusion:

According to government, e-RUPI is easy, safe and secure as it keeps the details of the beneficiaries completely confidential.

The entire transaction process through this voucher is relatively faster and at the same time reliable, as the required amount is already stored in the voucher.

e-RUPI is expected to ensure a leak-proof delivery of welfare services. It can also be used for delivering services under schemes meant for providing drugs and nutritional support under Mother and Child welfare schemes, TB eradication programmes, drugs & diagnostics under schemes like Ayushman Bharat Pradhan Mantri Jan Arogya Yojana, fertiliser subsidies etc.

The government also said that even the private sector can leverage these digital vouchers as part of their employee welfare and corporate social responsibility programmes.

It also guarantees that the service provider is only paid once the transaction has been completed.

3. Pitfalls of RBI continuing to prioritise economic growth over inflation

Context:

Recently, India’s central bank released several key documents that further shed light on the challenges faced by the Indian economy as well as the RBI (as the authority regulating the monetary policy of the country).

Many recall the key dilemma facing the RBI in the recent past has been the sharp trade-off between economic growth and inflation.

That’s because, since November 2019, India’s inflation rate has been persistently high and economic growth rate persistently low.
However, between supporting growth and containing inflation — the two require diametrically opposite policy responses the RBI has repeatedly favoured the former.

This is a choice that pre-dates the Covid-induced disruption.

**Challenges faced by the RBI:**

1. The economic disruption caused by the Covid-19 pandemic has brought growth concerns to the top of Indian monetary policy makers’ priority list, and relegated the inflation goal to a secondary position.

2. In the wake of global anthropological shock Covid-19, a sharp slowdown in economic growth and employment prospects is evident in the Indian economy.

3. In this context, Reserve Bank of India’s role in ensuring economic stability, growth and development through effective monetary policy assumes more importance than ever.

4. RBI’s job involves balancing short-term as well as long-term growth, ensuring economic growth while meeting the inflation targets.

5. However, issues pertaining to the incomplete transmission of monetary policy and inherent weakness of inflation targeting approach, are some of the challenges faced by RBI.

**Easy Money policy today could lead to high interest rates in the economy tomorrow:**

1. Easy money is when the RBI allows cash to build up within the banking system—as this lowers interest rates and makes it easier for banks and lenders to loan money.

2. Easy money is a representation of how the RBI can stimulate the economy using monetary policy.

3. The central bank looks to create easy money when it wants to lower unemployment and boost economic growth, but a major side effect of doing so is inflation.

4. When money is easy (i.e., cheaper) to borrow, it can stimulate spending, investment, and economic growth.

5. If easy money persists for too long, however, it can lead to high inflation.

6. Too much easy money can cause the economy to overheat. It can incentivize over-investment in projects with poor outlooks. Discourages saving since interest rates on deposit accounts are low.
Ill-effects of rising Inflation over a period of time:

Inflation encourages **current consumption** (buy goods and services now before prices rise) and **discourages savings**.

1. People with **savings suffer in times of inflation** as the **purchasing power of their savings decreases** as price levels rise.
2. The real rate of interest (nominal rate less the inflation rate) is reduced in times of inflation.
3. Real interest rates may be negative if inflation rate is greater than the interest rate. If so the purchasing power of savings declines. This **discourages savings**.
4. People who have borrowed money benefit as the real value of loans decreases as price levels rise (loans are easier to repay in the future as prices and income rise over time).

Borrowers benefit as inflation reduces the real value (the purchasing power) of the money they owe.

People who have borrowed money benefit as the **real value of loans decreases as price levels rise** (loans are easier to repay in the future as prices and income rise over time).

1. Inflation, the steady rise of prices for goods and services over a period, has many effects, good and bad.
2. **Inflation erodes purchasing power** or how much of something can be purchased with currency.
3. Because inflation erodes the value of cash, it encourages consumers to spend and stock up on items that are slower to lose value.
4. It lowers the cost of borrowing and reduces unemployment.

**However, recent review by RBI Monetary Policy Committee:**

1. **Inflationary pressures** are being closely and continuously monitored. The MPC is conscious of its **objective of anchoring inflation expectations**.
2. The outlook for aggregate demand is improving, but still weak and overcast by the pandemic. There is a large amount of slack in the economy, with output below its pre-pandemic level.
3. The current assessment is that the inflationary pressures during Q1:2021-22 are largely driven by **adverse supply shocks** which are expected to be transitory.
4. While the Government has taken certain steps to **ease supply constraints**, concerted efforts in this direction are necessary to **restore supply-demand balance**.
5. The nascent and hesitant recovery needs to be **nurtured through fiscal, monetary and sectoral policy levers**.

6. Accordingly, the MPC decided to keep the policy repo rate unchanged at 4 per cent and continue with an **accommodative stance** as long as necessary to revive and **sustain growth on a durable basis** and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

**Conclusion:**

Domestic economic activity is starting to recover with the ebbing of the second wave. Looking ahead, agricultural production and rural demand are expected to remain resilient. **Urban demand** is likely to mend with a lag as manufacturing and non-contact intensive services resume on a stronger pace, and the release of pent-up demand acquires a durable character with an **accelerated pace of vaccination**.

Buoyant exports, the expected pick-up in government expenditure, including **capital expenditure**, and the recent economic package announced by the Government will **provide further impetus to aggregate demand**.

Although investment demand is still anaemic, **improving capacity utilisation** and congenial monetary and financial conditions are preparing the ground for a **long-awaited revival**.

**4. Growth needs steps beyond reforms**
Introduction:

The Indian economy has travelled through an eventful period through the last three decades. In the post-independence economic history of our country, 1991 stands out as a watershed year. This was the year in which the economy was faced with a severe balance of payments crisis. In response, we launched a wide-ranging economic programme, not just to restore the balance of payments but to reform, restructure and modernise the economy.

A near tragedy was averted and a new path was laid out before the country.

The shift, key players:

1. It is important to recognise in what way the new regime was different from the earlier one.
2. The break with the past came in three important ways:
   a. In dismantling the vast network of licences, controls and permits that dominated the economic system;
   b. In redesigning the role of the state and allowing the private sector a larger space to operate within, and
   c. In abandoning the inward-looking foreign trade policy and getting integrated with the world economy and trade.
3. The last was particularly important because it was the opposite of what we normally did when faced with a balance of payments crisis.
4. Dr. Manmohan Singh as Finance Minister spearheaded the new policy and articulated the need for change and provided not only the broad framework but also the details of the reforms.
5. P.V. Narasimha Rao as Prime Minister gave the valuable political support and shield which were very much needed.
6. It must be noted that as Prime Minister, P.V. Narasimha Rao also held the portfolio of Industry which was directly responsible for initiating the changes that led to the dismantling of various types of controls and licences related to the industrial sector. This was indeed a key element of the reform programme.

Foreign reserves:

The balance of payments situation had remained comfortable.
There were three years in which the current account showed a small surplus.

Most of the years showed a small deficit. The exceptions were 2011-12 and 2012-13 when the current account deficit exceeded 4%. This was taken care of quickly.

Foreign exchange reserves showed a substantial increase and touched $621 billion as of last week.

The opening up of the external sector, which included liberal trade policy, market determined exchange rate and a liberal flow of external resources, has greatly strengthened the external sector.

Of course, we still run a high merchandise trade deficit which is offset to a large extent by the surplus in services.

Growth and Reforms must be go hand in hand:

1. Growth requires more than reforms. Reforms are, in the words of economists, only a necessary condition. It is not sufficient.

2. In a developing economy, in the final analysis, growth is driven by investment. It is the decline in investment rate of nearly five percentage points since 2010-11 that has led to the progressive decline of the growth rate.

3. Reforms normally create a natural climate for investment. But ‘animal spirits’ are also influenced by non-economic factors such as social cohesion.

4. Reforms supplemented by a careful nurturing of the investment climate are needed to spur growth again. This should become the sole concern of policy makers.

Priorities looking ahead:

1. The economy is clearly recovering from the contraction induced by the pandemic, but how quickly it will recover is uncertain.

2. Much depends upon whether we are hit by a third wave, and more importantly on how severe it is. The priority now must be to get the vaccination coverage expanded as soon as possible.

3. This will create conditions conducive to a return to normalcy. The government has set an ambitious target of covering the entire adult population by end-December.

4. Achieving this target or getting as close to it as possible will make the best contribution possible for a quick recovery.
5. **Global supply/production chains** not only destroyed the manufacturing base in developed and developing countries; they also resulted in loss of jobs and poor working conditions in these sectors.

6. Developing countries were asked to **ease their labour protection laws** to facilitate global production and supply chains popularly known as **global value chains**.

7. As a result, people were forced to work in precarious working conditions without any social security net.

8. This **created an unorganised army of labourers** and is preventing many developing country governments from effectively offering relief.

9. A virus has made us rethink our obsession with the economic efficiency theory. It implores us to put in place an industrial policy **to maintain core capacity in health products** so that we can face the next crisis more decisively.

**Way Forward: Need for continuity of reforms agenda:**

The reform agenda must continue. It will be incremental in character. It has to be. Policymakers should be clear about the directions in which they should move.

1. First of all, there is a **need to move in the same direction** in which we have been moving in the past three decades.
   a. Policymakers should identify the **sectors which need reforms** in terms of creating a **competitive environment** and improving the **performance efficiency**.
   b. From this angle, we need to take a **relook at the financial system, power sector and governance**. Centre and States must be joint partners in this effort.

2. Second, in terms of government performance, there should be **increased focus on social sectors such as health and education**.
   a. In terms of the provision of services, the emphasis must be not just on quantitative expansion but also **quality**.
   b. To achieve the quality is even more difficult. The advent of COVID-19 has clearly shown our **inadequate health facilities and preparedness**.

**Conclusion:**

Reforms are necessary to improve the **productivity** of the economy and achieve higher growth. But the story does not end there.
We cannot ignore equity considerations. **Growth and equity must go together.** They must not be posed as opposing considerations.

They are **truly interdependent.** It is only in an environment of high growth; equity can be pushed aggressively.

Thus, the **crisis was converted into an opportunity** to bring about fundamental changes in the approach and conduct of economic policy.

The words of Charles Dickens in somewhat reverse order seem appropriate: “It was the worst of times, it was the best of times, it was the winter of despair, it was the spring of hope.”

**5. Code red: On IPCC’s warning on climate points**

![Alarm bells](image)

**Context:**

The IPCC has issued arguably its **strongest warning** yet on **impending catastrophe from unmitigated global warming** caused by human activity, lending scientific credence to the argument that rising wildfires, heatwaves, extreme rainfall and floods witnessed in recent times are all strongly influenced by a changing climate.

The Intergovernmental Panel on Climate Change (IPCC) has released its **Sixth Assessment Report**, titled **“Climate Change 2021: The Physical Science Basis”**.
IPCC reports on Climate Change:

1. The IPCC produces reports that contribute to the work of the UN Framework Convention on Climate Change (UNFCCC), the main international treaty on climate change.

2. IPCC reports cover the scientific, technical and socioeconomic information relevant to understanding the scientific basis of risk of human-induced climate change, its potential impacts and options for adaptation and mitigation.

3. The objective of the UNFCCC is to “stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic (human-induced) interference with the climate system.”

4. The IPCC does not carry out original research, nor does it monitor climate or related phenomena itself.

5. Rather, it assesses published literature, including peer-reviewed and non-peer-reviewed sources. However, the IPCC can be said to stimulate research in climate science.


1. The report states that human activities are causing climate change, and the planet is irrevocably headed towards warming by 1.5 degrees Celsius over pre-industrial times in the next two decades.

2. The report predicts that based on existing commitments by countries to curb their emission, the world is on track for global temperature warming by at least 2.7°C by 2100, calling it ‘Code red for humanity’.

3. The report also mentions that unless extremely deep emission cuts are undertaken by all countries immediately, the 2015 Paris Agreement goals are unlikely to be met.

4. In a stark report on the physical science basis of climate change contributed for a broader Assessment Report of the UN, the IPCC’s Working Group I have called for deep cuts to carbon dioxide emissions and other greenhouse gases and a move to net zero emissions, as the world would otherwise exceed 1.5°C and 2°C of warming during the 21st century with permanent consequences.

Consequences of warming of 21st century:

1. The new report attributes catastrophic events to sustained global warming, particularly the frequency and intensity of hot extremes, marine heatwaves, heavy precipitation,
agricultural and ecological droughts, proportion of intense tropical cyclones, reductions in Arctic Sea ice, snow cover and permafrost.

2. A phenomenon such as heavy rainfall over land, for instance, could be 10.5% wetter in a world warmer by 1.5°C, and occur 1.5 times more often, compared to the 1850-1900 period.

3. More than five years after the Paris Agreement was concluded, there is no consensus on raising ambition to reduce emissions, making access to low carbon technologies easier, and adequately funding mitigation and adaptation.

4. COVID-19 had the unexpected effect of marginally and temporarily depressing emissions.

5. The IPCC’s analysis presents scenarios of large-scale collapse of climate systems that future leaders would find virtually impossible to manage.

6. Heatwaves and heavy rainfall events experienced with increasing frequency and intensity are just two of these, while disruptions to the global water cycle pose a more unpredictable threat.

7. Also, if emissions continue to rise, oceans and land, two important sinks and the latter a key part of India’s climate action plan, would be greatly weakened in their ability to absorb atmospheric carbon dioxide.

Therefore, the report also recommended that countries should strive to achieve net-zero emissions, no additional greenhouse gases are emitted by 2050.

IPCC’s Sixth Assessment Report on India:

1. India’s geography makes it extra vulnerable to extreme climate events. The geography of India is such that it is surrounded by the warm tropical waters of the Indian Ocean on all three sides and the melting Himalayas on the north.

2. With a 7,517-km coastline, India will also witness a rise in sea levels, leading to frequent and severe coastal flooding in low-level areas.

3. Across the six Indian port cities of Chennai, Kochi, Kolkata, Mumbai, Surat, and Visakhapatnam, 28.6 million people would be exposed to coastal flooding if sea levels rise by 50 cm.

4. Glaciers in the Hindu Kush Himalayan (HKH) region will keep shrinking and the snow cover will retreat to higher altitudes.

5. Changes in monsoon precipitation are expected, with both annual and summer monsoon precipitation projected to increase. More severe rain is expected over southern India in the coming decades.
6. The report says the **presence of aerosols and particulate matter** due to human activity has **influenced rainfall events** in the Indian subcontinent. 

Thus, time has come and denial isn’t saving anyone, anymore. The report calls for renewed demands for all countries to update their climate action plans, termed as nationally-determined contributions or NDCs under Paris Climate Agreement.

**Way Ahead steps:**

The government has to encourage all states and UTs to make their respective **carbon-neutral plan.**

The UT of Ladakh and Sikkim state are already planning such a carbon-neutral plan.

India: Transforming to a Net-Zero Emissions Energy System report also suggested few important observations. Such as,

- India has to **focus on Energy Efficiency, biofuels,** etc. Further, India also has to rely on both natural and man-made **Carbon Sequestration practices.**
- The government has to work on **deploying lower carbon energy** (wind, solar, hydro and Nuclear) for satisfying the power demand.

**Conclusion:**

**Climate change** is described by many as a far greater **threat to humanity** than COVID-19, because of its irreversible impacts.

The latest report is **bound to strengthen the criticism** that leaders in many countries have stonewalled and avoided moving away from coal and other fossil fuels, while even those who promised to act, failed to influence the multilateral system.

The new report sets the stage for the **CoP26 conference** in November.

The only one course to adopt there is for developed countries with legacy emissions to effect deep cuts, **transfer technology without strings** to emerging economies and **heavily fund mitigation and adaptation.**

Developing nations should then have **no hesitation in committing themselves to steeper emissions cuts.**
6. Revisit the idea of ‘aging out’ India’s coal plants

Introduction:

Electricity is an essential requirement for all facets of our life. It has been recognized as a basic human need. It is a critical infrastructure on which the socio-economic development of the country depends. Supply of electricity at reasonable rate to rural India is essential for its overall development.

Equally important is availability of reliable and quality power at competitive rates to Indian industry to make it globally competitive and to enable it to exploit the tremendous potential of employment generation.

Services sector has made significant contribution to the growth of our economy. Availability of quality supply of electricity is very crucial to sustained growth of this segment.

Context:

As part of the Union Budget address for 2020-21, the finance minister said that the shutting down of old coal power plants, which are major contributors to emissions, will aid the achievement of India’s Nationally Determined Contributions, an idea which has been endorsed by the power minister.

India pushes deadline for coal-fired utilities to adopt new emission norms:
Thermal power companies, which produce three-fourths of the country’s electricity, account for some 80% of its industrial emissions of particulate matter, sulphur- and nitrous-oxides, which cause lung diseases, acid rain and smog.

1. India has pushed back deadlines for coal-fired power plants to adopt new emission norms by up to three years and allowed utilities that miss the new target to continue operating after paying a penalty, according to a government notice.

2. India had initially set a 2017 deadline for thermal powerplants to install Flue Gas Desulphurization (FGD) units that cut emissions of sulphur dioxides. But that was postponed to varying deadlines for different regions, ending in 2022.

3. The new order dated April 1 from the Environment Ministry says plants near populous regions and the capital New Delhi will have to comply by 2022, while utilities in less polluting area shave up to 2025 to comply or retire units.

4. Operators of coal-fired utilities including State-run NTPC Limited and industry groups representing private companies such as Reliance Power and Adani Power have long been lobbying for dilution of the pollution standards, citing high compliance costs.

5. The latest notice follows suggestions from the Power Ministry that plants be given deadlines to adopt norms in line with the severity of pollution in the region where they are located.

6. A task force will be constituted by the Central Pollution Control Board to categorise plants in three categories “on the basis of their location to comply with the emission norms”.

7. The Power Ministry said that a “graded action plan” could help avoid immediate increase in power prices in various relatively clean areas of India and avoid unnecessary burden on power utilities and consumers. Indian cities have some of the world’s most polluted air.

How significant are the potential benefits?

1. It would be uneconomical for old plants to install pollution control equipment required to meet the emission standards announced by the Environment Ministry, and hence it would be better to retire them.

2. The availability of under-utilised newer (and presumably more efficient) coal-based capacity means that shutting down older inefficient plants would lead to improved efficiencies, reduced coal usage, and hence, cost savings.

3. Untreated air and water pollutants from coal power plants, especially older ones affect the water and the flora and fauna of adjoining areas making them unfit for living or livelihood activities.
4. The average cost of coal-fired projects is Rs.4 per unit and generally sees an upward escalation, whereas new solar power plants are being bid out at less than Rs.3 per unit.

5. Therefore, replacing electricity from older coal plants with cheaper renewable sources will reduce the gap between cost of supply and revenue generation for DISCOMS.

Some studies cite advantages:

1. Some research studies have also argued in favour of it, citing the economic and the environmental benefits of shutting down coal plants older than, say, 25 years.

2. It is argued that the availability of under-utilised newer (and presumably more efficient) coal-based capacity means that shutting down older inefficient plants would lead to improved efficiencies, reduced coal usage, and hence, cost savings.

3. Further, it is argued that it would be uneconomical for old plants to install pollution control equipment required to meet the emission standards announced by the Environment Ministry, and hence it would be better to retire them.

4. The recent order from the Central Electricity Regulatory Commission (CERC) allowing Delhi’s BSES distribution company to exit its concluded 25-year-old power purchase agreement with the National Thermal Power Corporation Limited’s Dadri-I generating station, also lends some credence to this.

However, risks with retirement:

1. The question then becomes whether these limited savings are worth the risks associated with early retirement of coal plants, especially given the current trends in the country’s power sector.

2. To support the growing intermittent renewable generation in the sector, there is an increasing need for capacity that can provide flexibility, balancing, and ancillary services.

3. Old thermal capacity, with lower fixed costs, is a prime candidate to play this role until other technologies (such as storage) can replace them at scale.

4. Further, the capacity value of the old capacity is critical to meet instantaneous peak load, and to meet load when renewable energy is unavailable.

5. There is also a political economy risk, as aggressive early retirement of coal-based capacity, without detailed analyses, could result in real or perceived electricity shortage in some States, leading to calls for investments in coal-based base-load capacity by State-owned entities.
6. About 65 gigawatts (GW) of thermal capacity is already in the pipeline, of which about 35 GW is in various stages of construction.

7. This is likely in excess of what the country needs, and further addition to it, driven by State political economy considerations, will lead to stranded assets and locked-in resources.

Alternate power sources:

1. The National Electricity Policy 2021 is India's first attempt at revising its electricity policy enacted in 2005, when the country produced negligible renewable energy.

2. Experts say phasing in renewable energy sources and phasing out conventional sources such as coal and natural gas rapidly could lead to instability in the electricity grid, potentially causing blackouts.

3. While suggesting flexible use of coal-fired and natural gas-fired power to ensure grid stability in the coming years, the draft policy lists promoting clean power as its primary objective.

4. The policy draft suggested expediting adoption of "cost effective" pumped hydro storage to support the electricity grid, adding that only 4.8 gigawatts (GW) of a potential 96.5 GW of pumped storage capacity has been developed so far.

5. The policy also recommends compensating natural gas-fired plants for operating at reduced efficiency to ensure grid stability, and for suffering higher wear and tear due to fluctuations in generation.

Conclusion:

Environmental activists have long rallied against India adding new coal-fired capacity. Solar and wind energy prices are falling to record lows, which would help the world's third-largest greenhouse gas emitter cut emissions.

Instead, a more disaggregated and nuanced analysis, considering the various technical, economic and operating characteristics of individual plants and units, while also accounting for aspects such as intermittency of renewables, growing demand, and need to meet emission norms, would be appropriate to make retirement-related decisions.

Hence, it may be prudent to let old capacity fade away in due course, while focusing on such detailed analysis and weeding out the needless capacity in the pipeline, to derive long-term economic and environmental benefits.
7. More feed, better productivity

Economics of Animal Rearing

Livestock plays an important role in Indian economy. About 25-30 million people in India depend upon livestock for their livelihood.

The Sector provides employment to about 9% of the population in India and contributes 4% to India’s GDP.

Livestock contributes 15% in the income of small farm households as against an average of 12% for all rural households.

Livestock sector provides employment to 65% of the rural population.

Context:
The significance of Sub-Mission on Fodder and Feed recently announced by the Indian government is underscored by the fact that livestock is the major source of cash income for about 13 crore marginal farmers and is an insurance in the event of crop failure.

The lack of good quality feed and fodder impacts the productivity levels of cattle.

As about 200 million Indians are involved in dairy and livestock farming, the scheme is important from the perspective of poverty alleviation.

National Livestock Mission (NLM) proposes to bring sharp focus on entrepreneurship development and breed improvement in rural poultry, sheep, goat and piggery including feed and fodder development.

Livestock sector in India:

1. India is the highest livestock owner of the world. As per the 20th Livestock Census, the total Livestock population is 535.78 million in the country showing an increase of 4.6% over Livestock Census-2012.

2. Livestock is the major source of cash income for about 13 crore marginal farmers and is insurance in the event of crop failure.

3. A large number of farmers depend upon animal husbandry for their livelihood. It supports the livelihood of almost 55% of the rural population.
4. **Improving livestock productivity and management** would help alleviate poverty as about 200 million Indians are involved in dairy and livestock farming.

**About National Livestock Mission:**

National Livestock Mission (NLM) launched in financial year 2014-15 seeks to ensure quantitative and qualitative improvement in livestock production systems and capacity building of all stakeholders.

The scheme is being implemented as a sub scheme of White Revolution – Rashtriya Pashudhan Vikas Yojana since April 2019. The mission encompasses all the Indian states.

There are **four sub-missions** under National Livestock Mission:

1. Sub-Mission on Fodder and Feed Development
2. Sub-Mission on Livestock Development
3. Sub-Mission on Pig Development in North-Eastern Region
4. Sub-Mission on Skill Development, Technology Transfer and Extension

**Sub-Mission on Fodder and Feed: Revised National Livestock Mission:**

1. The scheme can be used for covering the cost of infrastructure/machinery such as bailing units, harvester, chaff cutter, sheds, etc.
2. Private entrepreneurs, self-help groups, farmer producer organisations, dairy cooperative societies, and Section 8 companies (NGOs) can avail themselves of the benefits under this scheme.
3. Since its revision, the National Livestock Mission now provides for 50% direct capital subsidy to the beneficiaries under the feed and fodder entrepreneurship programme and 100% subsidy on fodder seed production to identified beneficiaries.

**Availability of green fodder:**

1. A major challenge in the feed sector emanates from the fact that good quality green fodder is only available for about three months during the year.
2. A study by the Indian Grassland and Fodder Research Institute has observed that for every 100 kg of feed required, India is short of 23.4 kg of dry fodder, 11.24 kg of green fodder, and 28.9 kg of concentrate feed.
3. This is one of the chief reasons why Indian livestock’s milk productivity is 20%-60% lower than the global average.
4. If we break down the input costs, we find that feed constitutes 60%-70% of milk production costs.

5. The ideal solution in the feed sector would be to ferment green fodder and convert it into silage.

6. Hence, under the fodder entrepreneurship programme, farmers will receive subsidies and incentives to create a consistent supply chain of feed throughout the year.

7. The idea is that farmers should be able to grow the green fodder between two crop seasons and entrepreneurs can then convert it into silage and sell it at nearby markets at one-tenth of the price of concentrate/dry feed ensuring affordable quality fodder to dairy farmers.

8. A major stumbling block faced by Indian farmers pertains to the lack of affordable good quality feed and fodder for livestock.

Recent initiative by government: Special Livestock Sector Package:

1. The Cabinet Committee on Economic Affairs (CCEA) has approved implementation of a special livestock sector package.

2. The aim of the package is to boost growth in the livestock sector and thereby making animal husbandry more remunerative to 10 crore farmers engaged in Animal Husbandry Sector.

3. The package has been designed by revising and realigning various components of the Department of Animal Husbandry & Dairying’ Schemes for the next five years, starting 2021-22.

Revised scheme:

1. When the National Livestock Mission was launched in 2014, it focused on supporting farmers in producing fodder from non-forest wasteland/grassland, and cultivation of coarse grains.

2. However, this model could not sustain fodder availability due to lack of backward and forward linkages in the value chain.

3. Therefore, the Mission has been revised to make the programme focus primarily on assistance towards seed production and the development of feed and fodder entrepreneurs.

4. It now provides for 50% direct capital subsidy to the beneficiaries under the feed and fodder entrepreneurship programme and 100% subsidy on fodder seed production to identified beneficiaries.
5. The scheme can be used for covering the cost of infrastructure/machinery such as bailing units, harvester, chaff cutter, sheds, etc.

6. The revised scheme has been designed with the objectives of increasing productivity, reducing input costs, and doing away with middlemen (who usually take a huge cut).

Conclusion:

As per the Economic Survey-2021, the contribution of Livestock in total agriculture and allied sector Gross Value Added (at Constant Prices) has increased from 24.32% (2014-15) to 28.63% (2018-19).

In this context, it is heartening to see successful models of silage entrepreneurship by several start-ups across the country.

Since India has a livestock population of 535.78 million, an effective implementation of this scheme will play a major role in increasing the return on investment for our farmers.

8. Sense on net zero: India will do well to keep the focus on historical responsibility

Context:

The COP 26 UN Climate Change Conference, hosted by the UK in partnership with Italy, will take place from 31 October to 12 November 2021 in the Scottish Event Campus (SEC) in Glasgow, UK.

Against the backdrop of the Intergovernmental Panel on Climate Change sounding a “code red” on climate change, India will come under intense pressure from the West at the climate summit in Glasgow in November and, very likely, before it to announce some form of a ‘net zero’ commitment.

But, if the government is indeed set to rebuff any such demand and instead offer more climate action than committed, then that would be the right approach.
What is the Net-zero emissions target?

1. Net-zero emission is the **method of balancing the greenhouse gas emissions** in the atmosphere by the greenhouse gas absorption from the atmosphere.

2. In zero-carbon emission, the country will **focus on limiting carbon emission**. But in Net-zero carbon the country will focus on bringing the net carbon emission to zero.

3. In the initial phase, the country will focus on reducing human-caused emissions like burning fossil fuels, balancing factory emissions, etc.

4. But, gradually the Net-zero emissions can be extended to the remaining areas as well.

5. Globally the **idea of net-zero emissions by 2050 gaining momentum**. It is advised by many countries as a solution to tackle Climate Change.

6. So far 58 countries have announced net zero emissions targets. Together these countries account for **more than half the world’s current GHG emissions**.

7. In the next 30 years, they all **aim to reduce their emissions of carbon dioxide and other GHGs**. There are requests from the global forums that India also needs to adopt a net-zero emissions target.

8. But there are other sections of environmentalists not in favour of adopting Net-zero emissions targets. They say that it is **unjust for developing countries**.

**Global actions for net-zero:**

Several other countries, including the UK and France, have already enacted laws promising to achieve a net-zero emission scenario by the middle of the century.

The EU is working a similar Europe-wide law, while many other countries including Canada, South Korea, Japan and Germany have expressed their intention to commit themselves to a net-zero future.

Even China has promised to go net-zero by 2060. **India, the world’s third-biggest emitter of greenhouse gases, after the US and China, is the only major player holding out.**

**Developed countries argument: Forget Historical Responsibility:**

1. ‘**Net zero’ talk** by developed countries projects them as climate-action frontliners.
2. But the fact is that foisting this as a **common goal for all nations**—with a ‘consensus’
deadline (2050, though China is targeting 2060)—obscures historical responsibility and forces
poor nations to choose costlier paths to lift their many millions out of poverty.

3. The West, at present, is the primary producer of technology that could aid green
development.

4. Thus, an India or a Bangladesh committing to the **net-zero goal will further enrich developed nations.**

5. Given the pipedream that **green financing under the Green Climate Fund** turned out to be—at least until the deadline for meeting the target set at Paris was moved to 2025, from 2020—‘net zero’ by 2050, fundamentally, is the West telling the rest to “**forget historical responsibility**”.

6. India will do well to organise the developing world in rallying behind the “**common but differentiated responsibilities**” principle.

7. It must push rich nations to get more ambitious with their **net zero targets** instead of badgering the developing world to shoulder some of their burden.

**India is already doing more:**

1. India is hoping to lead by example. It is well on its way to **achieving its three targets under the Paris Agreement** and looks likely to overachieve them.

2. Several studies have shown that **India is the only G-20 country** whose **climate actions are compliant with the Paris Agreement goal** of keeping global temperatures from rising beyond 2°C.

3. Even the actions of the EU, which is seen as the most progressive on climate change, and the US are assessed as “insufficient”.

4. In other words, **India is already doing more, relatively speaking, on climate than many other countries.**

**Way Ahead:**

1. The **failure of the Kyoto Protocol** is an example of rich nations being unwilling to play by the rules.

2. Sure, some countries/blocs are enacting laws to **enforce their commitments to carbon-neutrality.**
3. But some action also is, by design or default, geared **to protect their own politico-economic interests**.
   
a. For instance, the carbon-border adjustment that the EU has proposed and the US, Canada and others are mulling over.

b. For India, there are also **clear challenges emerging** from its federal structure;

c. If the Centre were to commit to a net-zero target, how is the burden of action to be distributed among the states?

4. To be sure, this is not to argue that India should not do more, nor is it to diminish the import of the pathways the US and the EU have outlined for their net zero commitments—indeed, the International Energy Agency’s roadmap to meaningful climate action indicates how drastic the action that is needed is.

5. However, over the next 2-3 decades, India’s emissions are likely to grow the fastest globally, and no amount of absorption efforts will be enough.
   
a. **Removal technologies**, again, will be either **inadequate or prohibitively expensive**.

6. While meaningful action on the **Paris Agreement commitments**—India is set to not only redeem its commitments, but also **overachieve these**—is yet to begin globally, changing the goalposts weakens global climate negotiations.

**Conclusion:**

India is a responsible nation and one of the very few countries performing towards the fulfilment of the Paris climate deal and **Nationally Determined Contribution**.

So, the adoption of **Net-zero targets** will also the fast pace India’s mission towards Climate Justice.

India, as some experts have pointed out, should resist getting hyphenated with China and the US, both of which have a **larger historical and per capita emission record**.

There is no denying the need for urgent climate action, but there should **be no yielding on ‘net zero’** if that comes with the same deadline applying to the US etc and India.

Therefore, the government can also be to encourage all states and UTs to make their **respective carbon-neutral plan**.

The UT of Ladakh and Sikkim state are already planning such a carbon-neutral plan.

Further, at the **local level cities** like Bengaluru and Chennai, the Panchayat of Meenangadi in Wayanad, Kerala also **planning such a carbon-neutral plan**.

Cleaning up

Plastic items completely banned from July 1, 2022
Ear buds with plastic sticks, plastic sticks for balloons, plastic flags, polystyrene (thermocol) for decoration, plates, cups, glasses, cutlery such as forks, spoons, knives, straw, trays, wrapping or packing films, cigarette packets

Plastic bags to be thicker
From September 30 this year, thickness of plastic carry bags has been increased from 50 microns to 75. From December 31, 2022, the thickness will increase to 100 microns

Context:
The Plastic Waste Management Amendment Rules notified by the Centre acknowledge the gravity of pollution caused by plastic articles of everyday use, particularly those that have no utility beyond a few minutes or hours.

The decisions follow recommendations made by an expert group constituted by the Department of Chemicals and Petrochemicals two years ago.

In 2018, India won praise globally for asserting on World Environment Day that it would eliminate all single-use plastic by 2022, a theme that Prime Minister Narendra Modi has stressed more than once.

Yet, policy coherence to achieve the goal has been lacking.

Plastic waste problem around the globe:
Pollution due to single use plastic items has become an important environmental challenge confronting all countries.

1. Only nine percent of the plastic waste produced between 1950 and 2015 was recycled globally, according to a study by researchers from the University of California, Santa Barbara, and others.

2. Out of the nine per cent, only 10 per cent was recycled more than once; 12 per cent was incinerated, and 79 per cent ended up in landfills or oceans and other water bodies.

3. As much as 3.3 million metric tonnes of plastic waste was generated in India in 2018-19, according to the Central Pollution Control Board (CPCB) report 2018-19.
4. This roughly translated to 9,200 tonnes a day (TPD). The total municipal solid waste generation is 55-65 million tonnes; plastic waste is approximately 5-6 per cent of the total solid waste generated in the country.

5. Currently, the **Plastic Waste Management Rules, 2016**, prohibits manufacture, import, stocking, distribution, sale and use of carry bags and plastic sheets less than 50 microns in thickness in the country.

6. The Prime Minister of India was also conferred the “**champions of the earth**” award by the United Nations Environment Programme (UNEP) in 2018 for **pledging to eliminate all single-use plastic by 2022**.

India is committed to take action for mitigation of pollution caused by littered Single Use Plastics.

**Plastic Waste Management Amendment Rules, 2021:**

1. The Environment Ministry has notified the Plastic Waste Management Amendment Rules, 2021.

2. These rules prohibit specific single-use plastic items which have “**low utility and high littering potential**” by 2022.

3. The permitted thickness of the plastic bags, currently 50 microns, will be increased to 75 microns from 30th September, 2021, and to 120 microns from the 31st December, 2022.

4. **Plastic bags with higher thickness are more easily handled as waste and have higher recyclability.**

5. At the policy level, the **concept of Extended Producer Responsibility (EPR)**, already mentioned under the 2016 Rules, has to be promoted.
   
   a. EPR is a policy approach under which producers are given a significant responsibility, financial and/or physical for the treatment or disposal of post-consumer products.

6. The **Central Pollution Control Board**, along with state pollution bodies, will **monitor the ban**, identify violations, and **impose penalties** already prescribed under the Environmental Protection Act, 1986.

7. The Central Pollution Control Board has reported that 22 States have, in the past, announced a ban on single-use plastic, but this has had **little impact on the crisis of waste choking wetlands and waterways** and being transported to the oceans to **turn into microplastic**.
Reasons for the Ban on single use plastic:

1. Plastic is so cheap and convenient that it has replaced all other materials from the packaging industry but it takes hundreds of years to disintegrate.
   a. If we look at the data, out of 9.46 million tonnes of plastic waste generated every year in our country, 43% is single use plastic.
   b. At about 34 lakh tonnes generated in 2019-20, India has a staggering annual volume of plastic waste, of which only about 60% is recycled.

2. What is more, a recent study of the top 100 global producers of polymers that culminate in plastic waste found six of them based in India.
   a. It is unsurprising, therefore, that in spite of the staggering problem, policymakers have been treading on eggshells.

3. The international view is changing, however, and support for a UN Plastic Treaty is growing; the majority of G7 countries too are supportive of cleaning up the oceans through a charter in the interests of human wellbeing and environmental integrity.

4. India’s policies on environmental regulation are discordant, lofty on intent but feeble on outcomes, and plastic waste is no different.

5. State governments have felt no compulsion to replace municipal contracts, where companies are paid for haulage of mixed waste, with terms that require segregation and accounting of materials.

Way Forward:

1. As consumers, we should ensure that all plastic waste leaving our homes is segregated and is not contaminated with food waste.

2. Managing plastic waste requires effective knowledge, not only among those who produce the plastic but also among those who handle it.

3. The brand owner and manufacturer should try and understand the fates a plastic packaging material would meet after its purpose of packaging has been served.

4. Citizens have to bring behavioural change and contribute by not littering and helping in waste segregation and waste management.

5. To encourage innovation in development of alternatives to identified single use plastic items and digital solutions to plastic waste management, the India Plastic Challenge – Hackathon 2021, has been organized for students of Higher Educational Institutions and start-ups recognized under Start-up India Initiative.
Conclusion:
Considerable amounts of plastic waste cannot be recycled because of lack of segregation, leading to incineration, while mixing newer types of compostable plastic will confound the problem.
Patchy regulation has led to prohibited plastic moving across State borders.
Now that the Centre has adopted a broad ban, further pollution must end.
Microplastic is already found in the food chain, and governments must act responsibly to stop the scourge.

10. It’s time for Industry 4.0

Industry 4.0 is based on six design principles.
These principles support companies in identifying and implementing Industry 4.0 scenarios.

Introduction:
Industrial Revolution 4.0 refers to the fourth industrial revolution related to manufacturing and chain production.
Industry 4.0 is a complex Cyber-Physical Systems which synergizes production with digital technologies, the Internet of Things, Artificial Intelligence, Big Data & Analytics, Machine Learning and Cloud Computing.
The term ‘Industry 4.0’ was coined by the German government in 2011.
Additive manufacturing, Internet of Things, Cyber Physical Systems, Augmented Reality/Virtual Reality and data analytics are some of the technologies associated with Industry 4.0.

With the help of these technologies, the manufacturing industry will be able to make data-driven decisions.

The potential of MSMEs for India:

1. **Micro, Small and Medium Enterprises (MSMEs)** are expected to become the backbone of India as the economy grows larger.

2. MSMEs form more than 95% of the industries in India, produce more than 45% of the total manufacturing output and employ more than 40% of the workforce.

3. According to the Economic Survey 2020-21, over 6 crore MSMEs employ more than 11 crore people and contribute roughly 30% to the GDP and half of the country’s export.

4. MSMEs are also ancillaries to larger enterprises, leading to a seamless supply chain integration.

5. As a result, making MSMEs more efficient will be advantageous for the whole economy.

‘Industry 4.0’ and MSMEs:

1. In emerging economies such as India, inclusive development is particularly pertinent in addressing COVID-19’s impact.

2. MSMEs are critical for ensuring that economically vulnerable people have suitable opportunities to rise above the poverty line.

3. These cohorts include women, migrants, and minorities, who have a better chance of exiting poverty by taking up employment in MSMEs spread across India.

4. The sector assumes a pivotal role in driving the government’s Make in India initiative for an Aatma Nirbhar Bharat.

5. Through the Fourth Industrial Revolution’s new-age business model, smart corporations and digitally-enabled MSMEs can enjoy a symbiotic relationship that promotes greater production efficiency, ensures lower time to market as well as higher service satisfaction for customers and other stakeholders.

6. Given their role in promoting inclusive development, if MSMEs miss the global automation journey, it will exacerbate economic inequality.
7. In addressing this issue, MSMEs need to leverage the support that the government and industry ecosystem offers to work for the common cause in overcoming these challenges.

Challenges with regard to Industry 4.0 for MSMEs:

MSMEs face challenges when it comes to adopting new technologies such as Industry 4.0.

1. First, they lack awareness regarding Industry 4.0 and its benefits.
   a. They consider such technologies disruptive and having the potential to demolish their existing system.
   b. However, Industry 4.0 believes in improving the existing system. Scientific literature provides evidence of sensors and WiFi networks being integrated with old machines like lathes and mills to improve their performance.

2. Second, MSMEs will need to make major financial investments to adopt Industry 4.0. Investing in the right set of technologies will need experts and consultants as well.

3. Third, for any new technology to be adopted, an organisation requires a positive organisational culture and the support of people.
   a. MSMEs need to believe in the advantages that Industry 4.0 technologies can offer.

4. Fourth, the frameworks and steps that can assist MSMEs in adopting Industry 4.0 technologies have been missing.
   a. In this regard, MSMEs need to understand the data they are producing from all their operational activities. Based on such data, their readiness can be evaluated.

5. Finally, MSMEs should develop their own vision of Industry 4.0 technologies that they want to adopt and identify the relevant tools and practices they need for such a tailored vision.

Advantage of data-driven decision-making results in Industrial Initiatives:

1. Though adoption of Industry 4.0 technologies by MSMEs requires transcending a labyrinth of impediments, it will make them more competitive as they will be able to offer world-class quality products to customers.

2. Additionally, delivery timings and the flexibility to meet different needs will improve.

3. Thus, Industry 4.0 integrated ‘data’ with manufacturing and Information Technology.

4. To take advantage of data-driven decision-making, the governments of other countries also coined their own industrial initiatives like Industry 4.0.
5. Integrating MSMEs into the smart manufacturing realm is also required because the world of connected devices and sensors offers a treasure trove of data that can drive better business outcomes through substantial insights.

6. Moreover, connected gadgets make up the edge devices of the IIoT (Industrial Internet of Things), which is the fountainhead of Industry 4.0.

7. For example, the U.S. calls it Smart Manufacturing, China calls it Made in China 2025, and India refers it to as Make in India or Digital India.

8. Therefore, if MSMEs are mainstreamed into Industry 4.0, all stakeholders stand to gain.

9. Corporates can gain from an indigenous and reliable supply chain, the government from higher tax revenues, and society at large, from more inclusive outcomes and opportunities.

Conclusion:
As India joined the group of top 50 countries in the global innovation index for the first time in 2020, it is imperative for its MSMEs to embrace Industry 4.0 technologies without any hesitation. Proper sensitisation of the Government of India, higher education institutions, practitioners, entrepreneurs, industrial associations, trade unions, venture capitalists, consultants and research agencies would help to speed up this task.

This becomes imperative given the manufacturing challenges abruptly posed by the COVID-19 pandemic when most of the healthcare infrastructure in India is MSME-dependent.

11. Tauktae, Yaas and planning for the next
Introduction:

The severe cyclones, Tauktae and Yaas, which battered India earlier this year, made landfalls on the country’s western coast, Gujarat, and the eastern coast, Odisha, on May 17 and May 26, 2021, respectively.

Both storms caused massive damage to infrastructure, the agricultural sector, and houses. Moreover, 2.5 million people were evacuated to cyclone shelters and relief camps in these two States.

The large-scale uprooting of trees in the urban areas affected already depleting green cover. Thus, during the COVID-19 pandemic, these cyclones caused additional financial responsibility for State governments. The health costs need to be measured too.

More frequent in occurrence of Tropical Cyclones:

1. **Increasing sea surface temperatures** in the northern Indian Ocean and the geo-climatic conditions in India have led to a rise in the frequency of devastating cyclones in the coastal States accounting for 7% of the global tropical cyclones, according to India Meteorological Department (IMD), 2013 data.

2. Every year, around **five to six tropical cyclones** are formed in the Bay of Bengal and the Arabian Sea; of these, two to three turn severe.
3. The **Indian coastline is around 7,500 km**; there are 96 coastal districts (which touch the coast or are close to it), with 262 million people exposed to cyclones and tsunamis.


5. Between 1891 and 2020, out of the 313 cyclones crossing India’s eastern and western coasts, 130 were classified as severe cyclonic storms.

6. The west coast experienced 31 cyclones, while 282 cyclones crossed the east coast.

7. The Odisha coast witnessed 97 cyclones, followed by Andhra Pradesh (79), Tamil Nadu (58), West Bengal (48), Gujarat (22), Maharashtra/Goa (7), and Kerala (2).

**Economic losses notified by various reports:**

1. As stated earlier, cyclones led to an **increase in the fiscal burden** of governments through increased spending to implement effective cyclone preparation measures.

2. As a result, **direct government expenditure** on natural calamities increased **13 times**.

3. **The Asian Development Bank’s report** in 2014 estimated that India would suffer a **loss of around 1.8% of GDP annually by 2050** from climate-related events.

4. **India lost around 2% of GDP and 15% of total revenue** over 1999-2020.

5. According to the **Global Climate Risk Index report 2021**, India ranks the seventh worst-hit country globally in 2019 due to the frequent occurrence of extreme weather-related events.

6. Moreover, the report showed that India lost around 2,267 human lives, while damages stood at $68,812 million in Purchasing Power Parity (PPP) terms in 2019.

7. In the same year, India ranked first concerning human deaths and economic losses due to **extreme weather-related events** (Eckstein et al., 2021).

**The economic costs of cyclones:**

1. Among the natural disasters, **cyclones** constituted the **second most frequent phenomena** that occurred in **15% of India’s total natural disasters** over 1999-2020.

2. During the same period, 12,388 people were killed, and the damage was estimated at $32,615 million.

3. **Cyclones are the second most expensive** in terms of the costs incurred in damage, accounting for **29% of the total disaster-related damages after floods (62%).**
4. Government of India reports are that, put together, an estimated 199 people died, 37 million people were affected, and economic losses stood at ₹320 billion (U.S.$4.3 billion).
5. In addition, crop area of 0.24 million hectares was affected, and around 0.45 million houses were damaged.

6. In addition, they are the third most lethal disaster in India after earthquakes (42%) and floods (33%).

7. However, fatalities due to cyclones declined from 10,378 in 1999 to 110 in 2020; the significant drop was on account of improved early warning systems, cyclone forecasting, and better disaster management activities such as timely evacuation, rehabilitation and relief distributions.

8. But these measures are not adequate to achieve a zero-fatality approach and minimise economic losses from cyclones.

**Best Case study for Disaster Preparedness: Measures in Odisha:**

1. In the aftermath of the 1999 super cyclone, the Government of Odisha took up various cyclone mitigation measures which included installing a disaster warning system in the coastal districts, and construction of evacuation shelters in cyclone-prone districts.

2. Other steps were the setting up of the Odisha State Disaster Management Authority (OSDMA), conducting regular cabinet meetings for disaster preparedness, and building the Odisha Disaster Rapid Action Force (ODRAF).

3. All these activities have helped to minimise the toll from cyclonic storms such as Hudhud, Fani, Amphan, and Yaas.

4. Still, Odisha’s disaster management model is inadequate to minimise the economic losses that result from cyclones.

5. Therefore, the Government of India should adopt a few measures to minimise disaster damage and fatalities.

**Way Ahead: Essential steps**

1. First, it is imperative to improve the cyclone warning system and revamp disaster preparedness measures.
2. Second, the Government must **widen the cover under shelterbelt plantations** and help **regenerate mangroves in coastal regions** to lessen the impact of cyclones.

   a. In addition, adopting cost-effective, long-term mitigation measures, including building **cyclone-resilient infrastructure** such as constructing storm surge-resilient embankments, canals and **improving river connectivity** to prevent waterlogging in low-lying areas are important.

3. Third, **installing disaster-resilient power infrastructure** in the coastal districts, providing concrete houses to poor and vulnerable households, and creating **massive community awareness campaigns** are essential.

4. Finally, **healthy coordination** between the Centre and the States concerned is essential to **collectively design disaster mitigation measures**.

**Conclusion:**

It is only a **collective mitigation effort** by the Centre and States that can help **reduce the fiscal burden of States** and also be **effective in minimising disaster deaths**.

The **disaster management cycle** is a framework that needs to be developed by governments, businesses, scientific communities and civil organisations to reduce/avoid losses from hazardous events, to assure prompt and effective assistance to victims, and achieve rapid recovery of affected areas.

Such framework needs to be composed of a series of tasks, which cyclically occur before (risk reduction), during (emergency response) and after (recovery and rehabilitation) a disaster.

Finally, the **cyclical nature of the disaster management cycle** aims to evolve each component through the formulation of historical records and consequent adaptation to emerging trends.
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