

GS SCORE

CURRENT

Q & A

For Civil Services Examinations

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Content

1. POLITY & GOVERNANCE

- 1.1 Understaffed judiciary
- 1.2 Aadhar bill controversy
- 1.3 AgustaWestland Deal Scam
- 1.4 Public Affairs Index (PAI) For State Governance Rankings
- 1.5 Road transport and safety Bill 2014
- 1.6 New Delhi Ranks 44 out of 50 in Future Ready Cities around the Globe
- 1.7 Centre issues notification for protection of Good Samaritans
- 1.8 Parliament Passes Bill for States Control over Potable Alcohol Production
- 1.9 Shyam Benegal committee submits recommendations on film certification

2. INTERNATIONAL RELATIONS

- 2.1 Do India Require Chief of Defence Staff Post?
- 2.2 Government to set up Sex offenders Registry
- 2.3 NAYAL detachment set up at Lakshadweep

3. ECONOMY

- 3.1 Should CRR be Abolished?
- 3.2 Exports Shrink by 16% In 2015-16
- 3.3 Proposed Workers Bank
- 3.4 Union Government Increases Minimum Wage of Contractual Labourers
- 3.5 Do we need consolidation in Indian banking sector?
- 3.6 India's first small finance bank launched
- 3.7 Bharat beats India in household consumption
- 3.8 FDI inflows hit record \$51 in April-Feb last fiscal
- 3.9 (RCEP) Regional Comprehensive Economic Partnership
- 3.10 High Speed Rail Debate
- 3.11 Bankruptcy Code
- 3.12 UDAY bonds fetch Rs.99,000 crore
- 3.13 RBI to bring P2P lending under regulation soon
- 3.14 Food Act implemented without proper preparation: CAG
- 3.15 India Chile Preferential Trade Agreement

4. SCIENCE

- 4.1 IPR issue
- 4.2 Telcos may go intranet to bypass TRAI's order
- 4.3 Delhi HC strikes down breast cancer biosimilars approval for Roche drug

- 4.4 IRNSS 1G Satellite launched
- 4.5 Hubble spots ice moon orbiting dwarf planet
- 4.6 ISRO's New Light-As-Air Gel Can Keep Indian Soldiers Warm in Siachen Snow
- 4.7 China creates world's first graphene electronic paper

5. ENVIRONMENT

33-43

- 5.1 Cabinet nod to amend Afforestation Fund Bill
- 5.2 Interlinking of rivers
- 5.3 Polluters Pay Principle
- 5.4 UJALA Scheme
- 5.5 March temperature smashes 100 year global record
- 5.6 Rising heat linked to more coral reef bleaching
- 5.7 Primate species new to India discovered in Arunachal Pradesh
- 5.8 Melting of Greenland ice sheet reaches new low

6. SOCIAL ISSUES

- 6.1 The reforms in Muslim laws for women
- 6.2 Will alcohol ban in Bihar help?
- 6.3 Debate on Entry of women to religious places
- 6.4 In a step towards gender equality navy grants permanent commission to women
- 6.5 Housing for all
- 6.6 Consumer protection Bill, 2015 : report by Parliamentary Panel

7. CULTURE

- 7.1 Buddhist Inscription Found In The Gadag District:
- 7.2 Kohinoor issue

8. DISASTER MANAGEMENT

- 8.1 Heat wave
- 8.2 Fire in Natural History Museum

1
POLITY
&
GOVERNANCE

1.1: UNDERSTAFFED JUDICIARY

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(Q) What are the reasons and consequences of the judicial backlog pending before the Indian judiciary? What can be the solutions to address this problem?

o Context?

- ▶ The Chief Justice of India T. S. Thakur has recently commented that the country requires more than 70,000 judges now to clear the mounting backlog of cases.
- ▶ He has expressed concern over the low judge-population ratio in the country, and said that access to justice was a fundamental right and governments cannot afford to deny it to the people.

o Present status of judicial backlog

- ▶ As of January, 2016, the SC has a pendency of around 60,000 cases, HC's have 45 lakh cases and trial courts around 2.75 crore cases making it a total of around 3.25 crore cases.
- ▶ It might touch 4 crore cases by the end of this year because of large number of vacancies.

o Reason for judicial backlog

▶ Shortage of judges

Against a perceived requirement of about 50,000 judges, the country has a judicial strength of a mere 18,000, while more than 3 crore cases are pending in various courts. In the Supreme Court, the current pendency is 60,260 for a Bench consisting of 31 judges. As many as 434 posts of High Court judges are vacant, while a burden of 38.68 lakh cases is stretching available infrastructure and resources.

- ▶ The current judges-to-population ratio in India is estimated at 17 judges for every million citizens far lower than most developed and even developing countries in the world. This leads to delay in cases leading to pendency.
- ▶ Large judicial vacancies also add to the crisis and multiple administrative tussles such as the long drawn deliberations on the National Judicial Appointments Commission (NJAC) for instance are often cited as reasons for backlogs.
- ▶ Another reason for the present scenario can be attributed to the country's appellate structure. Disproportionately high numbers of cases are referred to the higher courts due to insufficient punitive measures in place to dissuade vexatious appeals and wastage of the time of the courts.
- ▶ Judiciary, too, has not given sufficient attention to the small systemic interventions that could disproportionately increase the efficiency of justice delivery.
- ▶ For instance, the ease with which adjournments can be secured is a well-known cause of delay in civil cases. A direction from the chief justice limiting reasonable grounds for adjournment would reduce pendency considerably.
- ▶ Besides, cases in busy sectors of civil law fall into repetitive patterns. Tenancy matters tend to be structurally similar, for instance, and focusing on unique factors in each case would speed up trials.

o Consequence of judicial backlog

- ▶ The backlog results in the dilution of the right to access timely justice and an erosion of the rule of law. This eventually affects peoples' faith in the judicial system.
- ▶ Delay will result in additional piling up of the cases which will further enlarge the cost of maintenance.
- ▶ The pending cases affect poor strata of society more. The cost of litigation can push them into debt-trap and poverty.

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- ▶ In absence of immediate and quick remedy, litigants in order to avoid mental and monetary harassment, approaches the informal courts instead of the courts established by law. This has allowed mushrooming of Khap Panchayats.
- ▶ A delay will result in lower number of cases. Many poor people often restrain themselves from filing judicial cases due to delays, cumbersome process and high cost involved in the judicial settlement.
- ▶ Further, delay in delivery of justice does not adequately dissuade regular perpetrators of crime. This even wipes-off the fear of law and punishment from their mind.
- ▶ Lack of Standardisation in data classification and poor management systems can misplace the records which can prove to be a gross miscarriage of justice.

o **Solution**

- ▶ To solve the problem, government need to improve the infrastructure of judicial system and increase the human resources at the disposal of judiciary. Information technology can be used to regularise the data of all the pending cases.
- ▶ Categorisation, regularisation and increasing the physical and human resources of court can prove to be beneficial for the overhauling of judicial system and to reduce the pendency of cases. For this Information technology can be leveraged.
- ▶ Institution of evening and morning courts to deal with petty matter like traffic violations/challans, which account for a bulk of the cases which are pending in the lower courts;
- ▶ Increasing the judge strength by increasing recruitment as well as the retirement age of judges;
- ▶ Setting up of special courts like property courts, commercial courts and e-courts for speedy disposal of cases;
- ▶ Addressing the problem of delay by reforming court procedures, promoting (ADR) Alternative Dispute Resolution method, fast tracking court processes, and the use of information and technology;
- ▶ Focussing on human resource development by filling in vacancies, strengthening judicial academies and training of court functionaries;
- ▶ Improving physical infrastructure of courts to improve efficiency.
- ▶ The Centre and the judiciary should collaborate on finding practical solutions like appointing more judges based on periodic needs assessments, increasing their retirement age, and deploying judicial resources efficiently.

1.2: AADHAR BILL CONTROVERSY

- (Q) The introduction of Aadhaar bill as Money Bill has raised many controversies. Discuss. Also discuss what are the concerns related with the bill?
- (Q) Do you think the role of speaker to certify a bill as money bill should be amended?

o **Context:**

The Aadhaar Bill has come under controversy due to its passage by the Lok Sabha as a 'Money Bill', ignoring amendments recommended by the Upper House of Parliament and raised questions over the final role of the speaker in certifying a bill as Money Bill.

o **Background:**

- ▶ Recently, the Aadhaar Bill was passed as Money Bills, despite it not meeting the strict criteria laid out in the Constitution.
- ▶ This meant that the Rajya Sabha had only a recommendatory role while discussing these Bills.
- ▶ This debate has also raised questions about the discretion of the speaker which requires him to certify a Money Bill before being passed on to the other house.

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o What is a Money Bill?

- ▶ Money Bill is a term in the constitution referring to certain class of bills which contain taxation proposals and proposals related to money matters etc.
- ▶ Article 110 of the constitution deals with the definition of Money Bills. It is a Money Bill if it contains only provisions dealing with all or any of the following matters:
 1. Imposition, abolition, remission, alteration or regulation of any tax.
 2. Regulation of the borrowing of the Union Government.
 3. Custody of consolidated or the contingency funds of India, the payment or withdrawal of money from any such fund.
 4. Appropriation of money out of consolidated fund of India.
 5. Declaration of charged expenditure on consolidated fund or increase the amount of any such expenditure.
 6. The receipt of money on account of the consolidated fund of India or public account of India.
 7. Any matter incidental to any of the matters specified above.
- ▶ If any question arises whether a bill is Money Bill or not the decision of the speaker of Lok Sabha is final and cannot be questioned in a court of law or in any house of parliament or even president.

o Key features of the Aadhaar bill:

- ▶ It seeks to provide a unique identity to residents and give legal teeth to the government in ensuring that its subsidies and services directly reach the beneficiaries in entirety.
- ▶ Citing away the fears related to privacy of citizens, the Aadhaar Bill says "no core biometric information, collected or created under this Act shall be shared with anyone for any reason whatsoever or used for any purpose other than generation of Aadhaar numbers and authentication under this Act".
- ▶ The Bill also aims at providing "good governance, efficient, transparent, and targeted delivery of subsidies, benefits and services", the expenditure for which is incurred from the Consolidated Fund of India, to individuals residing in India through assigning of unique identity numbers to such individuals.
- ▶ The proposed legislation will also address the uncertainty surrounding the project after the Supreme Court restricted the use of the Aadhaar number until a constitution bench delivers its verdict on a number of cases challenging the mandatory use of Aadhaar in government schemes and rules on the issue of privacy violation

o Concerns about the Bill:

- ▶ The main objectives of Bill are creating a right to obtain a unique identification number and providing for a statutory apparatus to regulate the entire process. The mere fact of establishing the Aadhaar number as the identification mechanism for benefits and subsidies funded by the (CFI) Consolidated Fund of India does not give it the character of a Money Bill.
- ▶ Since it was a Money Bill, it could not be rejected or amended by Rajya Sabha. The Upper House can only make recommendations for amendments but those have to be agreed to by Lok Sabha to become effective. The Lok Sabha can decide not to agree to any of the recommendations. This is clearly bypassing the upper house.
- ▶ It is commented that the Bill was passed as Money Bill so as to save it from the opposition in the upper house otherwise it would also have been stacked there and not passed like other bills that are pending in Rajya Sabha.

According to some experts, the reasons it could not be introduced as a Money Bill are:

- ▶ This bill also does not deal with the custody of the CFI, etc. The moneys paid into or withdrawn from such funds are incidental.

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- ▶ Besides, the bill is not an appropriation bill that appropriates money from the CFI. It does not deal with declaring any expenditure as a charge on that fund.
- ▶ Further, it does not deal with the receipt of money on account of the CFI or the public account, or the custody or issue of such money, or the audit of the accounts of the Union or states.
- **What are the flaws in present system which requires speaker to certify a bill as Money Bill?**

This discretion is being used by the ruling parties to whistle away the legislative powers of Rajya Sabha and make it a redundant legislative house by sending crucial bills like Money Bills as Rajya Sabha doesn't have the power over those bills. The recent Aadhar Bill is a good example in this regard.

- ▶ Neither the constitution nor the house rules lay down the procedure with regard to certifying the money bill making speaker's decision discretionary.
- ▶ Rajya sabha can't question the decision of the speaker even when they have a strong case for contesting speakers decision.
- ▶ The decision of the speaker cannot be questioned.
- **Conclusion:**

It is true that the sometimes the ruling parties use discretionary powers to overcome the legislative process which is not justified. This constitutional provision of giving authority to the speaker cannot be seen as a convenient tool to deal with an inconvenient second chamber. The Constitution reposes faith in the speaker's fairness and objectivity. His decision needs to be in conformity with the constitutional provisions. If not, it is no decision under the Constitution.

In order to reduce the discretion of the leader of the house, certain mechanisms can be developed such as:

- ▶ He can be made to resign from his membership of a particular party while taking seat as the leader of the house and can again join it when his term ends.
- ▶ A mechanism can be developed where the committee of the secretaries of both the houses examine in detail the given bill and submit their views to the speaker before speaker's decision.

1.3: AGUSTAWESTLAND DEAL SCAM

○ **Context:**

The unethical dealings by the state-backed defence major of Italy Finmeccanica and charges of corruption in an over Rs. 3,500-crore deal signed with India by the group's subsidiary AgustaWestland for the supply of Helicopters is again in news now.

○ **What was the AgustaWestland deal?**

- ▶ It is a contract, signed in February 2010 to purchase 12 AW101 Helicopters for the Indian Air Force to carry VIPs.
- ▶ 8 of these helicopters were to be used to transport VVIPs such as the President, the Prime Minister, the Vice President and others, while 4 were to be used for other duties.
- ▶ The AW-101s were meant to replace the Soviet Mi-8 helicopters being used to transport the VVIPs, which had completed their technical life. The IAF also cited "service ceiling" - the altitude at which a helicopter can fly - and the Mi-8s' lack of night-flying capabilities to seeking a new fleet of Helicopters.
- ▶ However, investigations carried out denote that bribes were paid to change the terms of the tender to allow AgustaWestland to win the Indian contract.

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o **Background:**

- ▶ Although the Defence Procurement Policy (DPP) of 2001 had permitted defence agents, few had registered owing to the lack of clarity on rules. This provided a fertile ground for middlemen and commissions in defence deals.
- ▶ India has been a victim of such deals before as well. This can be analysed from the Boforce who indulged in similar misdemeanour and got caught.
- ▶ After the allegations came to light India froze payments for the choppers, although it had already paid Rs. 1,620 crore, 45% of the contract value, and accepted 3 helicopters. The Ministry also ordered a CBI inquiry.

Names of many important political leaders and significant persons have been raised in the investigation.

o **What happened in the Italian courts?**

- ▶ In October 2014, an Italian lower court has acquitted (Air Chief Marshal (retd)), SP Tyagi of all charges. It also acquitted Orsi (former CEO and chairman of Finmeccanica) and former AgustaWestland head Bruno Spagnolini of "charges of international corruption", but convicted and sentenced them to 2 years on the lesser charge of "false invoicing".
- ▶ Recently, the Milan Court of Appeals overturned the lower court verdict and ruled that Orsi and Spagnolini had paid bribes to Indian officials to win the contract. The court has also indicted Tyagi for being a beneficiary of the bribes.

o **Why is the deal creating a storm in India?**

- ▶ The congress leader, Sonia Gandhi and senior Congressmen Ahmed Patel and Oscar Fernandes have been purportedly sought to be targeted in order to swing the deal AgustaWestland's way.
- ▶ Allegations of corruption in a deal signed with an Italian company during the UPA Government, given Sonia's Italian origins, have given the BJP ammunition to attack the Congress in Parliament.

o **Way ahead in agusta westland scam**

- ▶ The CBI must be urged to conclude its probe quickly and fairly, especially since the Italians have already wrapped up their investigation.
- ▶ The current political noise over the deal, revived after the Italian court's judgment came into Indian hands, should not be allowed to interfere with the ongoing investigation, which must be completed impartially and without political point-scoring.
- ▶ Eradicating corruption from the defence sector is a necessity, not just for saving taxpayer money but also to uphold the country's battlefield preparedness.
- ▶ Care must also be taken to prevent such incidents in future by having a transparent Defence Procurement Procedure in place.

o **Conclusion:**

Such cases show that how easy it is to make inroads into the political spectrum and administrative echelons with the help of just one unscrupulous middleman. Subsequent to the AgustaWestland scandal, though the Indian defence procurement has been undergoing several changes, with a much more transparent system in place under the new DPP that includes key reforms such as Legalising defence agents, reviewing blacklisting norms, and changing systemic attitudes. But, Whether the overhaul of the Indian defence sector will stick to the new roadmap or not is still to be seen.

1.4: PUBLIC AFFAIRS INDEX (PAI) FOR STATE GOVERNANCE RANKINGS

o **Context:**

The Public Affairs Centre (PAC), Bangalore has produced a Public Affairs Index (PAI) recently to rank governance inter-state.

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○ What is PAI (Public Affairs Index)?

- ▶ The Public Affairs Index (PAI) is an attempt to bring together the states of the country which are culturally, economically and socially diverse, into a common data-driven framework, to facilitate an interstate comparison.
- ▶ It identifies certain critical themes of governance to measure where each state stands when compared with the others.
- ▶ The index is calculated using 10 themes: essential infrastructure; support to human development; social protection; children and women; crime, law and order; delivery of justice; environment; transparency and accountability; fiscal management; and economic freedom.
- ▶ Under each theme, there are "focus subjects", to whom equal weights are assigned and the index is calculated.
- ▶ Then sub-categories under each of those 10 themes. There are 25 of these focus subjects.
- ▶ It projects a governance ranking and not a performance ranking, which is an implicit value judgement about what people expect a government to do and in what form.

○ Ranking of states -

THE RESULTS					
TOP RANKING AMONG BIG STATES			LOW RANKING AMONG BIG STATES		
State	Rank		State	Rank	
Kerala	1		Bihar	17	
Tamil Nadu	2		Jharkhand	16	
Karnataka	3		Odisha	15	
Maharashtra	4		Assam	14	
Gujarat	5		Madhya Pradesh	13	
TOP RANKING AMONG SMALL STATES					
State	Mizoram	Himachal Pradesh	Delhi	Sikkim	Goa
Rank	1	2	3	4	5

Fig: 1.1

1.5: ROAD TRANSPORT AND SAFETY BILL 2014

- (Q) The new road transport and safety bill is more stringent than the present legislation. Discuss the provisions of the new bill. Will it be able to curb the rising level of road accidents in the country?

○ Context:

The increase in number of cases of people who die due to road accidents is increasing year by year and the delay of the government to get passed the Road Transport and Safety Bill in 2014 which has been drafted to revamp the system and tackle the issue systematically and comprehensively.

○ Present situation:

- ▶ Every year, there are more than 500 mass casualty road crashes in India.
- ▶ Between 2012-14, there were 60,000 cases of accidents caused by underage drivers.
- ▶ The number of deaths, due to road accidents reached a high of 146,000 in 2015.
- ▶ According to a 2014 Planning Commission report, road crashes lead to an annual economic loss equivalent to 3% of India's GDP.

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o Key features of proposed Bill:

- ▶ It proposes a fine of Rs. 5 lakh per vehicle as well as imprisonment for faulty manufacturing design, besides cancellation of licences for rash and negligent driving and a penalty of up to Rs. 1 lakh or imprisonment for 6 months which may extend to 1 year or both in case of using vehicle in unsafe conditions.
- ▶ First offence for drunk driving will attract "Rs. 25,000 fine, or imprisonment for a term not exceeding 3 months, or with both, and a 6-month licence suspension. Second offence within 3 years will result in Rs 50,000 penalty or imprisonment for up to one year or both and a one year license suspension.
- ▶ Causing death of a child in certain circumstances will result in "Rs 3 lakh fine, and imprisonment for a term not less than 7 years" while violating traffic signal 3 times will result in Rs 15,000 fine, licence cancellation for a month and a compulsory refresher training, the draft Bill said.
- ▶ It provides for graded point system for imposing fines
- ▶ Other features include unified vehicle registration system, single National Road Transport & Multinational Coordination Authority and Goods Transport and National Freight Policy.

o Difference between present Act and the proposed Bill:

- ▶ Under the existing Motor Vehicles Act, 1988, the fine for allowing an "unauthorised person" (the provision does not mention a minor) to drive a vehicle is Rs. 1,000 or three months of imprisonment or both. The draft bill enhances the fine to Rs. 10,000, mentions a "minor" is an unauthorised person, and also provides for impounding the vehicle for two months along with a system of penalty points, which ensures that repeat offenders could lose their licences.
- ▶ Under the existing law, accountability rests on the driver, not on those who failed to rectify the badly designed road due to which also a large number of accidents occur. Under the proposed bill, there are penalties for failing to comply with standards for road design, construction and maintenance.
- ▶ Motor Vehicles Act, which fails to protect the most vulnerable users of the road, determine who is allowed to drive, or assign accountability for faulty road design and engineering.

o Way forward:

Comprehensively addressing road crashes will not only prevent the unimaginable emotional trauma that lakhs of families must suffer each year, but it will also lead to significant economic benefits. The government has taken a step forward by drafting a comprehensive Road Safety Bill but has been unable to introduce it in Parliament so far. Why the hold-up? With the second part of the Budget session of Parliament underway, it should include the introduction and passage of the Road Safety Bill. This way, the long road to implementation of such a reform can begin sooner than later.

1.6: NEW DELHI RANKS 44 OUT OF 50 IN FUTURE READY CITIES AROUND THE GLOBE.

- ▶ The national capital 'New Delhi' has been recognised as one of the 50 future ready cities around the world that are embracing technology to adopt and thrives in an ever-changing and globalised future, according to a report by IT major Dell.
- ▶ New Delhi is ranked 44th on the list which is topped by San Jose, followed by San Francisco, Singapore and London, after the top 4 cities Washington D.C. joins the list in top 10 followed by Boston, Austin, Raleigh, Stockholm and Sydney.
- ▶ The ranking were compiled by the IHS Economics based on proxy indicators that will define the insight and criteria developed at the 2015 strategic innovation summit..
- ▶ The evaluation of cities positioned in the list is based on the 3 dimensions those are: Human capital, Infrastructure and Commerce.
- ▶ The future ready economies model scores large high growth global metropolitan areas based on attributes that enable people and organizations to access new tools and

ideas that deliver better connectivity, better economic performance and greater ability to attract talent.

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1.7: CENTRE ISSUES NOTIFICATION FOR PROTECTION OF GOOD SAMARITANS

- ▶ According to the Law Commission of India, 50% of those killed in road accidents could have been saved had timely assistance been rendered to them.
- ▶ The Supreme Court had directed, all the states to follow the centre's guidelines issued by Ministry of Road Transport and Highways (MoRTH) on helping accident victims for protection of 'Good Samaritans' that encouraged witnesses in road accidents to report the police and also help survivors with medical treatment.
- ▶ **Guidelines lay down for the 'Good Samaritans':**
 - The Good Samaritans will be treated respectfully and without any discrimination on the ground of the gender, religion, nationality and cast.
 - Any individual, except an eyewitness, who calls the police to inform of an accidental injury or death, need not reveal his or her personal details such as, full name, address, or the phone number.
 - The police will not compel the Good Samaritans to disclose his/her name identity, address and other such details in the police record form or log register and in procuring information or anything else.
 - The police will allow the Good Samaritans to leave after having provided the information available to him or her, and no further questions will be asked of him or her if he or she does not desire to be a witness.
- ▶ **Guidelines if Good Samaritans agree to become witness:**
 - He/she will be examine with almost care and respect.
 - The examination will conducted at a time place of the Good Samaritans convenience and the investigation officer will be dressed in the plain clothes.
 - If the Good Samaritans required by the investigation officer to visit the police station, the reason for the requirement shall be covered by the officer in writing.
 - In a police station a Good Samaritans will be examined in a single examination in a reasonable time-bound manner, without causing any undue delay.
 - If a Good Samaritans declared himself to be an eyewitness, she/he will allow giving her/his evidence in the form of affidavit.
- ▶ The Higher Rank holder of police that is, Superintendent or Deputy Commissioner of police is responsible to enquire in this procedure.
- ▶ Video conferencing may be used extensively during examination of Good Samaritans in order to prevent harassment and inconvenience to Good Samaritans.
- ▶ All registered public and private hospitals are not to detain Good Samaritans or demand payment for registration and admission cost unless he/she is the family member or the relative of the injured.
- ▶ All hospitals shall publish a charter in Hindi, English and the vernacular of the state or the Union Territory.
- ▶ A letter containing these guidelines shall be issued by the central and state government to all hospitals and institute under their jurisdiction, shall publish advertisement in all national and one regional newspaper including electronic media and the print media for spreading awareness amongst society and resulted in to give encouragement to more Good Samaritans.

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1.8: PARLIAMENT PASSES BILL FOR STATES CONTROL OVER POTABLE ALCOHOL PRODUCTION

- ▶ Parliament passed a bill, which sought to transfer the control over industries producing potable alcohol from the central government to the state government.
- ▶ The industries (Development and Regulation) Amendment Bill, 2015, amending the 1951 Act, had already been passed by the Lok Sabha.
- ▶ This Act provides for development and regulation of certain industries including 'fermentation industries' (which includes production of alcohol) and, its first schedule includes all industries that are regulated under the Act.
- ▶ The Bill amends the entry 26th in the first schedule to exclude production of alcohol for potable purposes from the ambit of the Act.
- ▶ The Supreme Court in its judgement on January 20, 1997, had demarcated the regulations of production of alcohol between the central and state governments in the case of - (Bihar Distillery and another V/S Union of India and Others).

◉ Supreme Court Ruling over the Issue:

The Central Government should regulate the production of alcohol for industrial use and state should regulate the production of alcohol for potable purpose that is for the Domestic Consumption and continue to be responsible for formulating policy along with Foreign Collaboration (FDI and foreign technology collaboration) for all products of fermentation industries, including industrial and potable alcohol.

1.10: SHYAM BENEGAL COMMITTEE SUBMITS RECOMMENDATIONS ON FILM CERTIFICATION.

- ▶ To lay down holistic framework for certification of films, a committee was set up under the chairmanship of Shri Syam Benegal that take notes of best practices in various parts of the world and give sufficient and adequate space for artistic and creative expression moreover, lay down procedures and guidelines of the benefit of the Central Board of Film Certification (CBFC) Board to follow and examine staffing patterns with a view to recommending a framework that would provide efficient and transparent user friendly services.
- ▶ The highlight of the recommendation of the committee broadly covers the areas related to Film Certification process and its simplification, Restructuring staffing pattern of Central & Regional censor advisory panels and Recertification of films for purpose of telecast on television and measures to preserve the identity of Indian Cinema.
- ▶ Regarding the categorization of the films, the committee recommends that it should be more specific and apart from U category, the UA category can be broken up into further sub-categories- UA12+ & UA15+. The category should be sub-divided into A and AC (Adult with Caution) categories.

◉ Following are the Major Highlights of the Cinematograph Act/Rule Report:

Central Board of Film Certification (CBFC) should only be a film certification body whose scope should be restricted to categorizing the suitability of the film to audience groups on the basis of age and maturity except in the following instances to refuse certification:

- ▶ When a film contains anything that contravenes the provision of section 5B (1) of the Cinematograph Act, 1952.
- ▶ When content in a film crosses the ceiling laid down in the highest category of certification.
- ▶ The applicant must specify the category of certification being sought and the target audience.

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◦ **Objectives of these guidelines:**

- ▶ Children and adults are protected from potential harmful or unsuitable content.
- ▶ Audience, particularly parents are empowered to make informed viewing decisions.
- ▶ Artistic expression and creative freedom are not unduly curbed in the process of classification of the films.
- ▶ The process of certification by CBFC is responsive, at all times, to social change.
- ▶ The certification by CBFC keeps within the rights and obligations as laid down in the Indian Constitution.
- ▶ The certification of films shall be carried out in accordance with the guidelines proposed for certification that have been split into 3 sessions, with each section required to be read with the other 2- General Guidelines, Issue Related Guidelines and Category Specific Guidelines.
- ▶ In addition with the recommendation is also made regarding Functioning of the Board, giving the limited functions the total composition of the Board should not be more than 9 members and 1 chairman.

◦ **Regarding the Regional Advisory Panel the committee has laid down the criteria for Appointment:**

- ▶ Members from all walks of life, recommended by the National Film Development Corporation to the Central Government- 25%.
- ▶ Members of the general public recommended by the FSSI (Federation of Film Societies of India)-25%.
- ▶ Members recommended by the National Council for Protection of Child Rights (NCPDR) and National Commission of Women(NCW)-25%.
- ▶ Representative of the local film industry, as recommended by FFI (Film Federation of India).-25%.
- ▶ Women to have 50% representation on each Panel.

◦ **In addition to foregoing the committee has recommended:**

- ▶ Online submission of applications as well as simplification of forms and accompanying documentation.
- ▶ Recertification of a film for purposes of telecast on television or for any other purpose should be permitted.
- ▶ In order to preserve Indian Cinema, the committee recommends that every applicant be asked to deposit the Director's Cut in the NFAI for preservation of Indian Cinema, instead of the certified version, in order to truly reflect the cinematic history of Indian cinema.
- ▶ Out-of-turn certification may be permitted for which the applicant would have to pay 5 times the fee that would have to be paid if the certification were done in the normal course.
- ▶ In the event that complaints are received by the Central Government, the same shall be referred to the CBFC. The Chairperson may, if he considers it necessary to do so, refer the film to a Revising Committee for examination once again, on account of alleged violation of Section 5B(1) of the Cinematograph Act, 1952.

◦ **The committee sought some more time to give recommendations on the certification of films regarding:**

- ▶ Issues relating to clearance to be obtained from the Animal Welfare Board under the Prevention of Cruelty to Animals Act 1960.
- ▶ Issues relating to depiction of smoking in films wherein films are required to show a disclaimer in every scene that involves smoking, as per directives from the Ministry of Health and Family Welfare.

2

**INTERNAL
SECURITY**

2.1: DO INDIA REQUIRE CHIEF OF DEFENCE STAFF POST?

(Q) It is commented that Establishment of Chief of Defence Staff Post would provide much needed Autonomy to the Defense forces and would strengthen the Security architecture of India. Do you agree with the view. Critically Comment.

◦ **Context**

- ▶ The talk of appointing a Chief of Defense Staff has been going on for quite some time now.
- ▶ After the Kargil fiasco an expert committee was set up under the chairmanship of K. Subramanian to look into all aspects of national security; with one of its key recommendations being the appointment of a Chief of Defense Staff.
- ▶ Subsequently the Naresh Chandra committee was set up to suggest reforms in higher defense management, it also underscored the importance of a CDS but pitched for a watered down version in terms of a permanent Chairman Joint Chief of Staff. Last year Defence Minister Manohar Parrikar also hinted that Government would soon create a post of Chief defence staff post.

◦ **Issues in the Current System in India**

- ▶ The higher defense management in India is currently along the lines of the Joint Chief of Staff model of the USA, with the senior most chief (Army, Navy and Air force) appointed as Chairman JSOC. The Defense Secretary acts as an interface between the Armed Forces and the Political Executive.
- ▶ The Armed Forces are still considered as "Attached Offices" of the Ministry of Defense and it is the Defense Secretary who is responsible for the defense of the country. This invariably leads to greater gap between the civilian and military bureaucracy.
- ▶ It's the Defense Secretary who represents India in all professional forums and acts as the adviser to the Raksha Mantri, consequently depriving the political executive of the expert advice of the service Chiefs.
- ▶ India is the only country with an MoD sans military professionals, with bureaucrats lacking a military background and knowledge ruling the roost, hiding their ineptitude and incompetence in their respective cocoons and without accountability, making money through scams and appeasing their political bosses. As a result, we lack a cohesive national security strategy; national security objectives remain undefined; higher defence organisations aren't streamlined; there is little synergy within the military; the military-industrial complex remains in a pathetic state.
- ▶ One up man ship games played by the permanent executive like placing the service Chiefs at a level lower than Cabinet Secretary Rank results in unnecessary protocol and ego issues thereby lowering the overall efficiency.
- ▶ The problem with the existing separate military headquarters is that there is a turf war between the three wings with each seeing things with its own perspective and requirement.

◦ **What is the CDS model?**

- ▶ The CDS model envisages a close degree of coordination and synergy among the tri services by appointing a person who would be the head of military operations and the most senior advisor to the government on all matters related to the military.
- ▶ The charter of CDS will be the coordination of cyber and space functions, rationalizing the capabilities of individual services, and plans and procurements for force development which consider fiscal resources and optimization of logistics.
- ▶ The government envisages the PP COSC as having a 2-year tenure and an equivalence in rank and protocol with the service chiefs.

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o Advantages of CDS model?

- ▶ The 3 Armed Forces function largely as separate executive entities without adequate coordination. The Integrated Defense Staff Headquarters (HQ IDS) set up, based on the Group of Ministries (GOM) recommendations in 2001, in the absence of the CDS - i.e. its head, has no effective powers to coordinate the functioning of the 3, as a cumulative, integrated structure for optimized pay-offs.
- ▶ All policy and coordination functions are carried out by the Ministry of Defense (MOD).
- ▶ Policy-making on operations, procurement and joint logistics proposals therefore either gets delayed or stuck, without justification and accountability in the absence of background knowledge. This is worrying as the security environment in India's neighborhood is rapidly deteriorating.
- ▶ The institutionalized direct interface of the political leadership with the military, through the CDS or Permanent Chairman Chief of Staff Committee, will provide a single, all-encompassing coherent and cohesive perspective, instead of disaggregated individual single service formulations. This will correct the anomaly of civic-military interface during the shaping/ deterrence phase, during operations, or after the occurrence of unsavory situations.
- ▶ Current structure in India is that The senior most Service chief holds the post of Chairman Chief of Staff Committee is inadequate Since he has dual role as he is also the Chief of his own service Combined responsibility is not only overwhelming, often resulting in neglect and delay, but it can also place two roles in conflict. Appointing either the CDS or Permanent Chairman COSC would separate the two roles and bring the requisite professional focus to each.
- ▶ All support organisations for either the CDS or PC COSC, including the IDS Headquarters and tri-service Commands, are already established and functional. Hence, there are no cost implications.
- ▶ The organisational advantages expected to accrue from the proposed reform include holistic management of national security for optimised results, and single point military advice on matters of national security including nuclear weapons.
- ▶ The proposition also augurs well for strategising of a cost effective and robust national defence policy; synergised and calibrated triservice contingency planning; capital acquisition plan within an affordable fiscal regime.

o Limitations of the proposed CDS Model?

- ▶ The whole idea behind appointing a PC COSC is to break down silos within Armed Forces and create synergy in the fighting force. However how can the proposed PC COSC bring synergy within the three services when he has no operational powers over the military?
- ▶ As and when the CDS is established, he will have equal voting rights as the service chiefs, and where 2 service chiefs don't agree, the MoD will arbitrate". Now if a CDS is to be a "single point advisor", where is the question of two chiefs not agreeing?
- ▶ The PC COSC will be responsible for all military hardware acquisition processes, tri-service commands and for "jointmanship" within the forces for optimum utilisation of resources. Many security experts believe that This is no different from the current arrangement of having a rotational chairman of the COSC since raising of HQ Integrated Defence Staff (IDS), other than that the rotational incumbent normally has a tenure of less than 2 years.

2.2: GOVERNMENT TO SET UP SEX OFFENDERS REGISTRY

(Q) Can establishment of Sex offender's registry have put major impact on reducing sexual crimes? Critically Discuss.

o Context

In view of rising sexual crimes in the country, consultations are underway to set up a Sex Offenders Registry in the country. According to Government sources Draft guidelines on

the proposal to set up Sex Offenders Registry in India is under preparation in consultation with relevant ministries/organisations, before they are put out for wider consultation with the state governments and the public. The move comes amid widespread demands for tougher action on sexual violence, more than 3 years since the fatal rape of a student in Delhi.

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◦ What would the Sex offender Registry do?

- ▶ This will be an online database of charge-sheeted sexual offenders in the entire country, which people can access through a Citizen Portal in the upcoming Crime and Criminal Tracking Network and Systems (CCTNS) project.
- ▶ The United States has a similar website called National Sex Offender Public Website. Concerned residents can use its search tool to identify location information on sex offenders residing and working not only in their own neighborhood but in other nearby states and communities.
- ▶ In addition, it provides visitors with information about sexual abuse and how to protect themselves among other things.
- ▶ Details of sexual offenders even below 18 years of age would be included in the database, which will be put up on the website of National Crime Records Bureau (NCRB).
- ▶ The government plans to publicise their photographs, addresses, PAN card details, Aadhaar card number, fingerprints and DNA samples through this registry.
- ▶ According to the proposed plan the names and details of sexual offenders, both below and above 18 years of age would be put up only after they have been convicted and completed their sentence in jail. The details will not be included if the case are under trial and are in appeal in a higher court.
- ▶ According to draft guidelines proposed, extensive information on the offender will be collected. This will include, inter-alia name and aliases, registration of primary or given name, nicknames, pseudonyms, telephone numbers, addresses including temporary lodging information, travel and immigration documents.

◦ Analysis

▶ Significance

- As per the information provided by National Crime Records Bureau, a total of 32,077 cases of rape were reported, out of which 1,706 were gang rapes, during 2015 thus this registry would be a handy tool for the law enforcement agencies and It will instill fear in the minds of repeat sexual offenders and the public would be benefited from it.

▶ Criticism

- The offenders' registry is being envisaged as deterrence by the ministers in the government since it will instill fear in the minds of repeat sexual offenders and the public would benefit from it. Experts have raised concern about who the Government want to deter, If it is the individual offender, only a couple of offenders would make it to the list given the low conviction rate and the snail-paced judicial processes. Given the inconsistency between the rate of crime committed and the rate of conviction, They doubt if the registry would be of any help for the public to stay vigilant against sex offenders.
- In most cases of sexual offences the perpetrator is known to the victim. Many times it is the relative, neighbor, or a family member. Experts doubt that if husbands, brothers, fathers, step-fathers, uncles, and other male relatives would make it to the government's sex offender's registry.
- Making public the names and background details of a convicted offender can have major repercussions on the people who are related to or somehow associated with the offender. For instance- the school he attended can be blacklisted (for making rapists out of students), his sister, wife, mother be raped

or lynched by faceless mob hysteria, which has acted with impunity on many occasions in recent times. His family members can be denied jobs or ostracized by the community. All this, over and above the effect this publicized registry would have on the possible rehabilitation of individual offenders.

- There are no significant studies which suggest that imprisonment or other deterrent sanctions reduces recidivism.

◉ Way Forward

- ▶ Rather than seeking high tech, resource consuming solutions such as portals like Sex Offenders' Registry, which cannot ensure safety of the citizens, the government should focus on establishing functional fast-track courts around the country.
- ▶ What is needed is timely conviction of sex offenders, in order to address the impunity that rapists enjoy due to delay in conviction as well as faulty trials that re-victimize the rape survivor.

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2.3: NAVAL DETACHMENT SET UP AT LAKSHADWEEP

- (Q) Highlight the strategic Significance of Lakshadweep Islands for India?
Also discuss the steps taken by Indian Government in recent years to step up security architecture in Lakshadweep.

◉ Context

As part of measures to enhance surveillance of crucial shipping lanes, the Navy recently established a new naval detachment at Androth islands of Lakshadweep.



Fig: 2.1

◉ Background

- ▶ Indian Navy has been operating a detachment at Kavaratti since early 80's.
- ▶ India has established a full-fledged navy base in the Lakshadweep Islands in the Arabian Sea, in an effort to have a robust security system and infrastructure in place to secure its island territories.
- ▶ Minicoy, Kavaratti, Androth are the 3 islands in Lakshadweep which already have naval detachments.

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◉ Significance of Naval detachment

- ▶ Lakshadweep and Minicoy Islands occupy a strategic location in the Arabian Sea. A number of shipping lanes pass close to these islands. Setting up of a Naval Detachment at Androth Island will enhance the Navy's reach and surveillance, and contribute significantly to strengthen maritime security and stability.
- ▶ The facility will function as an observance and reporting organisation apart from extending the Navy's presence in Androth Island.
- ▶ Detachment would extend the naval presence at Androth Island, part of the Lakshadweep & Minicoy group of islands in the Arabian Sea, provide communication network connectivity with mainland, enable Sea Lanes of Communication monitoring and function as an observance and reporting post, besides radar surveillance.

◉ Steps taken by Indian Government in recent years to step up security architecture in Lakshadweep

- ▶ 6 radars have been set up in Lakshadweep and 4 in Kerala as part of phase one development of coastal radar chains in 2009.
- ▶ A combined coastal security exercises, encompassing coastal areas of Kerala, Mahe and Lakshadweep islands have been regularly conducted in recent years.
- ▶ The Southern Naval command has been allocated 16 fast interceptor crafts of which 12 have been inducted. Of these, 2 have been based at the Lakshadweep and 4 more are planned to be based shortly.
- ▶ India has established a full-fledged navy base in the Lakshadweep Islands in the Arabian Sea in 2012.

◉ Strategic Significance of Lakshadweep Islands for India

- ▶ India's economic interest are centered on maritime region and their protection is the responsibility of the Navy. 90% of trade by volume and 70% by value goes by sea and if such sea lanes are not protected, prosperity of the people will be hindered. A firmer footing in the islands, which are spread out astride some of the busiest shipping lanes of the world would provide the necessary wherewithal to the Indian Navy to suitably discharge its responsibilities.
- ▶ Naval Base at Lakshadweep would allow Indian naval warships, on anti-piracy patrol in the south Arabian Sea to extend their reach farther and help curb piracy in that region.
- ▶ Naval base at Lakshadweep would also allow Indian navy to check the activities of Chinese Navy in the region specially in the area near the Gwadar port which China is developing.

3

ECONOMY

3.1: SHOULD CRR BE ABOLISHED?

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(Q) What do you understand by CRR?. Many Bankers believe that CRR should be abolished. Do you agree with the view? Critically comment.

o Context

Time and again many Bankers and economists have recommended scrapping of CRR. With Banks facing rising Non Performing Assests (NPA) in recent years, demand has again been raised my few experts to scrap CRR.

o What is CRR?

- ▶ The banks in India are required to hold a certain proportion of their deposits in form of cash with the Reserve Bank of India (RBI). This minimum ratio stipulated by the RBI is known as CRR.
- ▶ Cash Reserve Ratio (CRR) is ratio of reserves at which commercial banks must hold or deposit with the central Bank. In other words it is a central bank regulation that sets the minimum reserves that each commercial bank must hold physically in bank vaults or as deposits made with the central bank. This reserve can be maintained either in cash, gold or unencumbered government securities.
- ▶ The RBI is empowered to prescribe CRR for scheduled banks without any floor rate or ceiling rate, keeping in view the needs of securing monetary stability in the country. Higher the CRR, lower the banks will be able to use for lending and investment.
- ▶ The reserve requirement, on one hand, helps the bankers to have enough cash to meet any crisis and on the other hand, they serve as tools for Central Bank to control the liquidity in the system in order to manage the Inflation. When CRR is altered then the interest rates will be changing as per availability of funds with the commercial banks.

o Why CRR should be abolished?

- ▶ All banks put together maintained a cash balance of Rs. 3,14,900 crore with the RBI every day, and this keeps on growing with the growth in deposits of the banking industry. This humungous amount does not earn any interest for the banks. If you calculate the interest on this amount at the average lending rate of banks, say at 10%, the total loss to the banking industry is in excess of Rs. 31,000 crore per year.
- ▶ According to many Bankers CRR policy had denied the country growth, and its abolition would allow banks to lower the lending rate.
- ▶ Since the RBI did not pay any interest, the CRR acted like a tax on the banking system, placing the banks at a competitive disadvantage versus non-banking financial companies and mutual funds who do not require to pay CRR.
- ▶ According to experts, the loss to the banking sector due to CRR was Rs. 21,000 crore.
- ▶ If a bank falls short of its CRR requirements, the RBI collects interest on the shortfall from the bank at the bank rate as if the defaulting bank has borrowed that money from the central bank. While the RBI's action is justified, as it is the only way the central bank can enforce discipline among the banks, this is a source of irritation to the Banks.
- ▶ Most of the central banks in developed countries have dispensed with the system of CRR and have been using the tool of open market operations to control inflation.

o Why it should not be abolished?

- ▶ CRR system is synonymous to us keeping some cash with us, family or friends etc. for a rainy day.
- ▶ Till the time the rainy day doesn't come this is just blocked fund which is not put to full use but when and if the day comes you are more than happy you kept it.

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- ▶ Now CRR serves a similar purpose - surely banks and thereby customers have to bear the cost but it comes at the price of increased safety.
- ▶ CRR and SLR are two Safety Valves built in the system by prudent bankers to protect banks from all types of adversities. Safety Valve in pressure cooker provide safety to cook when he or she forgets taking due care before cooking through pressure cooker. It is but natural that due to natural calamities or due to adverse business environment or due to global reasons banks have to face huge cash demand from depositors and liquidity crunch from time to time. If CRR and SLR is abolished or reduced from present level, these banks will go fail and depositors will face the consequences arising out of faulty credit decisions of bank officials.
- ▶ If a bank falls short of its CRR requirements, the RBI collects interest on the shortfall from the bank at the bank rate as if the defaulting bank has borrowed that money from the central bank. While the RBI's action is justified, as it is the only way the central bank can enforce discipline among the banks, this is a source of irritation to the SBI.
- ▶ Few years ago RBI had ceased to pay interest rate on CRR, which affects the commercial banks. This is one of the main reasons why SBI chairman wanted CRR to be abolished.

◉ Way ahead

With the rising non-performing assets of the banking industry, growing number of accounts falling under the hammer of corporate debt restructuring, dwindling margins of commercial banks and the strain on their profitability, there is every justification for the commercial banks to clamor for marked reduction in the CRR. However, scrapping CRR is not a solution since CRR is needed as safety valve for the Financial system. However interest should be paid on CRR so that Banks do not consider it as burden.

3.2: EXPORTS SHRINK BY 16% IN 2015-16

(Q) It is said that, global factors are responsible for fall in India's exports. Critically comment. Also suggest measures to boost India's exports?

◉ Context

- ▶ Merchandise exports shrank 15.9% in 2015-16 to \$261.13 billion. Reflecting a slowdown in the domestic economy, especially in the manufacturing sector, goods imports contracted 15.3% to \$379.6 billion. There has also been a minor recovery on the exports front in the last 4 months, with the pace of contraction in goods exports slowing from April-November, when it had shrunk 18.46%.
- ▶ **Reasons for fall in exports:**
 - Global factors are most important reasons for the slowdown. Due to slow growth in India's export market there is lack of demand for Indian goods.
 - Fall in crude oil price has also effected badly India's export earning; Since India is big exporter of refined petroleum products.
 - Third most important reason behind the fall in exports is Yuan's Devaluation as India's top competitor in many of its key exports such as steel, chemicals and textiles is China.
 - Fourthly though tariff barrier has decreased over the years in developed countries, The non-tariff barriers have been increasingly used against Indian exports and the most potent weapon of non-tariff barrier is imposition of phytosanitary norms of WTO to restrict Indian export access to these market.
 - Fifthly in most of the Free Trade Agreement (FTA) we signed, the other country or bloc is getting more benefits than India, in fact India is getting hurt from some of them, for example India-Asean free trade agreement has hurted India's

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export of oil palm and textiles because of competition from Indonesia and Vietnam. Further, most of India's Preferential Trade Agreements (PTAs) are shallow in terms of product coverage. For example, the India-Mercosur PTA doesn't include textiles and apparel items, which face prohibitive import duties of up to 35%.

- While all these external factors have played a role in decline of our factors, however, the root cause for this decline is much broader. Despite all attempts at diversification, India's merchandise exports have a narrow base, with the top 20 categories accounting for 78% of the total. Even in top export categories like textiles, India is exporting low value commodities such as cotton yarn or apparel rather than technical textiles. India's manufacturing exports are fast losing price competitiveness, primarily because of poor logistics infrastructure compounded by a weak trade facilitation regime. India's over-dependence on road freight means that the cost of logistics as a percentage of GDP remains as high as 13-14%, compared with 7-8% in developed countries. Exports incentives in the range of 2 to 3% of export value can't fully compensate for the additional cost incurred on account of an inefficient trade infrastructure.
- India's ill-conceived trade pacts have also resulted in inverted duty structure - high import duties on raw materials and intermediates, and lower duties on finished goods - that discourage the production and export of value-added items. Thus, apparel can be imported into India duty free while its raw material -manmade fibers attract an import duty of 10%. That makes no sense. Similarly, finished products such as laptops or cell phones can be imported more cheaply than all their parts (imported) separately because of duty inversion.
- Lastly the relative appreciation of rupee against dollar vis-à-vis other currencies like the euro, real, rouble, or Yuan have hurted India's exports competitiveness.

○ What is required to boost India's export?

- ▶ Firstly in short run Rupees should be allowed to depreciate more in order to make our exports competitive in comparison to China and other emerging countries.
- ▶ Secondly India should sign FTA giving due weight age to commercial interest also. In recent years India has signed many trade pacts, more for geo-political reasons than commercial ones which have hurted India's exports, fixing the trade regime should be the top priority for the government.
- ▶ Thirdly India's traditional export market i.e. developed countries in Europe, North America, Japan etc. are either slowing down or they are negotiating Multilateral Trade Agreements like TPP which would prevent market access to these markets, Therefore in order to ensure long term stability and sustainability of India's exports, India should focus more on African and Latin American Markets by signing more FTA,s in these region.
- ▶ Create indigenous sources of supply, where possible, for imports that form parts of exports to provide a cost advantage, or at least reduce the cost disadvantage. Many of India's exports today have significant import components.
- ▶ Reduce barriers for foreign direct investment that can provide capital and expertise for export oriented activities.
- ▶ Improve domestic infrastructure, roads, ports and power. For example, India is one of the largest producers in the world of fruits and vegetables, and the largest producers of milk. Yet, India's share of the world trade in this is less than 1%. This is attributed largely to lack of investment in post-harvest technology and infrastructure that can deliver these perishables to the world market.
- ▶ Tighter regulation for exports subject to international quality control. Note that, India is one of the largest exporters of pharmaceutical products. Yet, some Indian companies recently were handed large fines and also banned by the US and UK regulators for

not meeting quality controls. This has the impact of painting a successful industry with the same broad stroke and undermining its potential growth.

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3.3: PROPOSED WORKERS BANK

(Q) It is commented that establishment of Workers Bank would Improve the Functioning and Working of EPFO. Comment. Also Highlight the challenges associated with it.

o Context

The Labour Ministry has asked the Reserve Bank of India (RBI) to form a panel headed by a former Deputy Governor of the central bank to look into a proposal of creating a Workers' Bank using Employees' Provident Fund (EPF).

o What is EPF & EPFO?

- ▶ The EPF (Employees' Provident Fund) is the most popular investment for salaried individuals, and is maintained solely by the Employees' Provident Fund Organization of India (EPFO). As a rule, any company having more than 20 employees has to register with the EPFO.
- ▶ The EPF is a retirement benefit applicable only for salaried employees. It is a fund to which an employee and employer contribute 12% every month (Pre-set by the government of India) of the employee's basic salary. Every year, the employer deposits with the EPFO the contribution from the employer and the employee. Knowingly or unknowingly, 24% of your basic salary is saved every month
- ▶ For those who have a basic salary of up to Rs. 6500, contributing to the EPF is mandatory. Contributions are voluntary for those whose basic salary exceeds Rs. 6,500.
- ▶ The Central government revises EPF interest rates every year depending upon the revenues made by EPFO on its previous years' deposits. For 13, the EPF interest rate is 8.50%.
- ▶ You can withdraw from your EPF account on the account your children's education, marriage of self, children and siblings, purchase/construction of a house, or any medical emergencies. However, withdrawal is subject to certain conditions, non-compliance of which would result in penal interest:
- ▶ EPFO corpus is mandated by law to be invested only in Government bonds and 7 Private companies which are considered a safe investment however returns are also low in that.

o Why we require Workers Bank?

- ▶ If Workers bank is established a bank, EPFO will not have to pay services and commissions to banks and portfolio managers. Besides, the current hesitation of investing in stock market can also be taken care of as they can explore it through the Workers' bank.
- ▶ EPFO already has 120-odd offices and the organization is adopting technology in a big way, so infrastructure would not be an issue. The rate of return on EPFO can go up if the organization can invest and manage its own corpus. It won't cost more than Rs.1,000 crore to the retirement fund manager to start the bank.

o What will Workers bank do?

- ▶ Workers bank would improve the earnings of Employees' Provident Fund Organisation (EPFO) by investing its corpus in various instruments.
- ▶ The idea was modeled on similar experiences in countries like Canada, Netherland, Switzerland and South Africa where a collective pension fund system invests worker's savings in equities of domestic and global markets.

- ▶ The commissions and service charges that are now paid to banks by EPFO can be used as working capital once the proposed bank is up and running.
- ▶ Such a bank will receive contributions from subscribers and charges from employers. It can also manage its growing corpus instead of going to third-party portfolio managers.
- ▶ Instead of withdrawals, the bank will provide repayable loans to EPF subscribers. It will also provide personal loans to members based on their EPF balance.

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◉ Challenges/Criticism

- ▶ However, Many experts believe that the idea of setting up of a Workers Bank with the intention of generating higher returns for the EPF contributors and meeting few other requirements of the workers, though laudable, has several shortcomings".
 - (1) Bank licensing in India has a universal character; in other words, no licences are likely to be issued for the purpose of receiving investments, which will be the core activity of the Workers' Bank.
 - (2) Fund management can only be one of the objectives of a bank. Hence, redirecting the fund's attention to the onerous responsibility of owning and managing a commercial bank, fund management may become a secondary concern for the management. This could put the security of the hard earned savings by EPF contributors at significant risk.
 - (3) Banking business is subject to various risks... in the instant case, Since the intended promoters don't have core competency in the area of banking and managing a commercial bank, The fund will have to grapple with issues like non-performing assets and debt write-off etc., which would all have a direct bearing on the returns generated and dividend available for distribution among stake holders.
 - (4) EPFO is going through a transition phase to move toward providing core banking type services to its subscribers. It has recently introduced portable PF account numbers to its subscribers. It needs to consolidate its core competence rather than starting new venture."

◉ Conclusion

EPFO was set up to put the provident fund and pensions in order and that should be its primary focus. The administration still has issues; there are still migration of account problems and they have not done this efficiently for last 60 years. If they have extra energy, they must focus to keep their house in order before thinking of extra-curricular activities.

3.4: UNION GOVERNMENT INCREASES MINIMUM WAGE OF CONTRACTUAL LABOURER

(Q) It is said that recent increase in Minimum wage would reduce the wage disparity between the Formal and informal sector. Why this move of Government is being criticized.

◉ Context

- ▶ Recently the minimum wage for Contract workers has been increased to Rs. 10,000 per month by Union Labour Ministry.
- ▶ The decision to increase minimum wage was taken after observing the current Consumer Price Index (CPI) and various variations pertaining to Dearness Allowance (DA).

◉ Details of the event

- ▶ Right now, minimum wage rule in India varies as per various states, and as per Pay scale, Rs. 211 per day or Rs. 6330 per month is the minimum wage in India.

- ▶ This decision comes after strike Last year by 10 central trade unions, to let the Government. know about the need to change minimum wage. These trade unions, representing 15 crore employees, had demanded a minimum wage of Rs. 15000, and asked the Government to make it uniform across the country. During that time, Government had proposed a minimum wage of Rs. 7098 per month, which was not implemented.

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◉ Significance of the Decision

- ▶ Economic Survey estimates that wages are on an average 20 times higher in the formal sector than the informal sector in India. The new minimum wage for contract labour, Which are an integral part of the informal sector, seeks to fix this wege, at least partially.
- ▶ The wages payable to contract workmen right now cannot be less than the rates prescribed under the Minimum Wages Act 1948. But this is restricted to just 45 economic activities. According to an estimate by V.V. Giri National Labour Institute, only 16.6% of the informal sector gets covered under the existing Contract Labour (Regulation and Abolition) Act, which deals with the wage norms of contract labourers among other things and therefore The new executive order, which will bring an amendment to Rule 25 of the Contract Labour Central Rules, could thus have a considerable influence in shifting the labour curve in favour of the workers.

◉ Why this move is ill-fated?

- ▶ Given the need to revive Indian manufacturing - Make in India being a major focus of the current government - the Union labour ministry should be focusing on the long-pending effort to redraft and liberalise Indian labour laws. This proposed change is not of the sort that has been long demanded, but one that makes little or no economic sense and will only retard the prospects of economic and employment recovery.
- ▶ While minimum wage legislation is an important part of social protection, it is well understood that it must take into account local costs and characteristics. A universal wage threshold that is higher than the prevailing wage in many areas cannot be justified. It will either be evaded, or it will cause a shrinkage of employment.
- ▶ It would certainly lead to increased harassment of employers, something which the Centre has specifically pledged to reduce as part of its endeavors to make it easier to do business.
- ▶ There is no economic or social rationale that a contract worker in rural Jharkhand should be guaranteed the same minimum wage as one working in Mumbai city. The minister used as partial justification for this move a Supreme Court mandate that inflation should lead to a revision of the minimum wage. That may certainly be economically justified - but it is not the same thing as universalizing a minimum wage across regions. The decision on minimum wages must be left to state governments that are most responsive to specific local needs and conditions. This would also be in keeping with the cooperative federalism supposedly espoused by the Union government.
- ▶ The change also includes the new norm that all contractors will have to register with the labour ministry. Presumably, the ministry will then expand its monitoring and inspection role. This, again, goes against the idea of reducing harassment of employers.

◉ Conclusion

There are valid apprehensions that the move would restrict workers to the informal sector rather than helping them move into the formal sector. That is where labour reforms come in. While ensuring contract workers' financial security is important, it is equally necessary to doggedly pursue labour reforms that can facilitate a faster transition to the formal sector and therefore government's move to merge the country's many labour laws into five comprehensive bills is a step in the right direction to simplify the Indian labour market and it needs to be passed as soon as possible.

3.5: DO WE NEED CONSOLIDATION IN INDIAN BANKING SECTOR?

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(Q) What do you Understand by Bank consolidation? Do Indian Banking sector need banking consolidation. Highlight Pros and cons.

Context

In 2009 The Raghuram Rajan Committee, in general, has recommended to encourage, but not force, consolidation amongst Public Sector Banks (PSBs). Recently RBI's Deputy Governor also commented that RBI will Promote Bank consolidation in future.

Background

- ▶ The various committees appointed by the Government of India have advocated consolidation they argue that we need to have 3 to 4 large nationalized banks in order to improve the operational efficiency and distribution efficiency. The Narsimhan committee II has specifically emphasized the need to have Indian Banks which are comparable in size with global leading banks. The Narsimhan committee proposed a 3 tier banking structure in India with around 3-4 large banks to take a stand in global scenario, 8-10 banks to provide national coverage and rest to take care of local coverage.
- ▶ Most of the mergers in the pre-reform period have been forced ones. The post-reform era has witnessed both forced and voluntary mergers. The forced mergers have been caused by the financial ill health of the acquired banks. Banks witnessing erosion in net worth, huge NPAs and decline in capital adequacy ratio have been forced by the regulatory authority to undergo merger. Oriental Bank of Commerce's acquisition of Global Trust Bank is an example of forced merger. Voluntary mergers have expansion, diversification and growth as the main motives. HDFC's acquisition of Times Bank and ICICI's acquisition of Madura Bank are a few examples of voluntary mergers. India has also witnessed cross-border acquisitions in the recent past. SBI's acquisition of a Mauritian bank is one such example.

What is bank consolidation?

Bank consolidation occurs when 2 or more banks become one bank. Bank consolidation can lead to expansion for the newly merged institution. Banks consolidate for multiple reasons, including to mitigate competition, gain capital power both domestically and internationally, to compete with larger banking institutions or to expand the services that the newly merged bank can provide both internally and geographically by decreasing overall operating costs.

Why do we need Consolidation of Banks?

- ▶ Assocham Survey has found that size of Indian banks in terms of their assets stands very small to make optimal use of their capacities to raise funds at internationally competitive rates. Combined assets of top 10 banks constitute less than 60% of the GDP unlike the banking system of European economies, where even after the global financial turmoil, assets of only top 5 banks has grown to 4 times of GDP.
- ▶ Even as India is the second largest growth market for banking services after China in terms of the number of wealthy households, the ASSOCHAM Chief said, only 2 Indian banks, State Bank of India at the 64th position and ICICI Bank Ltd at 81st, figure among the global top 100 by tier I capital - a core measure of a bank's financial strength that consists largely of shareholders' capital.
- ▶ Similarly, in terms of assets, India's largest bank, SBI is now the world's 70th largest bank. On the other hand, ICICI Bank Ltd, the largest private sector lender has attained the 148th position. None of the other Indian banks features among the top 200 banks in the world-in terms of size of assets.
- ▶ Many experts in Banking field feels that hampered by the fragmented nature of the banking industry, Indian banks are not able to compete globally in terms of fund mobilisation, credit disbursal, investment and rendering of financial services. The balance

sheets of top 10 Indian banks suggest the greater scope of consolidation to reap the benefits of large sized globally competitive Indian banks

- ▶ Consolidation will also increase capital efficiency. Merged entity will have more leg room to raise capital.
- ▶ At a time when NPAs are high, and banks are putting more effort in recovery, the ability to recover by smaller number of banks will be higher though a individual bank's exposure may go up. This is because there are smaller number of voices ... in the joint lenders' forum today there are too many voices and each lender has a differential right with the borrower and they often not agree to a common recovery programme. With consolidation the recovery will be far more focused. Thus consolidation could decrease NPA in India.

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◉ **Challenges in Bank Consolidation**

- ▶ Consolidation in PSU banks is easier because the owner is common. But for others there are issues about positions, tuff issues, who get the higher authorities and one is selling and the other is buying sort of thing. There are many sensitive issues and intricacies.
- ▶ One of the toughest challenges that the government will face while merging banks is from the employee unions and the employees who may fear identity loss. The unions have already started opposing the proposed privatization of IDBI Bank, in which the government said it would consider lowering stake below 50%.
- ▶ Different banks have different technology platform which are developed by IT majors like Infosys and Tata Consultancy Services, to name a few. To merge 2 banks having different platform, could be a challenging task.
- ▶ Merging 2 weak banks or a weak bank with a strong bank will create or make the merged entity unhealthy and since the merged entity would be of of large sized or too big to fail, its failure could have serious adverse effect on the stability of the Indian Financial sector.
- ▶ Not the right time: This is not the right time for banks merger as the entire banking pack is facing challenges. The operating environment is wobbling, the corporate sector is over-leveraged, banks have bare minimum capital, the NPAs are sky rocketing and profitability is at the lowest level. There is a complete non-interest of investors in the PSU banks, with valuation of these banks dirt cheap in the market. So not the right time to kick-start mergers amongst banks.
- ▶ Digital banking transforming the operating model: The entire banking is changing globally with app-only bank or branchless banking. In India, the new set of non-bank players like Paytm of the world are already threatening banks in the payments or transaction space. What is required today for PSU banks is the sea change in technology or digital banking adoption. Overtime, the new banking players with asset light models are expected to eat away their share. If you merge banks to create a larger entity, it would be all the more difficult for these banks to be nimble footed to face the competition.
- ▶ Merger Pangs: The merger challenges are going to be huge. Do they have experience in dealing with people and cultural issues or merging products etc? In the past, even many private sector banks have struggled in such mergers. The HR being the top most concern as salary, seniority, postings etc. will create a big challenge. Similarly, the banks use different technology. This itself would be a humongous task.
- ▶ Danger to financial stability: Given the track record of PSUs, the new entities, say 5 or 6 large banks, could be a danger to financial stability. Any bank failure would create multiple problems for the system as well as for the economy

◉ **How can we make consolidation of Banks smooth?**

- ▶ Cost rationalisation is seen as one of key to make consolidation a success. This would result in cutting down branches, particularly in urban areas where there are too many branches of different banks in a same area.

- ▶ The integration of human resources and their culture will also be easier if banks are merged from same geographies because if a large bank from north India acquires a small bank from south India, then the merged entity's south based branches will face difficulty in getting retail deposits
- ▶ Bank consolidation process must look at complementarity. Look at branches as a factor. If one branch is in one place and the other one is in another region, it makes eminent sense to come together.

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◉ **Conclusion**

Consolidation should not be seen as a panacea to all the problems faced by the banking Sector such as NPAs. There are certain costs in Bank consolidation which needs to be dealt with, However the benefit of economies of scale and scope which we get from Bank consolidation certainly Outweigh the costs associated with it. In Japan, in the 90's mergers happened and there are 3 big banks. They have all established themselves as top international banks. But it shouldn't be thrust upon. The Government should allow the banks merge, They should allow the strong bank takeover the weaker banks, but let the Government not interfere directly they should let the market forces play it out and let the desire for profit, desire for growth be the prime motive behind merger and acquisitions in PSB Banks. The Government forcing the hands of PSB's would lead to problems both in short and medium terms.

3.6: INDIA'S FIRST SMALL FINANCE BANK LAUNCHED

- (Q) What do you understand by Small banks? Highlight the Guidelines of RBI regarding Small banks.
- (Q) It is commented that establishment of small banks will pave the way for Further Financial inclusion. Explain How. Also discuss challenges associated with working of small banks.

◉ **Context**

Capital Small Finance Bank, India's first small finance bank, was launched recently. It opened 10 new branches on its inaugural day.

◉ **Detail of the event**

- ▶ The Jalandhar-headquartered bank had been operating as Capital Local Area Bank since January 2000 with 47 branches in 5 districts of Punjab.
- ▶ It is among the 10 entities that were given the in-principle approval by the Reserve Bank of India (RBI) to set up small finance banks.
- ▶ Earlier, the lender's operations were restricted to 5 districts in the state - Jalandhar, Hoshiarpur, Kapurthala, Amritsar and Ludhiana. Now, the lender can expand in any part of the country.

◉ **What is small bank?**

- ▶ Small finance banks are a type of niche banks in India. Banks with a small finance bank license can provide basic banking service of acceptance of deposits and lending.
- ▶ The main purpose of the small banks will be to provide a whole suite of basic banking products such as bank deposits and supply of credit, but in a limited area of operation. The objective for these Small Banks is to increase financial inclusion by provision of savings vehicles to under-served and unserved sections of the population, supply of credit to small farmers, micro and small industries, and other unorganized sector entities through high technology-low cost operations.

◉ **RBI guidelines about small banks in 2014**

RBI released guidelines for small banks in 2014.

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o **RBI guidelines about small bank include:**

- ▶ The firms must have a capital of Indian Rupees 100 crore. Existing Non-Banking Financial Companies (NBFC), Micro-Finance Institutions (MFI) and Local Area Banks (LAB) are allowed to set up small finance banks.
- ▶ The Corporate Promoter should have 10 years experience in banking and finance.
- ▶ The promoters stake in the paid-up equity capital will be 40% initially which must be brought down to 26% in 12 years. Joint ventures are not permitted.
- ▶ Foreign share holding will be allowed in these banks as per the rules for Foreign Direct Investment in private banks in India.
- ▶ The banks will not be restricted to any region. 75% of its net credits should be in priority sector lending and 50% of the loans in its portfolio must in 25 lakh range.
- ▶ The bank shall primarily undertake basic banking activities of accepting deposits and lending to small farmers, small businesses, micro and small industries, and unorganized sector entities. It cannot set up subsidiaries to undertake non-banking financial services activities. After the initial stabilization period of 5 years, and after a review, the RBI may liberalize the scope of activities for Small Banks.
- ▶ Small Banks have to meet RBI's norms and regulations regarding risk management. They have to meet CRR,SLR,Repo rate and reverse repo rate requirements, like any other commercial bank.
- ▶ The maximum loan size and investment limit exposure to single/group borrowers/ issuers would be restricted to 15% of capital funds.
- ▶ For the first 3 years, 25% of branches should be in unbanked rural areas.

o **Why there is need for small banks?**

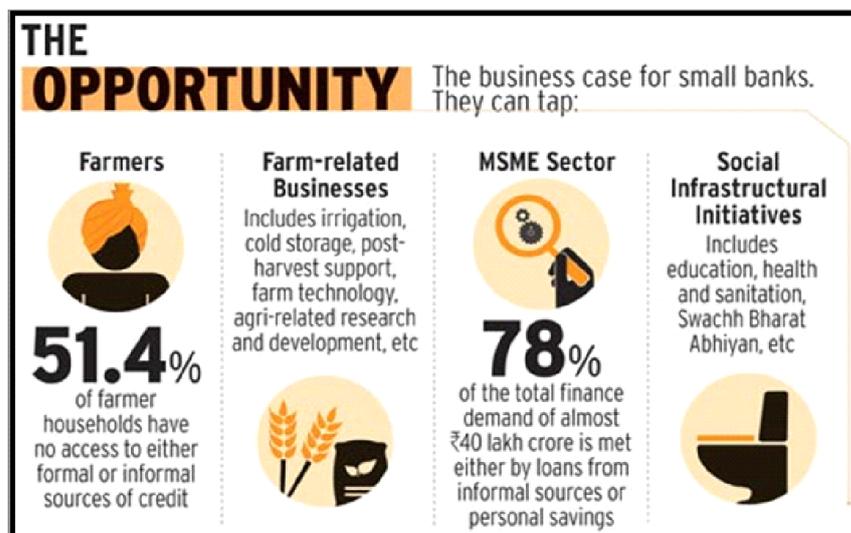


fig 3.1

- ▶ India has 7 branches per 100,000 population compared with 40 branches per 100,000 population in developed countries.
- ▶ The financial inclusion aims to have one bank account per member of the family. But, there are many families those have adult members without a bank account. Cent per cent financial literacy means one bank account per adult. Small banks can tap this population.
- ▶ Independent studies have revealed that around 90% of the micro and small businesses have no access to the formal mainstream financial institutions. Since their ticket size is small, these banks can bring micro and small entrepreneurs into their fold.
- ▶ The main purpose of the small banks will be to provide a whole suite of basic banking products such as bank deposits and supply of credit, but in a limited area of operation. The objective for these Small Banks is to increase financial inclusion by provision of savings vehicles to under-served and unserved sections of the population, supply of

credit to small farmers, micro and small industries, and other unorganized sector entities through high technology-low cost operations.

- ▶ Many people in rural areas lend or deposit their hard-earned monies with money lenders and financiers. Chit funds are also very popular. The main reason for all these things is that they do not have access to banks. Small Banks can change this scenario as According to the guidelines, at least 50% of a small bank's loan portfolio should constitute loans and advances of up to Rs. 25 lakh which means loans will be smaller in size.
- ▶ Opening of small Banks would also increase competition in the Banking sector which could improve Monetary transmission for example Recently, RBI had cut the key policy rates. But, bank customers have not yet benefited from these interest rate cuts. Most of the banks have not yet passed on the benefits to its customers as they have informal understanding with other Banks. However, they are fast enough to reduce deposits rates though. This situation could improve if more competition is introduced in the banking sector.

◉ **Challenges Small Banks will face:**

- ▶ Nowhere in the world so far have small banks been a roaring success. In the US, where they are called community banks, a few are doing well, such as State Bank of Texas and Prins Bank, but overall they hold less than 15% of the country's total banking assets.
- ▶ Small banks, apart from extending credit, will also have the job of mobilizing deposits. This requires inspiring immense trust. Neither MFIs nor NBFCs have experience in this aspect. "Building a retail deposit portfolio is a big challenge where existing public and private sectors banks have an advantage because of their strong brands.
- ▶ 75% of net credits of small banks should be in the Priority Sector lending. However, the issue really is that priority sector loans tend to become vulnerable to becoming Non-Performing Assets (NPAs) with the propensity being higher for them. In the past, the NPA ratio for priority sector loans has ranged from 4-5% while that of non-priority sector has been around 3% Thus this can affect the financial stability of the small banks.
- ▶ The challenge would be to control NPAs here, as an unfavorable monsoon would have an impact on farm loans. Similarly, any slowdown in the industrial sector is first felt on the Small and Medium-Sized Enterprises (SMEs), which have payments problems. Therefore, on both scores, they would be at a disadvantage compared with the commercial banking system.
- ▶ Banks are able to diversify their portfolio by lending to all sectors which includes retail, services and manufacturing, while these banks would be left with dealing with the smaller ones only. Besides, given that these accounts would be small and well dispersed, the cost of monitoring would also be higher for them.

◉ **Conclusion**

There have been small banks in India for a long time, but their impact has been limited. There are the dozen-odd old private banks such as The Catholic Syrian Bank in Kerala (started in 1920), Nainital Bank (1922) or RBL Bank in Ratnagiri (1943) which were left alone when their bigger counterparts were nationalized in 1969, but their share of deposits and credit advances in the overall banking system is less than 5%. Small Banks are novel concept and can definitely play a game changing role in achieving the Government objective of achieving Financial inclusion as 75% of net credits of small banks should be in priority sector lending but it faces number of challenges mentioned above which needs to be overcome so that it makes a significant impact on Financial inclusion as desired.

3.7: BHARAT BEATS INDIA IN HOUSEHOLD CONSUMPTION

◉ **Context**

Household consumption of FMCG products in villages grows at almost double the pace of urban areas in 2015, show IMRB data.

o **Details of the event**

- ▶ Household consumption of Fast-Moving Consumer Goods (FMCG) in rural areas grew at almost double the pace of urban areas in 2015.
- ▶ In 2015, FMCG products' household consumption in rural India grew at 5.4% over the previous year, according to data shared by market research agency IMRB. During the same period, urban household FMCG consumption grew at only 2.9% year-on-year.
- ▶ Rural household consumption in 2015 grew at the fastest pace in the past three years. Rural (household consumption) over a three-year period moved from negative growth in 2013 and 2014 (-0.1% and -3.2% respectively), to positive territory in 2015.

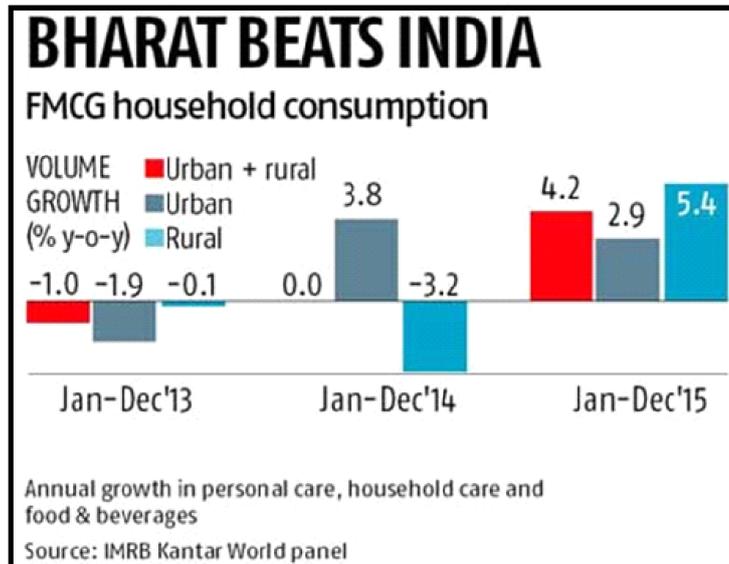


Fig: 3.2

o **Significance of the data**

- ▶ The data proves the point that all wasn't lost in the countryside in a year dominated by slowdown.
- ▶ The rural Household consumption of FMCG Shows that if the right product is available at the right price and in the right pack size, rural consumers are not averse to buying it.
- ▶ FMCG has generally displayed resilience during slowdown, companies would have to improve marketing and distribution to ride through the tough times.
- ▶ Various research shows that 55% of FMCG sales are influenced by marketing factors and the rest by macro-economic factors. This is noteworthy, as it clearly indicates that even in cases of a lackluster prognosis of the economy, there is still a strong chance for driving growth for FMCG brands.

o **What do we mean by FMCG goods?**

- ▶ Fast-Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG) are products that are sold quickly and at relatively low cost.
- ▶ Examples include non-durable goods such as Soft drink, toiletries, over the counter drugs and Processed food.

3.8: FDI INFLOWS HIT RECORD \$51 IN APRIL-FEB LAST FISCAL

(Q) Recently India has surpassed China as biggest recipient of FDI. What were the Factors Behind this trend. Also highlight the importance of FDI for India.

o **Introduction**

India received \$51 billion in Foreign Direct Investment (FDI), the highest-ever FDI inflow in a fiscal, during April-February FY16. According to data from the DIPP, the previous

highest FDI inflow was in FY12 when the country received \$46.55 billion, which was a 34% increase over \$34.8 billion it got in FY11. However, India recorded its largest-ever percentage increase in FDI when it received \$22.8 billion in FY07, representing a 155% increase over the \$8.9 billion in FY06.

o Details of FDI inflow

► Sectors witnessing Highest FDI inflow

- Among the sectors, computer hardware and software segment attracted the highest FDI of \$5.30 billion (Rs 36,426.9 crore) during the period
- Followed by services sector (\$4.25 billion, or Rs 29,210.25 crore) and trading business (\$2.71 billion, or Rs 18,625.8 crore).
- Automobile industry attracted FDI of \$1.78 billion (Rs 12,233.9 crore), while chemicals sector cornered \$1.19 billion (Rs 8,178.87 crore) foreign equity investment in April-December 2015.

► Sources of FDI inflow

- Singapore replaced Mauritius as the top FDI source for India during the period.
- India received \$10.98 billion (Rs. 75,465.5 crore) overseas inflows from Singapore, followed by Mauritius (\$6.10 billion, or Rs. 41,925.3 crore), the US (\$3.51 billion or Rs 24,124.2 crore), the Netherlands (\$2.14 billion, or Rs. 14,708.22 crore), and Japan (\$1.08 billion, or Rs. 7,422.8 crore).

► Destination of FDI inflow

- A state-wise analysis of FDI inflows by the economic survey shows that Delhi, Haryana, Maharashtra, Karnataka, Tamil Nadu, Gujarat and Andhra Pradesh together attracted more than 70% of total FDI inflows to India during the last 15 years.
- States with vast natural resources like Jharkhand, Bihar, Madhya Pradesh, Chhattisgarh and Odisha have lagged behind.

► Brownfield v/s Greenfield FDI

- Greenfield investment is investment in new plants. It is establishing new production capacity by an investor or company. On the other, Brownfield investment is an investor investing in an existing plant. Brownfield investment is mainly made through merger and acquisitions.
- Brownfield FDI is investment made by a foreign company in existing production arrangements. An important form of Brownfield investment is merger and acquisition by foreign MNCs in India. Here, a domestic company is taken over by the MNC.
- Greenfield FDI makes additional production capacity, whereas Brownfield FDI is purchase of existing production capacities. The latter is just a transfer of ownership of existing firm from a domestic entrepreneur to a foreign one.
- Disadvantage of Brownfield FDI as a source of investment is that it doesn't create expansion of production capacities or employment generation etc. Most of the FDI in India in last few years are in Brownfield Investment.
- What is Significant this year is that Greenfield FDI into India jumped 174% in 2015 to \$63 billion, after climbing 47% to \$23 billion in 2014 which reflects that the investors are getting convinced about steps being taken to make India an easier place to do business.

o Factors behind rise in FDI inflow

- Government eased norms for FDI in many important areas like Insurance, defense, Film TV, Pension and railways etc. which has played an important role in the increase in the inflow of FDI.
- The Economic Survey 2015-16 has said that a favorable policy regime and sound business environment have facilitated increase in FDI flows into the country. Specially make in India initiative has given boost to FDI inflow in India

- ▶ Another major reason for increased FDI inflow in India is the ongoing slowdown that has gripped rest of the world, primarily China and other emerging economies. The world is therefore finding India as an important alternative, when others aren't doing well, Thanks to the strong economic fundamentals of the country and its huge untapped potential.
- ▶ The Make in India initiatives of the Government and its outreach to all investors have made a positive investment climate for India which has attracted FDI inflow to India. Under the programme, the government has awarded 56 defense manufacturing permits to private sector entities in the past one year, after allowing 49% FDI in the defense sector in August 2014, compared with 47 granted in the preceding three years.

◉ Some concerns

Though FDI has increased in last 2 years, some spec tics believe that these recent figures are an exaggeration since FDI inflows from smaller countries including Singapore and Mauritius are very large and they point out that domestic investments are being routed from these countries only to take advantage of Double Taxation Avoidance Agreements (DTAA).

◉ Importance of FDI for India

- ▶ Domestic direct investment in India is inadequate and foreign investment is required. On the domestic front, commercial banks in India, especially the public sector banks, have been running high on Non-Performing Assets (though they haven't breached the sustainable limit) and savings rate is declining and domestic corporates are overleveraged thus they don't have sufficient fund to invest. India requires \$1 trillion investment in infrastructure in the 12th plan and to fulfill this we require foreign investment
- ▶ Benefits for the Farmers: Though India is the second largest producer of fruits and vegetables, it has a very limited integrated cold-chain infrastructure. Lack of adequate storage facilities causes heavy losses to farmers, in terms of wastage in quality and quantity of produce in general, and of fruits and vegetables in particular. With FDI, there could be a complete overhaul of the currently fragmented supply chain infrastructure.
- ▶ Boost Healthy Competition and check inflation: The entry of the many multinational corporations obviously promises intensive competition between the different companies offering their brands in a particular product market (including domestic companies), thereby resulting in availability of many varieties, reduced prices, and convenient distribution of the marketing offers. Products of superior quality are manufactured by various industries in India due to greater amount of FDI inflows in the country.
- ▶ Improved technology and logistics: Improved technology in the sphere of processing, grading, handling and packaging of goods and further technical developments in areas like electronic weighing, billing, bar-code scanning etc. is a direct consequence of foreign companies opening retail shops in India. Further, transportation facilities get a boost, in the form of increased number of refrigerated vans and pre-cooling chambers which can help bring down wastage of goods.
- ▶ More and Better Employment Opportunities: Several studies have pointed out the benefits of allowing global retail chains in the multi-brand retail sector. The overall impact of modern retail on the economy is immense. A report by the Boston Consulting Group and the Confederation of Indian Industry showed that nearly three to four million direct jobs will be created while another 4 to 6 million indirect jobs would be available in the logistics sector, contract labour in the distribution and repackaging centers, housekeeping and security staff in the stores. Government estimates show that nearly one crore jobs would be created in the sector.

3.9: REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

- (Q) What do you understand by RCEP?. Highlight its Key Features.
- (Q) It is commented by many experts that RCEP could be game changer for India's exports. Explain how.

o Context

A leaked chapter of the draft Regional Comprehensive Economic Partnership (RCEP) agreement being negotiated by 16 countries - 10 member states of the Association of Southeast Asian Nations (ASEAN) and 6 other countries that have Free Trade Agreements with the ASEAN - reveals that the trade pact in its current form could reduce access to affordable medicines in many developing countries.

o What is RCEP?

Regional Comprehensive Economic Partnership (RCEP) is a proposed Free Trade Agreement (FTA) between the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam) and the six states with which include India, China, Australia, Japan, South Korea and New Zealand.

o Key features of the RCEP

At the launch of negotiations in 2012, the leaders of each relevant country endorsed the "Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership." The key points of this document are as follows.

► Scope of negotiations

- RCEP will cover trade in goods, trade in services, investment, economic and technical co-operation, intellectual property, competition, dispute settlement and other issues. The agreement will encompass trade in goods and services, economic and technical issues, intellectual property and investments, and dispute settlement mechanisms. As expected, ASEAN will be in the "driver's seat" of this multilateral trade arrangement (though the idea was initially given by Japan), and has been repeatedly endorsed by India. The joint statement issued at the end of the first round of negotiations also reiterated "ASEAN Centrality" in the emerging regional economic architecture.

► Commitment levels

- The RCEP will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries.

► Negotiations for trade in goods

- Negotiations should aim to achieve the high level of tariff liberalisation, through building upon the existing liberalisation levels between participating countries.

► Negotiations for trade in services

- The RCEP will be comprehensive, of high-quality and consistent with WTO rules and all service sectors will be subject to negotiations.

► Negotiations for investment

- Negotiations will cover the 4 pillars of promotion, protection, facilitation and liberalisation.

► Participating countries

- Participants will be ASEAN members and FTA Partners. After the completion of the negotiations, countries other than the 16 states may join.

◉ Significance of RCEP for India

- ▶ From India's point of view, the RCEP presents a decisive platform which could influence its strategic and economic status in the Asia-Pacific region and bring to fruition its Act East Policy.
- ▶ It would be the world's largest trading bloc covering a broad spectrum of issues such as trade in goods, services, investment, competition, intellectual property rights, and other areas of economic and technical cooperation. Together, the RCEP group of countries accounts for a third of the world's gross domestic product, and 27.4% and 23.0% of the world's goods and services trade, respectively.
- ▶ The RCEP agreement would complement India's existing Free Trade Agreements with the Association of South East Asian Nations and some of its member countries, as it would deal with Japan and South Korea.
- ▶ India is not a party to 2 important regional economic blocs: the Asia-Pacific Economic Cooperation and the Trans-Pacific Partnership. The RCEP would enable India to strengthen its trade ties with Australia, China, Japan and South Korea, and should reduce the potential negative impacts of TPP and TTIP on the Indian economy.
- ▶ RCEP will facilitate India's integration into sophisticated "regional production networks" that make Asia the world's factory. The RCEP is expected to harmonize trade-related rules, investment and competition regimes of India with those of other countries of the group. Through domestic policy reforms on these areas, this harmonization of rules and regulations would help Indian companies plug into regional and global value chains and would unlock the true potential of the Indian economy. There would be a boost to inward and outward foreign direct investment, particularly export-oriented FDI.
- ▶ India enjoys a comparative advantage in areas such as information and communication technology, IT-enabled services, professional services, healthcare, and education services. In addition to facilitating foreign direct investment, the RCEP will create opportunities for Indian companies to access new markets. This is because the structure of manufacturing in many of these countries is becoming more and more sophisticated, resulting in a "servicification" of manufacturing. India is well placed to contribute to other countries in RCEP through its expertise in services, not only consolidating the position of the region as the world's factory but also developing it as the world's hub for services.

◉ CURRENT ISSUE

Details of the leaked Document

- ▶ A leaked chapter of the draft Regional Comprehensive Economic Partnership (RCEP) agreement being negotiated by 16 countries - 10 member states of the Association of Southeast Asian Nations (ASEAN) and 6 other countries that have Free Trade Agreements with the ASEAN - reveals that the trade pact in its current form could reduce access to affordable medicines in many developing countries.
- ▶ According to the leaked document, some member countries, who are part of both the TPP [the U.S.-led Trans Pacific Partnership] and the RCEP, are trying to push for the TPP standards in RCEP. Japan and Korea are working to introduce some of the worst ideas from the ACTA (Anti-Counterfeiting Trade Agreement), the TPP and other trade agreements in the RCEP chapter on Intellectual Property. There are proposals for patent extensions, restrictive rules on exceptions to copyright, and dozens of other anti-consumer measures, illustrating the power of rights-holder groups to use secret trade negotiations to influence democratic decisions that impact access to knowledge, the freedom to innovate and the right to health in negative ways.
- ▶ The US-based non-governmental organisation KEI International released the leaked draft investment chapter of RCEP. The document indicates that the draft "investment chapter" of RCEP is closely linked to its Intellectual Property (IP) draft.

- ▶ Overall, the investment chapter is designed to give private parties the right to extract costly damages from governments that implement policies that harm profits.
- ▶ The chapter also includes an Investor-State Dispute Settlement (ISDS) provision. It notes that the arbitrators "shall have expertise or experience in public international law, international trade or international investment rules, or the resolution of disputes arising under international trade or international investment agreements".

◉ Likely Impact on India

- ▶ From India's point of view, the draft proposals will compel governments to commit to newer Trade-Related Aspects of Intellectual Property Rights provisions like TRIPS plus - including the Patent Law Treaty (Geneva, 2000), which involve harmonization in the examination of patent applications and requirements of patentability.
- ▶ Countries like India have, in the past, resisted pressure to sign the patents treaty as it can curtail the flexibility under the Indian system to address key public policy issues such as ever greening. If these terms are accepted, it would limit access to affordable medicines for people in Indonesia, Thailand, Myanmar, Cambodia and Laos who depend on Indian generics.
- ▶ India had recently been dragged into investment dispute-related arbitrations by companies such as Vodafone and Cairn Energy because of the bilateral investment treaties it had signed with some countries. Therefore Any provision that allows international arbitration have since been look with suspicion.

3.10: HIGH SPEED RAIL DEBATE

(Q) What do we understand by High speed rail? Does India need high speed rail? Give Pros and cons.

◉ Context

The government of India recently decided to build a High-Speed Rail (HSR) corridor between Mumbai and Ahmadabad at a cost of Rs. 97,636 crore with Japanese financial and technical assistance.

◉ What do we understand by High Speed Rail?

- ▶ High-speed rail is a type of rail transport that operates significantly faster than traditional rail traffic, using an integrated system of specialized rolling stock and dedicated tracks.
- ▶ India has one of the Largest rail Networks in the world, but as of now it does not consist of any line classed as (HSR), which allows an operational speed of 200 km/ph or more. The current Fastest Train in India is the Gatimaan Express that runs with a top speed of 160 km/h, with average speed of above 100 km/hr between Delhi and Agra.
- ▶ The first Proposed High speed Train in India would run some 500 kilometers (310 miles) between India's financial capital Mumbai and the western city of Ahmadabad, at a top speed of 320 km/h. Under the Japanese proposal, construction is expected to begin in 2017 and be completed in 2023. It would cost about 980 billion (US\$15 billion) and be financed by Low interest loan from Japan.

◉ Points in Favour of High speed rail Corridor

- ▶ The negotiated terms - the rate of interest of 0.1% per annum and tenure of 50 years with 15 years grace - is the best till now for any project financed through a bilateral/multilateral agency in India.
- ▶ Second, the assistance programme involves transfer of technology and a Make in India component, which will have long-term benefits for Indian manufacturing.
- ▶ Third, there is no minimum Japanese procurement restriction in percentage terms as in the earlier Step (Special Terms of Economic Partnership) loan, where 30% of the total price of contracts needed to be procured from Japan.
- ▶ Fourth, all the main construction packages will be open to Indian companies, which was not the case in earlier Step-funded projects. Also, since the Japanese concessional funding is available only for this specific HSR project, it makes sense to pump in funds

in the economy, which is looking forward to such big investments in times of a global slump.

- ▶ Fifthly The bullet train between Mumbai and Ahmedabad will cost Rs. 97,636 crore and will be built over seven years. Hence, the entire Rs. 98,000 crore (approximately) will not be spent in one year.
- ▶ Sixthly A growing economy like India needs investment in infrastructure and railways, which has a multiplier effect. The Indian Railways is not constrained by demand but by capacity, and any substantial investment in railways will enable economic growth.
- ▶ Seventhly The HSR will enhance transport capacity by 4 to 5 times of the normal capacity and facilitate the movement of a large number of people. Train passenger volume between Wuhan and Guangzhou in China rose by 40% after the construction of the HSR. Similarly, passenger volume between Beijing-Tianjin increased by 86% within one year of the operation of the HSR. The high cost of the project is offset by much higher utilisation rates of the network and rolling stock per km than conventional rail.
- ▶ Eighthly Since the HSR system is highly safe, they reduce external costs (accidents, air/ noise pollution, impact on climate, etc). There has been no casualty due to accidents on Japanese high-speed trains since they started in 1964 .

◉ Challenges /Criticisms

The project looks ambitious but challenges are many

- ▶ Land acquisition: Bullet trains require seamless straight tracks on a flat terrain. Though France managed it in the existing tracks itself, but if new lands needs to be acquired, it can come only at an expensive compensation in Mumbai-Ahmedabad industrial cluster. It will also demand huge political will.
- ▶ Operation & Maintainence: Considering the existing scenario of the quality of Operation & Maintainence in Indian railways, the maintenance of this new elephant will pose many challenges even if it is privatized. Fencing all along the track and over bridges at all the line crossings will cost too dearer. The power demand will be more too. It will require the infrastructure of existing railway stations from where bullet train will pass to be upgraded as per the specifications which again will cost enormously.
- ▶ Utility: Indian Railways is the lifeline of a common man. Who is going to utilize this service which is meant to connect mega cities? People who have means prefer swift air services to reach megacities. Commonman will find it expensive. In the era of multimodal integrated transportation, isn't it wise to better utilize the existing infrastructure more wisely? Invest to improve all existing tracks to make them sustain 160+ speeds. An airport even 20-25 kms away from Common Business District but well connected to it by a dedicated link is still quite time efficient. Best example being Shanghai airport at a distance of 30km or 30 minutes from city centre. Instead we must focus on low cost air services at even class III level cities for decentralized development. Major part of the city population are middle and lower income household, who demand more capacity rather than ultra high speed.
- ▶ Cost-Benefit: The bullet trains in china run in losses. China being an infrastructure driven economy could sustain it. We need to analyze can we bear such a loss. We need huge investment in infrastructure in coming 2 decades. With limited resources we must ensure that cost benefit ratio is most efficient. A person earning 1000 Rs. a day cannot afford saving a day by spending 2000 on regular basis and for emergencies Airways offer a good choice

3.11: BANKRUPTCY CODE

(Q) India needs Bankruptcy code to fight the double cancer of NPA and lack of ease of doing business. In the light of the above statement Highlight the Key features of Bankruptcy bill. Also discuss the challenges in its implementation.

◉ Context

A parliamentary panel has just cleared the bankruptcy bill after a 4-month review.

o Why there is need for Bankruptcy code in India?

- ▶ India is ranked 136 out of 189 countries in resolving insolvency in doing business 2016 report.
- ▶ On an average a secured creditor in India recover 25.7% for every dollar of credit from an insolvent firm which takes 4.3 years for proceedings to conclude in comparison in OECD countries creditors recover 72.3 cents and the process takes just 1.7 years to conclude.
- ▶ At present in India there are multiple laws and bodies dealing with insolvencies which leads to over lapping of jurisdiction and confusion. Currently, there is no single law dealing with insolvency and bankruptcy in India. Liquidation of companies is handled by the high courts, individual cases are dealt with under the Presidency Towns Insolvency Act, 1909 and Provincial Insolvency Act, 1920. Other laws which deal with the issue include SICA (Sick Industrial Companies Act), 1985; Recovery of Debt Due to Banks and Financial Institutions Act, 1993, SARFAESI (Securitisation and Reconsutricion of Financial Asseets and Enforcement of Security Interest) Act, 2002 and Companies Act, 2013. - As a result, four different agencies, the high courts, the Company Law Board, the Board for Industrial and Financial Reconstruction (BIFR), and the Debt Recovery Tribunals (DRTs), have overlapping jurisdiction, giving rise to the potential of systemic delays and complexities in the process. A strong bankruptcy law can help overcome these challenges.
- ▶ Current environment in India leads to delays in making decision on viability of business ,also number of tactics are employed by company promoter to delay reorganization or selling of assets,the cost of delay in change in management are serious on jobs and economic growth. Though India have Corporate debt restructuring scheme and sick industrial companies act,but they are hardly implemented.
- ▶ Delaying a decision on whether to shut a firm or to try revive it causes destruction of values for all the parties involved.
- ▶ For banks, money recovered from quick disposal of sick companies could be lent again, which will not only decrease the NPA but will also promote efficient allocation of resources,besides development of financial market such as bond market with clarity on repayment of debt.
- ▶ An swift and efficient insolvency law would ensure great availability of credit or funds for business by freeing up capital and would increase innovation & productivity.
- ▶ Bankruptcy law will focus on speedy closure and will help firms on the brink to be either restructured or sold off in limited time and limited pain.

o Key Features of the Proposed Bankruptcy code

▶ Unified Bankruptcy Code

- The Government plans to repeal an ineffectual, century-old insolvency law and amend 11 laws currently dealing with defaulters.
- Once fully implemented, the code would seek to speed up debt recoveries and restructurings by setting a deadline of 180 days to decide the fate of a company that defaults.

▶ Application

- The code will apply to companies, partnerships, limited liability partnerships, individuals and any other body specified by the government.

▶ Insolvency Resolution

- For individuals the process could be initiated either by the debtor or the creditors. For companies, the resolution process will have to be completed within 180 days, with an extension of up to 90 days if 75% of creditors agree.

- The process will involve negotiations between the debtor and creditors to draft a resolution plan. If they agree, the plan could be submitted to the authority. If no agreement is reached, the company would automatically go into liquidation.
- The process will be managed by a licensed insolvency professional who will also control the assets of the debtor during the process. The code plans to set up information utilities to collect, collate and disseminate information to facilitate insolvency proceedings.

► **Insolvency Regulator**

- The insolvency regulator would have representatives from Government and the central bank, and oversee and regulate insolvency agencies.

► **Tribunals**

- The National Company Law Tribunal would under the code address grievances relating to insolvency, bankruptcy and liquidation of companies. Debt Recovery Tribunals would deal with individual cases. Their decisions could be challenged in appellate tribunals and before the Supreme Court.

► **Penalties**

- A debtor could be jailed for up to five years for concealing property or defrauding creditors.

► **Suggestions By Parliamentary Panel**

- In its report on Insolvency and Bankruptcy Code, 2015, the committee suggested addition of two provisions to the draft law: One, the Central Government may enter into an agreement with a foreign country for enforcing provisions of the Code. Two, a letter of request to a country outside India seeking information.

○ **Analysis**

► **Significance of the Legislation**

- The legislation marks a vital step towards completing India's quarter-century-old transition from socialism to a market economy that has so far been unable to adequately address what to do when companies fail.
- The new bankruptcy code would impose debt deadlines on failed firms and foresees up to five years in jail for debtors who conceal property or defraud creditors. This will speed up the process.
- Given that many corporate transactions and businesses today involve the cross-border element, the implications of cross-border insolvency cannot be ignored for too long if India is to have a comprehensive and long lasting insolvency law. The proposed Amendment suggested by Parliamentary panel would allow creditors go after the foreign assets of defaulters who until now have often been able to stay out of reach.
- One of the provisions of the code sets out to improve conditions for unsecured creditors. For blue-collar workers who have been left unpaid for the defaulting company, this code will be a godsend as their salaries will be paid.

○ **Challenges/criticism**

- Experts caution, however, that under the British-style bankruptcy code it would take years to train up a new class of insolvency professionals and compile proper debt records. A backlog of 70,000 liquidation cases will take time to clear.
- Experts said, that it would be premature to infer that the recommendations of the joint committee would be sufficient to effectively deal with cross border aspects of default cases such as that of the Kingfisher Airlines.
- While the Committee attempted to incorporate the international insolvency aspect, experts said its impact will be limited in resolving such cases unless foreign countries are willing to share information. For information sharing, the government will first have to sign treaties or amend existing pacts.

- ▶ The effectiveness of the Code would depend on the strength and comprehensiveness of the reciprocal agreements with foreign countries, and the extent to which the authorities in India could extract/ investigate the relevant information through the mode of letter of request and if required, enforce the Indian laws on foreign assets of the debtor to take necessary action.

3.12. UDAY BONDS FETCH RS.99,000 CRORE

(Q) Can UDAY scheme solve the Problems faced by State DISCOMS?. Critically Comment?

o Context

8 states have issued bonds worth over Rs.98,959.96 crore under UDAY Bonds scheme in 2015-16

o Why there was need for UDAY scheme?

- ▶ In recent years The Power sector witnessed a series of historic improvements across the entire value chain, from fuel supply (highest coal production growth in over 2 decades), to generation (highest ever capacity addition), transmission (highest ever increase in transmission lines) and consumption (over 2.3 crore LED bulbs distributed).
- ▶ The weakest link in the value chain is distribution, wherein DISCOMs in the country have accumulated losses of approximately Rs. 3.8 lakh crore and outstanding debt of approximately Rs. 4.3 lakh crore. Financially stressed DISCOMs are not able to supply adequate power at affordable rates, which hampers quality of life and overall economic growth and development. Efforts towards 100% village electrification, 24X7 power supply and clean energy cannot be achieved without performing DISCOMs
- ▶ Due to legacy issues, DISCOMs are trapped in a vicious cycle with operational losses being funded by debt. Outstanding debt of DISCOMs has increased from about Rs. 2.4 lakh crore in 2011-12 to about Rs. 4.3 lakh crore in 2014-15, with interest rates upto 14-15%.

o How will UDAY scheme Improve up the things?

- ▶ UDAY assures the rise of vibrant and efficient DISCOMs through a permanent resolution of past as well as potential future issues of the sector. It empowers DISCOMs with the opportunity to break even in the next 2-3 years.
- ▶ **This is through four initiatives**
 - Improving operational efficiencies of DISCOMs;
 - Reduction of cost of power;
 - Reduction in interest cost of DISCOMs;
 - Enforcing financial discipline on DISCOMs through alignment with State finances.
- ▶ Operational efficiency improvements like compulsory smart metering, upgradation of transformers, meters etc., energy efficiency measures like efficient LED bulbs, agricultural pumps, fans & air-conditioners etc. will reduce the average AT&C loss from around 22% to 15% and eliminate the gap between Average Revenue Realized (ARR) & Average Cost of Supply (ACS) by 2018-19.
- ▶ Reduction in cost of power would be achieved through measures such as increased supply of cheaper domestic coal, coal linkage rationalization, liberal coal swaps from inefficient to efficient plants, coal price rationalization based on GCV (Gross Calorific Value), supply of washed and crushed coal, and faster completion of transmission lines. NTPC alone is expected to save Rs. 0.35 / unit through higher supply of domestic coal and rationalization / swapping of coal which will be passed on to DISCOMs / consumers.
- ▶ States shall take over 75% of DISCOM debt as on 30 September 2015 over 2 years - 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17. This will

reduce the interest cost on the debt taken over by the States to around 8-9%, from as high as 14-15%; thus improving overall efficiency.

- ▶ Further provisions for spreading the financial burden on States over 3 years, will give States flexibility in managing the interest payment on the debt taken over, within their available fiscal space in the initial few years.

○ **Salient features of UDAY scheme:**

- ▶ States shall take over 75% of DISCOM debt as on 30 September 2015 over two years - 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17.
- ▶ Government of India will not include the debt taken over by the States as per the above scheme in the calculation of fiscal deficit of respective States in the financial years 2015-16 and 2016-17.
- ▶ States will issue non-SLR including SDL bonds in the market or directly to the respective banks / Financial Institutions (FIs) holding the DISCOM debt to the appropriate extent.
- ▶ DISCOM debt not taken over by the State shall be converted by the Banks / FIs into loans or bonds with interest rate not more than the bank's base rate plus 0.1%. Alternately, this debt may be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than Bank Base Rate plus 0.1%.
- ▶ State DISCOMs will comply with the Renewable Purchase Obligation (RPO) outstanding since 1st April, 2012, within a period to be decided in consultation with Ministry of Power.
- ▶ States accepting UDAY and performing as per operational milestones will be given additional / priority funding through Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Power Sector Development Fund (PSDF) or other such schemes of Ministry of Power and Ministry of New and Renewable Energy.
- ▶ Such States shall also be supported with additional coal at notified prices and, in case of availability through higher capacity utilization, low cost power from NTPC and other Central Public Sector Undertakings (CPSUs).
- ▶ States not meeting operational milestones will be liable to forfeit their claim on IPDS and DDUGJY grants.
- ▶ UDAY is optional for all States. However, States are encouraged to take the benefit at the earliest as benefits are dependent on the performance.

3.13: RBI TO BRING P2P LENDING UNDER REGULATION SOON

(Q) What do you understand by P2P lending? Explain its advantages over normal Bank lending?. Why it needs to be regulated?.

○ **Context**

Reserve Bank Deputy Governor Recently said, the central bank will soon come out with a concept note on Peer-to-Peer lending (P2P) and the contours of its regulations will be finalised in consultation with market regulator Securities Exchange Board of India (SEBI).

○ **What is P2P Lending?**

- ▶ Peer-to-Peer lending, sometimes abbreviated P2P lending, is the practice of lending money to individuals or businesses through online services that match lenders directly with borrowers.
- ▶ Since the peer-to-peer lending companies offering these services operate entirely online, they can run with lower overhead and provide the service more cheaply than traditional financial institutions.

- ▶ As a result, lenders often earn higher returns compared to Savings and Investment products offered by banks, while borrowers can borrow money at lower interest rates, even after the P2P lending company has taken a fee for providing the match-making Platform and credit checking the borrower.

◦ **Why there is need for regulating P2P Lending?**

- ▶ Today in India there are more than 30 Peer-to-Peer lending platforms in operation. However they are not regulated by RBI.
- ▶ Considering the significance of the online industry and the impact which it can have on the traditional banking channels/NBFC sector, it would be prudent to regulate this emerging industry.
- ▶ In its nascent stage, this industry has the potential to disrupt the financial sector and throw surprises. A sound regulatory framework will prevent such surprises.
- ▶ The appropriate regulatory and supervisory tool kit will facilitate the orderly growth of this sector so that its ability to provide an alternative avenue for credit for the right kind of borrowers is harnessed.
- ▶ Lack of regulation of P2P lending essentially means that privileges enjoyed by similar platforms globally, namely, access and reporting back to credit bureaus (like CIBIL in India); are not available to a P2P platform in India. These have important repercussions on the performance of loans originated through these platforms and can lead to suboptimal results. For e.g. if lenders are not able to see credit reports, then they will be in an inferior position compared to banks and other financial institutions to make credit assessments. Similarly, without the loan performance being reported back to the bureau, some borrowers may not feel the pressure to re-pay their lenders. Lastly, borrowers looking to build and improve their credit rating do not benefit, as their loan performance is not reported to the credit bureaus (CIBIL).

◦ **What are the Proposed Regulations?**

- ▶ P2P lenders must act only as intermediaries and their role must be limited to bringing the borrower and lender together. Funds must move directly from the lender's account to the borrowers' account to prevent risk of money laundering. Cross-border transactions will not be permitted.
- ▶ The platforms will be prohibited from giving any assured return either directly or indirectly. The platforms will be allowed to opine on the suitability of a lender and credit worthiness of a borrower. Adequate regulations on advertisements will also be put in place.
- ▶ The proposed norms also include that these companies have a minimum capital requirement of Rs.2 crore at the start.
- ▶ With a view to ensure that there is enough skin in the game at a later date, leverage ratio may be prescribed so that the platforms do not expand with indiscriminate leverage.
- ▶ Given that the lenders may include uninformed individuals, prudential limits on maximum contribution by a lender to a borrower/segment of activity could also be specified.
- ▶ RBI also proposed that a fit and proper criteria be applied to promoters, directors and Chief Executive Officers (CEO) of P2P platforms.
- ▶ The guidelines may also require the P2P lender to have a brick and mortar place of business in India.
- ▶ In order to assist monitoring, the platforms will need to submit regular reports on their financial position, loans arranged each quarter, complaints etc. to the Reserve Bank.
- ▶ To protect the interest of the customers, the RBI says that, confidentiality of customer data would be the responsibility of the platform. "Transparency in operations, adequate measures for data confidentiality and minimum disclosures to borrowers and lenders would also be mandated through a fair practices code.

3.10: FOOD ACT IMPLEMENTED WITHOUT PROPER PREPARATION: CAG

◉ Context

The recently released CAG report found out that States were largely "unprepared" to handle more food grains prior to the implementation of the National Food Security Act, 2013, which envisages providing highly subsidized food grains to two-thirds of the country's population.

◉ Key Findings of the CAG report

- ▶ According to CAG findings The states were largely unprepared for handling the logistics of allocation, movement and storage of food grains which was necessary for efficient and successful implementation of NFSA.
- ▶ While the criticizing the Centre, CAG said, that the Food Ministry did not make any preparation with regard to the removal of bottlenecks in the movement of food grains, as it could not ensure preparation and finalization of the National Food grains Movement Plan.
- ▶ CAG also noted that the storage capacity of the Food Corporation of India (FCI) was insufficient considering the increased grain allocation for several states. It highlighted that the storage capacity was not adequate even for 3 months' requirement of food grains in the test checked states.
- ▶ The top audit body has observed that the identification of beneficiaries who would be getting food grains under the Public Distribution System (PDS) was not carried out in a systematic and scientific manner. Some states merely re-stamped their old cards as NFSA-compliant and that too without providing for women empowerment as laid down in NFSA.
- ▶ On most of the states not implementing the NFSA as stipulated within a year of the legislation coming into force in July, 2013, CAG criticized the Food Ministry for extending the timeframe for the roll-out of the food security legislation for states thrice until September, 2015.
- ▶ CAG observed that The extension of time schedule for implementation of NFSA without the approval of the Parliament, as there was no enabling provisions in NFSA, was irregular. Food ministry also failed to resolve several issues raised by the states during the formulation phase and also after enactment of NFSA, which contributed to the delay in implementation.
- ▶ While acknowledging the food ministry's contention that there was sufficient capacity for stocking the central pool foodgrains, CAG, however, has noted that the ministry's claim of 79.24 lakh tonne of storage capacity available across the country was not correct, as the shortfall in the total storage capacity of FCI for the central pool stock was 9% to 35% during 2010-14.

◉ Salient Features of NFSA Act

- ▶ Coverage and entitlement under Targeted Public Distribution System (TPDS) : Upto 75% of the rural population and 50% of the urban population will be covered under TPDS, with uniform entitlement of 5 kg. per person per month. However, since Antyodaya Anna Yojana (AAY) households constitute poorest of the poor, and are presently entitled to 35 kg. per household per month, entitlement of existing AAY households will be protected at 35 kg. per household per month.
- ▶ State-wise coverage : Corresponding to the all India coverage of 75% and 50% in the rural and urban areas, State-wise coverage will be determined by the Central Government. Planning Commission has determined the State-wise coverage by using the NSS Household Consumption Survey data for 2011-12.

- ▶ Subsidised prices under TPDS and their revision : Foodgrains under TPDS will be made available at subsidised prices of Rs. 3/2/1 per kg for rice, wheat and coarse grains for a period of 3 years from the date of commencement of the Act. Thereafter prices will be suitably linked to Minimum Support Price (MSP).
- ▶ In case, any State's allocation under the Act is lower than their current allocation, it will be protected upto the level of average offtake under normal TPDS during last 3 years, at prices to be determined by the Central Government. Existing prices for APL households i.e. Rs. 6.10 per kg. for wheat and Rs. 8.30 per kg. for rice has been determined as issue prices for the additional allocation to protect the average offtake during last 3 years.
- ▶ Identification of Households : Within the coverage under TPDS determined for each State, the work of identification of eligible households is to be done by States/UTs.
- ▶ Nutritional Support to women and children : Pregnant women and lactating mothers and children in the age group of 6 months to 14 years will be entitled to meals as per prescribed nutritional norms under Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes. Higher nutritional norms have been prescribed for malnourished children upto 6 years of age.
- ▶ Maternity Benefit : Pregnant women and lactating mothers will also be entitled to receive maternity benefit of not less than Rs. 6,000.
- ▶ Women Empowerment : Eldest woman of the household of age 18 years or above to be the head of the household for the purpose of issuing of ration cards.
- ▶ Grievance Redressal Mechanism : Grievance redressal mechanism at the District and State levels. States will have the flexibility to use the existing machinery or set up separate mechanism.
- ▶ Cost of intra-State transportation & handling of foodgrains and FPS Dealers' margin: Central Government will provide assistance to States in meeting the expenditure incurred by them on transportation of foodgrains within the State, its handling and FPS dealers' margin as per norms to be devised for this purpose.
- ▶ Transparency and Accountability : Provisions have been made for disclosure of records relating to PDS, social audits and setting up of Vigilance Committees in order to ensure transparency and accountability.
- ▶ Food Security Allowance : Provision for food security allowance to entitled beneficiaries in case of non-supply of entitled foodgrains or meals.
- ▶ Penalty : Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with the relief recommended by the District Grievance Redressal Officer.

3.15: INDIA CHILE PREFERENTIAL TRADE AGREEMENT

o Context

The government has approved the expansion of the Preferential Trade Agreement (PTA) with Chile which was signed in 2006.

o Background:

- ▶ Preferential Trade Agreement between India and Chile was signed in 2006. Under it While India has offered to provide fixed tariff preferences ranging from 10% to 50% on 178 tariff lines at the 8 digit level to Chile, the latter have offered tariff preferences on 296 tariff lines at the 8 digit level with margin of preference ranging from 10% to 100%.
- ▶ The PTA, in its current form, seeks to cut tariffs between 10-50% on 296 Indian products exported to Chile and 266 Chilean products imported by India. The agreement benefitted 91% of Indian exports and 98% of imports from Chile. The Indian sectors that benefitted from the PTA include cars, textiles, chemicals, pharma, engineering and agricultural machinery. Among the Chilean products that benefitted from the PTA are copper, cellulose, newsprint, iodine, fish meal, wood boards and planks and salmon.

- ▶ Post this agreement, trade dynamics changed with bilateral trade rising 58.49% from \$2.3 billion in 2006-07 to \$3.65 billion in 2014-15.

◉ **New norms:**

- ▶ Under the expansion of the PTA, Chile has offered concessions to India on 1,798 tariff lines with Margin of Preference (MoP) ranging from 30-100%, with India reciprocating on 1,031 tariff lines with MoP at 10-100%.
- ▶ Under the proposed expanded PTA, 86% of India's exports to Chile will get covered with concessions, which is likely to result in doubling of India's exports in future.

◉ **Significance:**

- ▶ The expanded agreement will benefit India as the export basket is diversified with Chile, which offers a variety of tariffs.
- ▶ Under the MoP expansion move on PTA, India's exports to Chile will get covered around 86% with concessions-a huge leap from the existing PTA and this is likely to result in doubling of our exports in the near future.
- ▶ As Chile has been cooperating with India at the international fora, expansion of PTA will enhance trade and economic ties between the 2 countries
- ▶ The expansion will be an important landmark and consolidate the fraternal ties between India and Latin American countries.
- ▶ This is a radical step towards doubling India's export to Latin American countries in the future.

◉ **Additional information**

▶ **India- Chile bilateral relationship**

- India -Chile relations are characterized by warmth, friendship and commonality of views on a wide range of issues. In 2009, India and Chile celebrated 60 years of establishment of diplomatic relations.
- Chile shares India's concerns over the threat of international terrorism and has regularly condemned the acts of crossborder terrorism that India has suffered.
- Chile has articulated its support for India's claim to a permanent seat in the UNSC.
- Agreements: India and Chile have signed Agreements/MOUs covering various fields of cooperation viz. PTA, Sports, S&T, Antarctica, Air Services, Agriculture, New and Renewable Energy, Education, Outer Space, Geology and Mineral Resources.

▶ **Trade and Economic Relations**

- Chilean exports to India had grown steadily over the period. Indian exports to Chile have also grown by 36.9%, 22.6% and 40.9% respectively over the same period. In 2012, Indo-Chilean bilateral trade was US\$ 3.29 billion. In 2013, bilateral trade was US\$ 2.88 billion and in 2014 it was 3.19 billion.

- ▶ **India also has significant number of diaspora in Chile and has good cultural relations.**

4.

SCIENCE

4.1: IPR ISSUE

Make '**POINTERS**'
for '**REVISION**'

(Q) It is commented by many experts that inefficient Patent regime in India has discouraged innovation. Also discuss the steps taken by government in recent years to rectify the deficiency.

o Context

The government is taking measures to reduce the time to examine patent applications for clearing them at the earliest.

o Background

► 'Steps taken by Government to improve the Patent regime in India

- The government is taking measures to reduce the time to examine patent applications for clearing them at the earliest
- Now the time is between 5 and 7 years for the first examination of patent applications. The target is to bring it down to 18 months which is the benchmark in the U.S. for the first examination after the applications are filed.
- The examination time will gradually come down as the government will be setting a monthly, quarterly, half-yearly and an annual benchmark. In addition to the existing strength of 130 examiners of patents and designs, the government recently hired 458 new examiners. An additional 263 examiners will soon be recruited on a contract basis.
- Also, online examination has begun to reduce pendency. The government has already hired around 100 new examiners for trademarks. Examination time for trademarks has been reduced from 13 months to 8 months.
- Patent rules are being amended to fast-track examination for patents by start-ups. The government has appointed a panel of around 80 lawyers to ensure free consultation to start-ups.
- The government has taken a series of measures to make patent application process more transparent. "The facilities for quick and efficient access to all types of data and information regarding patent processing are available on the official website for the benefit of users. Dynamic utilities for knowing current status of patent applications and grant have been made available online.
- The patent offices have also introduced an e-Register facility to share all information of patents including renewals, assignments and other legal status with the public.
- The Commerce and Industry Ministry is in the process of bringing out a national IPR policy, to protect India's traditional as well as modern intellectual property from challenge by multinational companies.

o Analysis

► Significance of these steps

- The pendency in patent applications and trademark registration as on February 1, 2016 was around 2.37 lakh and 5.44 lakh respectively. One of the main reasons for this situation was shortage of manpower. The government decision to hire 458 new examiners would definitely rectify the shortage of manpower problem and would reduce the time to examine patent applications which will boost innovation in India.
- The introduction of e-Register facility to share all information of patents including renewals, assignments and other legal status with the public and the provision to make available online access to all types of data and information regarding patent processing would make patent application process more transparent.
- The move towards a comprehensive IPR policy comes as India faces growing challenges to its IPR regime and developed countries try to put in place an even stronger framework through mega Regional Trade Agreements such as the Trans-Pacific Partnership.

Make '**POINTERS**'
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◦ Context

The US' Special 301 report continues to put India, along with a few other countries, under its 'Priority Watch List' for its Intellectual Property Rights (IPR) regime and directed its chief trade negotiator to hold foreign governments 'accountable' for IP-related trade practices that go against the interests of American innovators and creators.

◦ What is US special 301 Report?

- ▶ The Office of the U.S. Trade Representative (USTR) annually releases its Special 301 report on the adequacy and effectiveness of IP rights protection by U.S. trading partners. Since the enactment of Section 182 of the Trade Act of 1974, USTR has played a key role in the development of Intellectual Property Laws worldwide and has monitored efforts by other governments to protect IP rights.
- ▶ The Omnibus Trade and Competitiveness Act of 1988 created the Special 301 mechanism that assesses U.S. trading partners' protection of IP rights. Countries may be designated in the categories of Priority Watch List, Watch List, or Section 306 monitoring status.

◦ What is Priority Watch List (PWL)?

- ▶ PWL is defined as a trading partner with "serious intellectual property rights deficiencies" that require increased attention of the USTR while WL is a trading partner also with "serious intellectual property rights deficiencies" but which has not yet been placed under PWL.
- ▶ Priority Foreign Country (PFC) is the most serious classification under the USTR's scheme of things and is applied to a country which is perceived to cause the most egregious IP rights violations that harm American competitiveness abroad. Placing a country under PFC may indicate the possibility of the US unleashing unilateral sanctions on the country.

◦ What is the Stand of USA on India's Patent Regime?

- ▶ According to US government manufacture and distribution of pharmaceutical products and active pharmaceutical ingredients bearing counterfeit trademarks is a major Problem in India.
- ▶ US also complains of unfair market access and states that India maintains "highest tariffs" on medicines, pharmaceutical inputs, and medical devices as compared to other WTO members.
- ▶ The US trade chief argues that India's National Manufacturing Policy encourages compulsory licensing of patented technologies to bring about technology transfer of green technologies. Such policies, which India has sought to multilateralise in United Nations (UN) negotiations, will discourage, rather than promote, investment in and dissemination of green technology innovation, including those technologies that contribute to climate change adaptation and mitigation.
- ▶ It directly attacks section 3 (d) of the Indian patent law. According to Section 3(d), in order for a new form of a known substance to be patentable, it must show an enhanced efficacy as against the known efficacy of the substance concerned. It cites "irregularities" in the application of 3(d) which leads to the rejection of "innovative" pharmaceutical products. The United States continues to have concerns that Section 3(d) of India's Patents Act, as interpreted, may have the effect of limiting the patentability of potentially beneficial innovations," it states. India has rejected many patents that were accepted in other parts of the world.

◦ India's counter to US Allegations

- ▶ India believes that Priority watch status given to India under Special 301 report is part of the strategy to create pressure on countries to enhance IPR protection beyond the TRIPS agreement.
- ▶ India also believes that its Section 3(d) is in line with the flexibilities provided under the TRIPS agreement and is necessary to protect domestic pharmaceutical sector from pressure exerted by the foreign Manufacturers.

- ▶ India believes that "On the one hand, USTR says it supports "access to medicine for all." But then USTR sets out a series of complaints about anything that would make medicines more affordable,

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◉ Way Forward

- ▶ India will continue to face maximum pressures from extremely well funded lobbies set up by big pharma from the U.S. and other developed countries. IPR challenges have to be met increasingly through political action and diplomacy. The government needs to strengthen its decision-making process and boost the skills of its negotiators.
- ▶ In this connection an important initiative of the NDA government has been the setting up of an IPR think tank which among other tasks, will help in the formulation of a National Intellectual Property Rights policy for the first. The draft paper is the first step.
- ▶ India does not have an IPR policy but it has a strong legal foundation. Important precedents have been set especially in pharma-related matters. Besides, there is a well functioning Patents office with sufficient experience to grant patents and uphold consumer interests. From here a new, well balanced policy should not be too difficult.

4.2: TELCOS MAY GO INTRANET TO BYPASS TRAI'S ORDER

(Q) What Do You Understand by Intranet?. It is commented by Telecom experts that Telecoms may go Intranet to bypass TRAI's order Regarding Net neutrality. Discuss How.

◉ Background

- ▶ Recently TRAI The Telecom Regulatory Authority of India's order prohibited telecom service providers (TSPs) from offering differential tariffs for data services on the basis of content.
- ▶ The only form of tariff differentiation that will be allowed are those that are independent of content. So, unlike Facebook's Free Basics, which offers users free access to a narrow set of content and services, and then touts this as Facebook's support for improving internet penetration in India, the new TRAI order does not restrict TSPs from providing limited free data. This will enable a user to access the entire internet until the data is exhausted unlike the closed and narrow internet offered by Free Basics. However many telecom experts believe that loopholes in the Judgement of TRAI would allow Telecoms to offer differentiate services by using intranet-based offerings that allegedly do not violate any principles of Net Neutrality.

◉ What is Intranet?

- ▶ An Intranet is a network based on TCP/IP protocols (an internet) belonging to an organization, usually a corporation, accessible only by the organization's members, employees, or others with authorization.
- ▶ Like the internet itself, Intranets are used to share information. Secure intranets are now the fastest-growing segment of the Internet because they are much less expensive to build and manage than private networks based on proprietary networks.

◉ What are the Loopholes in the TRAI judgements?

- ▶ The TRAI's Judgement said "data transmitted over closed electronic communications networks, such as intranets are not prohibited by these regulations". Theoretically, this meant that while a telco, couldn't offer movies to its subscribers at a lower rate-say by working out a deal with a Netflix which also offered this service independently-it could use the intranet loophole.
- ▶ That is, instead of, say, an Airtel/RJio customer being routed the normal way-from her phone to Airtel/RJio's spectrum to its base transceiver station to its switch and from there, through a gateway to the internet where a video was stored-the customer

would just be routed from the Airtel/RJio switch to an Airtel/RJio server where the same video would be stored.

- ▶ If TRAI thought a Facebook tying up with an RCom to allow customers free access to all websites that met certain technical standards-in terms of being data-light-violated net neutrality, this is pretty much the same.
- ▶ Telcos will find it difficult to have differential pricing for data on their intranet offerings. However they could cherry-pick data/content and charge carriage fees from content providers/ecommerce players for providing them access on their intranet platforms. This would allow telcos subsidize subscriber data charges and offer data services at much lower tariffs, or may be free in some instances."

○ Criticisms

Currently, the data model works by subscribers paying for data usage and if they intend to buy additional content such as movies they have to pay additional charges. The entrants into the 4G market may attempt to tweak the traditional model by providing more value to subscribers via aggregating movie and other entertainment/infotainment content on their intranet platform. This will disrupt the traditional data business model of telecom companies .

○ Way Foreword

- ▶ To remove the vagueness and loopholes in its judgments TRAI should clear the confusion over what it means by a CECN. A sensible guide would be to go by the commercial relationships among those on the network, rather than the physical nature of the network.
- ▶ A corporate intranet would comprise a company's management and its employees, sometimes accessible to outside agents who provide the company with services and goods. In all these cases, those on the network receive payments from the company in exchange for goods and services provided to the company . A telecom company's network of subscribers, in contrast, comprises people for whom the flow of services and payments are in the opposite direction. They make payments to the company in return for services rendered by the company. A network of such people cannot make up a CECN eligible to be exempt from net neutrality norms. Such a clear Definition would improve up the things.

4.3: DELHI HC STRIKES DOWN BREAST CANCER BIOSIMILARS APPROVAL FOR ROCHE DRUG

○ Context:

Delhi High Court in a recent decision has cancelled the approval to Biocon and Mylan not to call their drugs "bio similar" and/or "bio similar to Herceptin, Herclon, Biceltis" or in any way ascribing any bio-similarity with Roche's drugs.

○ Details of the issue

- ▶ Trastuzumab which is a biological drug used primarily for the treatment of HER 2 positive breast cancer was manufactured originally by Roche. Biocon and Mylan, now selling the biosimilar version of this drug as Canmab/Bmab 200 and Hertraz, respectively, got the government approval in October 2013.
- ▶ Roche's contented that the Canmab/Bmab 200 and Hertraz are being misrepresented as "Trastuzumab", "biosimilar Trastuzumab" and a "bio similar version of Herceptin", without following due process (doing required tests, etc) in accordance with the Guidelines on Similar Biologics.
- ▶ So, the court has permitted both Biocon and Mylan to manufacture and sell this drug but, as an interim measure, to not call their drugs "biosimilar" and/or "biosimilar to Herceptin, Herclon, Biceltis" or in any way ascribing any biosimilarity with Roche's drugs.

o **Significance of the decision:**

The ruling sends a strong, positive signal that the development, manufacture and approval of biosimilars in India must be subject to rigorous clinical and regulatory standards as per the applicable law.

o **About Biosimilar drugs:**

▶ **Key Features of the Biosimilar Drugs**

- A biosimilar is a biologic medical product which is almost an identical copy of an original product that is manufactured by a different company. Biosimilars are officially approved versions of original "innovator" products, and can be manufactured when the original product's patent expires.
- Biosimilar medicines are independently developed to have the same mechanism of action as the original biological medicines, and are designed to treat the same diseases as the innovator's product.
- Biosimilars are similar but not identical to the brand name drug.
- They aren't interchangeable to brand name drugs.
- While approval requirements are generally the same for small-molecule generics typically they just have to show they're bioequivalent to the brand name drug in a small clinical trial that's not likely to be the case for biosimilars. The size of the clinical trial and what's measured clinical outcomes versus biomarkers are up for debate for each individual drug and will depend on the disease the drug treats and the side effect profile of the brand name drug, among other issues.
- Biosimilars offer a new, potentially lucrative market for both branded and generic drugmakers.

o **Positives:**

- ▶ The operating profit margin of traditional generic drugs is roughly 20%, but depending on the biosimilar product profit margin can be as higher as 30%.
- ▶ Treatment cost with biosimilars is less than innovator biological drug.
- ▶ Patent of original product is going to expire and therefore, opportunity for generic versions of the biopharmaceutical is very large.

o **Negatives:**

- ▶ These are less stable than chemical based pharmaceuticals and thus require cold chain distribution and have a greater shelf life. This increases the cost and complexity of distribution.
- ▶ The cost of development will be significantly higher than for chemical based generics.
- ▶ The required capital investment in property, plant and equipment and cost of manufacturing will be much higher for biosimilars than for generic drugs.
- ▶ Marketing approval is a much more complicated issue.
- ▶ Stability requires special handling.
- ▶ These are highly sensitive to manufacturing changes.

4.4 IRNSS 1G SATELLITE LAUNCHED

o **Details of the event:**

- ▶ ISRO has recently launched the IRNSS-1G satellite on board from the PSLV-C33. With this India has finally established the country's own satellite navigation system to be named as NAVIC.
- ▶ India has become the fifth country in the world to have a navigation system of its own.
- ▶ The satellite IRNSS-1G (Indian Regional Navigation Satellite System-1G) is part of a constellation of 7 satellites to provide accurate position information service to users across the country and the region, extending up to an area of 1,500 km.

o **Why we require our own Navigation system?**

IRNSS is primarily meant for India's own use and will liberate it from its dependence on the US' Global Positioning System (GPS), Russia's Glonass and other foreign systems, which are not under its control and therefore, potentially dangerous during conflicts, in particular.

o **About IRNSS:**

- ▶ Indian Regional Navigation Satellite System (IRNSS) is constellation of satellites in geosynchronous and geostationary orbits that will give Indian civilian and military users, and their partners, access to a dedicated satellite navigation system.
- ▶ IRNSS is similar to the global positioning system (GPS) of the US, Glonass of Russia, and Galileo of Europe as well as China's Beidou.

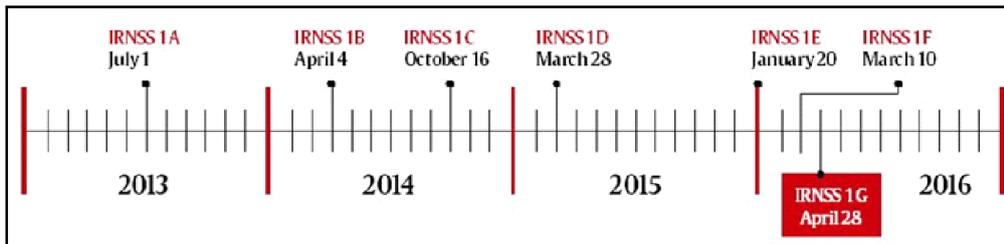


Fig: 4.1

o **Uses:**

The IRNSS will provide two types of services - standard positioning service and restricted service. The former is provided to all users and the latter is an encrypted service for authorised users.

o **Significance of IRNSS**

- ▶ IRNSS will provide geospatial coverage of India and offer accurate all-weather signals for military use.
- ▶ IRNSS will provide position accuracy better than 20 metres in the primary service area.
- ▶ It would offer services like terrestrial and marine navigation, disaster management, vehicle tracking and fleet management, navigation aide for hikers and travellers, visual and voice navigation for drivers.
- ▶ The regional navigation satellite system will provide accurate position information service to users in India and the region, extending up to 1,500 km. from its boundary, which is its Primary Service Area.
- ▶ It will also prove to be useful for the fishermen who at present, depend on Sun for navigation.
- ▶ GPS is not available at all places. Signal is weak in remote areas but NAVIC own signal will be available in remote areas with better accuracy.

4.5: HUBBLE SPOTS ICE MOON ORBITING DWARF PLANET

o **Context:**

The Hubble telescope has spotted an ice Moon orbiting the dwarf planet Makemake. The newly-found moon, dubbed MK 2, is some 1300 times fainter than its parent and is a mere 160 kilometres in diameter.

o **About Dwarf planet Makemake:**

- ▶ Makemake (pronounced mar-kee mar-kee) is 1400 kilometres in diameter and is the second brightest dwarf planet behind Pluto. It resides in the Kuiper Belt and is one of 5 dwarf planets recognised by the International Astronomical Union.
- ▶ It was discovered in 2005 far past the orbit of Neptune in the Kuiper Belt.

- ▶ It is in the class of rare Pluto-like objects.

- **Significance:**

- ▶ It could allow astronomers to study the dwarf planet in much greater detail.
- ▶ Analysis of MK2's orbit and behavior can refine estimates of the dwarf planet's mass and density.
- ▶ Uncovering the Moon also reinforces the idea that most dwarf planets have satellites.

- **About Dwarf Planets:**

- ▶ Dwarf planets share many of the same characteristics as planets though there is one significant difference. The International Astronomical Union's definition of a dwarf planet is:

A "Dwarf planet" is a celestial body that:

- (a) It is in orbit around the Sun,
 - (b) It has sufficient mass for its self-gravity to overcome rigid body forces so that it assumes a hydrostatic equilibrium (nearly round) shape,
 - (c) It has not cleared the neighbourhood around its orbit,
 - (d) It is not a satellite.
- ▶ A dwarf planet's path around the Sun is full of other objects like Asteroids and Comets. The key difference is that a planet has cleared other objects in the area of its orbit while a dwarf planet has not.
 - ▶ There are 5 officially recognised dwarf planets in our solar system, they are Ceres, Pluto, Haumea, Makemake and Eris. With the exception of Ceres, which is located in the asteroid belt, the other dwarf planets are found in the outer solar system.
 - ▶ Of the dwarf planets only 2 have been visited by space probes, in 2015 NASA's Dawn and New Horizons missions reached Ceres and Pluto respectively.

4.6: ISRO'S NEW LIGHT-AS-AIR GEL CAN KEEP INDIAN SOLDIERS WARM IN SIACHEN SNOW

- **Context**

Scientists at ISRO have recently manufactured the world's lightest material called Silica Aerogel or 'blue air.' This has been claimed to be so light weight that it can be delicately placed on a flower head.

- **About the GEL:**

- ▶ It has excellent thermal resistance and if used as a filler in soldiers' uniforms it can possibly help save many lives at the Siachen glacier. It has applications for thermal jacket, foot insoles, as well as for window glazing.
- ▶ It can be used to insulate rocket engines due to its insulating properties.
- ▶ It can be used to make light weight clothing, if painted on windows it can keep buildings cool or warm.
- ▶ The material is very fragile and brittle so it needs to be made tough and resilient.

4.7: CHINA CREATES WORLD'S FIRST GRAPHENE ELECTRONIC PAPER

- **Context**

China has developed the world's first Graphene Electronic Paper. This is possibly expected to revolutionize the screen displays on electronic gadgets such as wearable devices and e-readers.

- **What is Graphene e-Paper?**

- ▶ Graphene e-paper is 0.335 nanometers thick and can be used to create hard or flexible graphene displays.
- ▶ It has the capability to conduct both heat and electricity, and it can supposedly enhance optical displays to a brighter level, owing to its high-light transmittance properties.
- ▶ It can also be produced cost effectively as compared to traditional e-Paper which use indium metal for their display, that is very expensive and rare to source.

◦ **E-paper:**

- ▶ Electronic paper or e-Paper are display devices that mimic the appearance of ordinary ink on paper.
- ▶ It is a portable, reusable storage and display medium that looks like paper but can be repeatedly written on (refreshed) - by electronic means - thousands or millions of times.
- ▶ E-Paper is used for applications such as e-Books, electronic newspapers, portable signs, and foldable, rollable displays.

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5

ENVIRONMENT

5.1: CABINET NOD TO AMEND AFFORESTATION FUND BILL

- (Q) What do we understand by Compensatory Afforestation?
- (Q) Discuss the Key features of the Compensatory Afforestation Fund Bill, 2015. Also Highlight the Significance of the bill and Challenges associated in its implementation.

o **Context**

- ▶ The Union cabinet recently approved amendments to the Compensatory Afforestation Fund Bill, 2015, which will facilitate the distribution of around Rs.42,000 crore among all states to encourage them to plant forests.
- ▶ Government introduced the Compensatory Afforestation Fund Bill, 2015 in the Lok Sabha on 8 May 2015. Lok Sabha referred the Bill to the Department-related Parliamentary Standing Committee on Science and Technology, Environment and Forests.
- ▶ On February, this year, the Committee submitted its report to the Parliament. The Central government after examination of the report of the committee proposed to move official amendments in the Bill.

o **What do we mean by Compensatory Afforestation?**

Compensatory Afforestation (CA) refers to afforestation and regeneration activities carried out as a way of compensating for forest land diverted to non-forest purposes. Here "non-forest purpose" means the breaking up or clearing of any forest land or a portion thereof for.

o **What was the need for the Bill?**

- ▶ While according prior approval under the Forest (Conservation) Act, 1980 for diversion of forest land for non-forest purpose, Central Government stipulates conditions that amounts shall be realised from the user agencies to undertake compensatory afforestation and such other activities related to conservation and development of forests, to mitigate impact of diversion of forest land.
- ▶ In compliance of Orders passed by the Supreme Court these amounts are deposited in the State-wise accounts operated by an Ad-hoc Authority consisting of 2 officials of the Ministry of Environment, Forests and Climate Change one representative of the Comptroller and Auditor General and one representative of the Chairperson of the Central Empowered Committee.
- ▶ In the absence of permanent institutional mechanism more than Rs.40,000 crores have accumulated with the said ad-hoc Body.
- ▶ In order to provide for the establishment of funds under the public accounts of India and the public accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980 Central Government introduced the Compensatory Afforestation Fund Bill, 2015 in the Lok Sabha last year.

o **Key features of the Amended Bill?**

- ▶ The Bill basically envisages the establishment of a national Compensatory Afforestation Fund (CAF) and state CAFs to credit amounts collected by state governments and Union territory administrations to compensate for the loss of forest land to non-forest projects.
- ▶ The Bill establishes the National Compensatory Afforestation Fund under the Public Account of India, and a State Compensatory Afforestation Fund under the Public Account of each state.

- ▶ **These Funds will receive payments for:** (i) compensatory afforestation, (ii) net present value of forest (NPV), and (iii) other project specific payments. The National Fund will receive 10% of these funds, and the State Funds will receive the remaining 90%.
- ▶ These Funds will be primarily spent on afforestation to compensate for loss of forest cover, regeneration of forest ecosystem, wildlife protection and infrastructure development.
- ▶ The Bill also establishes the National and State Compensatory Afforestation Fund Management and Planning Authorities to manage the National and State Funds.
- ▶ The amendments include deleting some of environmental services for which credible model to assess their monetary value does not exist while it also provides for prior consultation with states for making a rule under it.
- ▶ The amendments provide for use of monies realized from the user agencies in lieu for forest land diverted in protected areas for voluntary relocation from protected areas.
- ▶ It also provides for including secretaries of Ministries dealing with Space and Earth Sciences as members of governing body of the National Authority while it also increases the number of expert members in governing body of National Authority from 2-5.
- ▶ The amendments in the Bill increases the number of expert members in executive committee of National Authority from 2-3 while it provides for the inclusion of an expert on tribal matters or representative of tribal community as a member in both steering committee and executive committee of a state authority.
- ▶ The amendments also provide for laying of the annual report and the audit report along with memorandum of action taken on recommendations contained in the State Authority constituted in Union Territories having no legislature before each House of Parliament.

o Analysis

▶ Significance of the Amended Bill

- At present, the unspent amount available with the ad-hoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA) is around Rs.42,000 crore. Fresh accrual of compensatory levies and interest on accumulated unspent money is around Rs.6,000 crore per year. The legislation will ensure expeditious utilization of accumulated unspent amounts available with ad hoc CAMPA in an efficient and transparent manner. Utilization of these amounts will facilitate timely execution of appropriate measures to mitigate impact of diversion of forest land, for which these amounts have been realized.
- Apart from mitigating the impact of diversion of forest land, utilization of the fund will result in creation of productive assets and generation of huge employment opportunities in rural areas, especially backward tribal areas.

o Criticism/Challenges

- ▶ The Bill establishes the Funds for compensatory afforestation and forest conservation. However, there are several factors (other than administration of funds) which affect compensatory afforestation and forest conservation.

These factors are mentioned below:

- ▶ A 2013 CAG report noted that, state forest departments lack the planning and implementation capacity to carry out compensatory afforestation and forest conservation. With the share of funds transferred to states increasing from 10% to 90%, effective utilisation of these funds will depend on the capacity of state forest departments.
- ▶ Procuring land for compensatory afforestation is difficult as land is a limited resource, and is required for multiple purposes, such as agriculture, industry, etc. This is compounded by unclear land titles, and difficulties in complying with procedures for land use.

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- ▶ A High Level Committee on Environment Laws observed that quality of forest cover has declined between 1951 and 2014, with poor quality of compensatory afforestation plantations being one of the reasons behind the decline.
- ▶ The Bill delegates the determination of NPV (value of loss of forest ecosystem) to an expert committee constituted by the central government. As NPV constitutes about half of the total funds collected, its computation methodology would be important.
- ▶ The bill promotes breaking of large forest land into smaller patches which disrupts landscape connectivity, affecting dispersal of animals, creates new edges that expose forest to exploitation and severe degradation. Therefore there is no consolidation of OGF (Old Growth Forest) but fragmentation of them.
- ▶ Many times the species raised are non native to the areas where they are planted. This causes degradation of indigenous or native species. E.g KIOCL (Kudremukh Iron Ore Company Ltd.) planted trees in Bhadra river basin which has destroyed natural grassland over there. No mechanism in the Bill to deal with this menace.
- ▶ The compensatory afforestation has only increased tree cover as VDF (Very Dense Forest) and MDF (Moderately Dense Forest) has declined. This was highlighted by Parliamentary Standing Committee on Science & Technology, Environment & forest. Mechanism should be established to ensure that Compensatory afforestation should focus on not just increasing Tree cover but Very dense forests.
- ▶ Bill also does not provide for natural restoration and regeneration of degraded forest.
- ▶ Ancillary impacts like biodiversity loss, fragmentation effect, development of new edges that increases the forest loss, fringe effect etc can never be compensated.

○ **CONCLUSION**

Apprehensions raised by experts in the bill are genuine. But balancing the development environment trade-off is equally challenging. CAF should stand to meet out and compensate those projects that have wide social impact. Simultaneously NPV value should be enhanced by detailing biodiversity loss in better manner. Also, maximum effort should be made to restrict development projects that are intrusive for forest, and should be allowed only as an exception. There is also need to promote consolidation of OGF, restoring degraded ecology and using funds for non native plantations only in extreme case when forest is extremely degraded with no trace of native species.

5.2: INTERLINKING OF RIVERS

(Q) In the wake of frequent occurrence of draughts in many parts of India many experts believe that Interlinking of Rivers is an idea whose time has come. Critically Comment

○ **Context**

Maharashtra and Telangana region are suffering from massive draught this year, Recently Union Minister of water resources have suggested that Interlinking of rivers could curb draughts in India which has reignited the age old debate of interlinking of rivers again.

○ **Background**

India faces at times a huge gap in demand and supply of water for various purposes like irrigation, drinking and industrial use. This gap is creating more issues with ever increasing population of India. The reasons for this gap in demand and supply of water are many like: rainfall mostly only during the 4 month monsoon period June through September; east and north get more rain compared to west and south; India sees years of excess rains that causes flood which are followed by years of below average rains and droughts.

○ **What is the interlinking of rivers Project?**

Indian River Linking (IRL) project was proposed 3 decades ago. The proposals envisaged linking the rivers to enable inter-basin water transfer from surplus to deficit basins, so as to even out the variations of water availability and for optimum utilization of the resource.

However, in spite of many expert committees recommending the project and a taskforce preparing a timeframe for its execution, not a single link has been constructed so far due to opposition from water-endowed states.

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◦ **Arguments for Interlinking of rivers:**

- ▶ International examples- The US completed its Gulf Intracoastal Waterway in 1949. This project interlinks 8 rivers, and is located along the Gulf Coast of the United States. The canal is a navigable inland waterway which runs from Florida to Texas and is around 1700 kilometers long. It is used for internal low cost eco-friendly transport means and it is also a significant source for fishing industry as well as harvesting and shipping shellfish. Another manmade canal in the US interlinks river Tennessee and Tombigbee. The canal is 377 kilometers long. This waterway is used for commercial navigation of coal and timber products and also supplies water for industrial use as well as drinking purpose. The water is also used for irrigation purposes.
- ▶ Domestic examples- By interlinking rivers and allowing water of Narmada available during flood to flow through Narmada main canal to 11 rivers of Gujarat (Heran, Orsang, Karad, Mahi, Saidak, Mohar, Watrak, Sabarmati, Khari, Rupen and Banas); Gujarat has shown how interlinking rivers can solve the most acute shortage of water. This interlinking helps to fill around 700 small and large village tanks and ponds by water of Narmada.
- ▶ September last year witnessed interlinking of river Godavari and Krishna in the state of Andhra Pradesh. Thanks to the Pattiseema scheme which lifts Godavari waters that previously used to flow into the sea is now being diverted towards Krishna river in the neighbouring Krishna district. The interlinking is termed a boon for the farmers in the Krishna delta (mainly those in the Krishna and Guntur districts), who had been facing acute shortage of water after neighbouring Karnataka allegedly raised the height of the Almatti project which was built in 2005.
- ▶ Will Help overcome Draughts and floods-The need for the project has never been felt more than it is now as parts of the country are dealing with severe droughts, coupled with one of the hottest summers in over a century. The proponents of the ILR scheme argue that since the country receives rain only for 3 months in a year, there is a need to store water adequately for the rest of the year. It is also ironic that while about 40 million hectares of the country's area experiences periodic flood, with about 1500 human lives and one lakh cattle lost to it every year, the country is not able to divert or store much of this water. On the other hand, about a third of the total population resides in areas that are drought prone, spread over nearly 108 million hectares.
- ▶ ILP by transferring excess waters from the Water surplus rivers like Brahmaputra and Ganga to Water deficit Southern and western region would curb both floods and draughts.
- ▶ Other benefits of the project spoken about are additional irrigation, domestic and industrial water supply, hydropower generation and navigational facilities.
- ▶ Interlinking of rivers will also have commercial importance on a longer run. This can be used as inland waterways and which helps in faster movement of goods from one place to other.
- ▶ Interlinking of river will boost transportation in india and thus transportation of raw material and products will be faster and cost effective.This will reduce price of commodity and thus will improve standard of living.
- ▶ Interlinking creates a new occupation for people living in and around these canals and it can be the main areas of fishing in India.

◦ **Arguments against linking of projects:**

- ▶ Many environmentalist believe that the country could be heading towards disaster by contemplating such projects as The vagaries of nature, such as drought, floods, have forced policymakers to take decisions that are not in tune with nature's law.
- ▶ Many experts believe that interlinking of rivers will create environmental problems, ecological imbalance and reduce water table. Interlinking of rivers will cause huge amount of distortion in the existing environment. In order to create canals and reservoirs, there will be mass deforestation. This will have impact on rains and in turn affect the whole cycle of life .

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- ▶ Usually rivers change their course and direction in about 100 years and if this happens after interlinking, then the project will not be feasible for a longer run.
- ▶ Due to interlinking of rivers, there will be decrease in the amount of fresh water entering seas and this will cause a serious threat to the marine life system and will be a major ecological disaster.
- ▶ Due to the creation of Canals and Reservoirs, huge amount of area which is occupied by the people will be submerged leading to displacement of people and government will have to spend more to rehabilitate these people. The amount required for these projects is so huge that government will have to take loans from the foreign sources which would increase the burden on the government and country will fall in a debt trap.
- ▶ Other cons listed by experts are: problems with land requirement and acquisition, construction and maintenance of dams new canals and cross drainage structures, time frame, project cost escalations, etc.

◉ Way foreword

- ▶ River linking project is an idea whose time has come. As climate change will continue to affect weather conditions and create water shortages and excesses, the solution lies in expediting the Indian River Linking (IRL) project that was proposed 3 decades ago. Even though there are certain costs involved in it. The benefits associated with the project as mentioned above far outweighs the environmental costs.

We will have to check out the major points that need to be considered before undertaking such an ambitious project:

- ▶ **Feasibility:** A research report was completed and submitted in 2013 about the feasibility of interlinking the rivers of India. The report also suggested how much investment will be required for the same and what will be the economic benefit derived from it. If River Tapi is linked to River Narmada it will mean around 400 km in length can be linked which will mean that 93 MW more electricity will be generated, 91 MCM water for drinking and industrial purpose will be added and irrigation capacity will increase by 169,000 hectares. As against these benefits the cost to link the two rivers as per the year 2003 estimate comes to Rs. 6,016 crore.
- ▶ **Environmental impact:** While undertaking the ambitious project of interlinking rivers the government will also have to consider the environmental impact of the project as while water is being channelized towards a particular region what if it causes water logging or salinisation of area.
- ▶ **Displacement of people:** Where to settle large number of people who will get displaced due to interlinking of rivers is a one issue that needs great consideration. Also this project will have impact on marine life and thereby make numerous fishermen jobless. The government will have to first figure out how to gainfully employ such fishermen.
- ▶ **International issues:** Most experts suggest that though initially the interlinking of rivers seems to be an arduous task in the long run it will benefit the country a lot. However, the problem is that there are no set rules that would help a country go for such a project that would definitely affect its neighbouring countries. How to handle the issues raised at an international level will be very complicated and time consuming task.
- ▶ **Apprehensions of water surplus states:** Since water has become an emotive issue, none of the water-rich states would like to accept that they have surplus water to spare. By offering to compensate the economic cost of the water surpluses, these states could be persuaded to share the surplus. This would pave the way for early implementation of the project.

5.3: POLLUTERS PAY PRINCIPLE

◉ Context:

The art of living festival that was held recently along the banks of Delhi's dying Yamuna river which involved flattening of a large section of the Yamuna floodplain and a highway cutting through Central India's deep forests sweeping Tiger Reserves of Kanha and Pench

has again raised questions about the polluter pay principle which allows the project to go ahead and, given the illegal/predetermined nature of certain projects, the system in the current form has aided wrong precedents.

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o **What does the principle say?**

The polluter pays principle in effect says that if found to be environmentally damaging, the actor/developer needs to compensate people as well as bear costs of environmental restoration. Here, the "onus of proof" is on the actor or the developer/industrial to show that his action is environmentally benign. Thus, the producer of goods and other items is responsible for the cost of preventing or dealing with any pollution that the process causes. But it does not mean that the polluter can first pollute and pay for it.

o **Arguments in favour of:**

- ▶ It is regarded as an important and 'right' principle in the perspective of environmental protection.
- ▶ It is aimed at Promoting economic efficiency, social justices, harmonization of international environmental policies.
- ▶ It will set a negative precedent against those who overlook their own interests and in the process cause environmental damages.
- ▶ It is important to attain distributive justice.
- ▶ The money raised through the revenue can be utilised for mitigation and adaptation.
- ▶ It will give a push to go towards clean energy.

o **Arguments against:**

- ▶ It can be difficult to measure how much pollution is produced, e.g. firms may try to hide the extent of their pollution.
- ▶ It can be difficult to impose regulations or tax on firms from other countries. For example, global warming effects everyone around the world, but it can be difficult to create international agreements to impose penalties on those polluting.
- ▶ These are countries which have weaker environmental legislation and firms can escape taxes and regulations on pollution by shifting production to those countries which have no such penal provisions.
- ▶ Some costs are unexpected and occur after the event. e.g. in building nuclear power plant.
- ▶ Administration costs of collecting information and implementing tax are often high.
- ▶ Most of the times the polluter cannot afford the hefty fine that is levied on him. eg. Small subsistence farmers, informal sector firms cannot bear the costs they are liable to. Small and Medium scale industries cannot pass the high costs of pollution to their consumers without incurring losses.

o **Polluter Pay Principle in India**

▶ **Practice of this principle in India has been seen in the following ways -**

- **Constitutional provisions** - Article 21 of the Constitution has been interpreted to include right to clean environment, while Article 48A and Article 51A (g) charges the State and individual with environment protection
- **Judicial interpretation** -SC order in Indian Council for (Environmental-legal Actions v/s. Union of India) was considered as a component of environmental law while in Environment Civil Liability Case (2013), Madras HC implemented while reopening a copper plant
- **Legislations** -The Water Act, Air Act and Environment Protection Act contain provision of PPP as interpreted by SC while Forest Conservation Act (1980) provides for Compensatory Forestry

② **CONCLUSION**

- ▶ Even though Paying compensation gives some respectability to the polluter however damage to the environment may not always get reversed. Therefore a better principle would be the 'Preventive principle i.e. not allows damaging activities in the first place.
- ▶ Even if the Polluter Pay Principle is allowed the aim of Polluter Pay principle should be restoration and preservation of environment. There is a need for proactive and reactive policies, which can prohibit any such activity, which adversely affect environment, and also help to minimize the impact of these activities.

5.4: UJALA SCHEME

② **Context**

The Government of India has distributed over 10 crore LED bulbs across the country under the Unnat Jyoti by Affordable LEDs for All (UJALA) scheme.

② **Background**

An ordinary bulb is an extremely energy inefficient form of lighting with just 5% of the electricity input converted to light. Efficient light bulbs like Light-Emitting Diode (LEDs) consumes only one-tenth of energy used by ordinary bulb to provide the same or better light output. However, high cost of LEDs has been a barrier in adoption of such efficient lighting systems. The DELP on-bill financing scheme proposes to overcome this cost barrier. The scheme is being named "UJALA" - an acronym for Unnat Jyoti by Affordable LEDs for All.

② **Objectives of the Scheme:**

The main objective is to promote efficient lighting, enhance awareness on using efficient equipment which reduce electricity bills and help preserve environment.

② **Key details of the scheme:**

- ▶ Implementing agency- The Electricity Distribution Company and Energy Efficiency Services Limited (EESL) a public sector body of Government of India are implementing the programme.
- ▶ Eligibility of acquiring LED bulbs-Every grid-connected consumer having a metered connection from their respective Electricity Distribution Company can get the LED bulbs at about 40% of the market price under the UJALA Scheme. Consumers also have the option of paying for the LEDs in equated monthly installments.
- ▶ Procuring LED bulb-The bulbs will be distributed through special counters set up at designated places in the city. These will not be available at any other location including shops etc. There will be phase wise distribution. The location of counters is made available through the awareness drive (leaflets, posters, advertisements etc) to inform the consumers.
- ▶ **Overall targets**
 - Overall target of number of incandescent bulbs to be replaced - 200 million
 - Expected overall annual energy savings - 10.5 billion KWh
- ▶ Expected reduction of load - 5000 MW
- ▶ Expected annual cost reduction of consumer bills - Rs. 40,000 crore
- ▶ Annual estimated greenhouse gas emission reductions - 79 million tonnes of CO₂

② **Progress of the scheme**

- ▶ The Government of India has distributed over 10 crore LED bulbs across the country under the Unnat Jyoti by Affordable LEDs for All (UJALA) scheme.
- ▶ Currently, the UJALA scheme is fully operational in Rajasthan, Maharashtra, Karnataka, Kerala, Uttar Pradesh, Himachal Pradesh, Delhi, Haryana, Bihar, Andhra Pradesh, Puducherry, Jharkhand, Chhattisgarh and Uttrakhand. More states and UTs will be launching the National Programme shortly.

- ▶ The UJALA scheme has played a significant role in creating awareness about energy efficient lighting. In 2014-15, the total number of LED bulbs that were distributed was mere 30 lakhs. The number of LED bulbs distributed in 2015-16 has crossed 15 crore, where 9 crore LED bulbs were distributed under UJALA and the remaining were contributed by the industry.
 - ▶ Efficient domestic lighting is one of the largest contributors to energy savings globally and the distribution of 10 crore LED bulbs in India has led to savings of over 1,298 crore kWh annually. This number has also helped the country avoid capacity of about 2,600 MW. Most importantly, the country has benefitted from reduction of CO₂ emission by over 1 crore tonnes annually.
- **Significance of the UJALA scheme:**
- ▶ Lighting sector accounts for about 20% of the total consumption in India. Currently, most of the lighting need in domestic and public lighting sector is met by inefficient, conventional, incandescent bulbs.
 - ▶ UJALA Scheme aims to achieve its target of replacing all the 77 crore inefficient bulbs in India with LEDs. This will result in reduction of 20,000 MW load, energy savings of 100 billion kWh and Green House Gas (GHG) reduction of 80 million tonnes every year. It is estimated that this is equivalent to establishment of roughly 5 large format thermal generation plants in the country. The country also stands to save Rs. 40,000 crore in Electricity Bills of consumers.

5.5: MARCH TEMPERATURE SMASHES 100 YEAR GLOBAL RECORD

○ **Contex**

According to estimates by different Metrological agencies of the World The global temperature in March has shattered a century-long record and by the greatest margin yet seen for any month .

○ **Detail of the event:**

- ▶ Compared with the 20th-century average, March was 1.07C hotter across the globe, according to the Japan Metrological Agency (JMA) figures, while February was 1.04C higher. The Japan Metrological Agency (JMA) measurements go back to 1891 and show that every one of the past 11 months has been the hottest ever recorded for that month.
- ▶ According to NOAA figure March's average global temperature was an unrivaled 2.20 degrees above the 20th-century average and 0.58 degrees warmer than March 2015, the previous warmest March.
- ▶ NOAA also reported that the first quarter of 2016 was, by far, the warmest on record, a full half-degree warmer than the first quarter of 2015, the previous record holder.
- ▶ NASA independently analyzes global temperature data and also determined it was the warmest March on record.
- ▶ In March, most land surfaces were warmer or much warmer than average, NOAA said. It found record warmth in eastern Brazil, most of eastern and central Africa, much of southeastern Asia, and large portions of northern and eastern Australia.
- ▶ Independent climate indicators also exhibited signs of warming.

○ **What are the indicators which prove the above stated Facts?**

- ▶ The effects of global warming are already starting to manifest in the form of global coral bleaching, which is harming and in some cases, killing reefs from the Great Barrier Reef to the Florida Keys.
- ▶ Northern Hemisphere snow cover and Arctic sea ice both dropped to their second lowest extents on record for March.

- ▶ The effect of this rising temperature are quite evident now across the globe with Greenland's massive ice sheet starting its annual summer melt earlier than ever before and Arctic sea ice peak reaching for the lowest winter maximum extent.

◦ **What factors are Behind this trend?**

While the main contributor to these records is the increasing amount of human-produced Greenhouse gases being poured into the atmosphere, there is a natural contribution from El-Nino. This warming of the surface waters of the central and eastern Pacific may well have contributed 0.1 to 0.2C to global temperatures.

5.6: RISING HEAT LINKED TO MORE CORAL REEF BLEACHING

◦ **Key Findings:**

- ▶ Though some corals in the Great Barrier Reef are known to be resilient when subjected to rises in temperature, but a study has warned that this protective mechanism could soon disappear.
- ▶ According to it, if ocean surface temperatures rise by as little as 0.5 degrees Celsius over what they are at present, the massive coral bleaching could spread dramatically.
- ▶ The reason has to do with an innate response to the stress of warming waters that corals have shown in the past, which scientists studied by analyzing 27 years of satellite records for the Great Barrier Reef.
- ▶ When corals are exposed to a pre-stress period in the weeks before bleaching, as temperatures start to climb, this acts like a practice run and prepares the corals.
- ▶ Corals that are exposed to this pattern are then less stressed and more tolerant when bleaching does occur.
- ▶ But if sea surface temperatures rise more than two degrees Celsius above a given region's monthly average temperature calculated over the past three decades this protective mechanism could be lost and more corals may be damaged.
- ▶ Currently, about three-fourths of corals in the Great Barrier Reef benefit from the protective scenario. But if sea surface temperatures increase, only about 22% would be protected and far more deadly bleaching could be expected.

◦ **Coral reef bleaching:**

- ▶ Coral reefs are colourful underwater forests which teem with life and act as a natural protective barrier for coastal regions. They are diverse underwater ecosystems held together by calcium carbonate structures secreted by corals. Most coral reefs are built from stony corals, which in turn consist of polyps that cluster in groups.
- ▶ They are one of the most productive ecosystems of the world.
- ▶ When water is too warm, corals will expel the algae (zooxanthellae) living in their tissues causing the coral to turn completely white. This is called coral bleaching.
- ▶ Bleaching occurs when abnormal environmental conditions, such as warmer sea temperatures, cause corals to expel tiny photosynthetic algae, draining them of their colour.

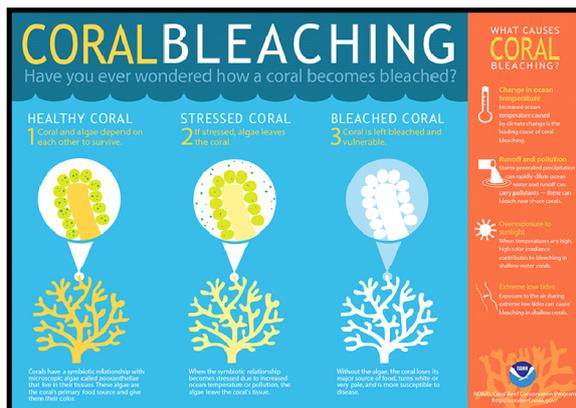


Fig: 5.1

5.7: PRIMATE SPECIES NEW TO INDIA DISCOVERED IN ARUNACHAL PRADESH

◉ Context

Recently a new species of primate, the White-Cheeked Macaque (*Macaca leucogenys*), has been found in Arunachal Pradesh. It is the third macaque ever discovered since 1903 with The Mentawai macaque (*Macaca pagensis*) found in Indonesia in 1903 and Arunachal macaque (*Macaca munzala*) in 2005.

◉ Features:

- ▶ It has several distinguishing characteristics from similar-looking macaque species, such as the Rhesus Macaque, Arunachal Macaque, Tibetan macaque and Assamese macaque.
- ▶ It has an even fur, uniform dorsal hair pattern, hairy ventral pelage, a relatively-hairless short tail, prominent pale to white side-and chin-whiskers creating a white cheek and round facial appearance, dark facial skin on the muzzle, long and thick hair on its neck, and a round male genitalia.

◉ Significance:

This is an important find for biodiversity in India and shows white-cheeked macaque has a wider range and population spread than what had been thought. The new species has become the 22nd known macaque species and the 9th in India.

5.8: MELTING OF GREENLAND ICE SHEET REACHES NEW LOW

- ▶ **Event:** The seasonal melting of Greenland's vast ice sheet has reached record levels of about 12%. The melting of the sheet has also been found to be earlier than the normal years.
- ▶ **Causes:** The cause for this can be attributed to a weather system that is bringing warm temperatures to Greenland and funnelling lots of warmer-than-normal rain up from the south.
- ▶ **Concern:** The time of the melt has raised concerns as this is a very high level that can be expected in April. This could be expected in June or July however, for the month of April this is not a good sign.

◉ About Greenland ice sheet:

- ▶ The Greenland ice sheet is a vast body of ice covering 1,710,000 square kilometres (660,000 sq mi), roughly 80% of the surface of Greenland.
- ▶ It is the second largest ice body in the world, after the Antarctic Ice Sheet. It is sometimes referred to as inland ice or ice cap.

◉ Significance:

- ▶ Greenland ice sheet melting is one of the more visible and key signs of man-made global warming from the burning of fossil fuels because it causes seas to rise, putting coastal areas at risk.
- ▶ If the entire Greenland ice sheet melted, it could add 6 metres or more to the global sea level.

6

SOCIAL ISSUES

6.1: THE REFORMS IN MUSLIM LAWS FOR WOMEN

(Q) Discuss the controversies related to Muslim personal laws? Critically examine the debate related to uniform civil code in India.

Context:

- ▶ Shayara Bano a '35-year-old petitioner from Uttarakhand, has filed a PIL in Supreme Court (SC) about issue of triple Talaq and polygamy after she was summarily issued Atalaqnama on by her husband.
- ▶ This has again raised queries about the Uniform civil laws across the country.

Background of the case:

- ▶ Shayara Bano has urged the court to declare that triple Talaq or Talaq-e-bidat (unilateral verbal pronouncement of talaq), nikah- halala (where a woman is made to consummate a Nikah with another man in order to go back to her former husband) and polygamy are illegal and in violation of Articles 14 (equality before law), 15 (Prohibition of discrimination on the basis of religion, caste, sex, place of birth), 21 (Protection of life and personal liberty) and 25 (Freedom of conscience and free profession, practice and propagation of religion) of the Constitution.
- ▶ Triple Talaq is against the Qur'an. The Holy Qur'an provides for reconsideration before recognising divorce as irrevocable. According to some activists, in fact the concept of instant triple talaq is alien to Islam as it goes against the very spirit of the procedure of divorce laid down in the Qur'an."
- ▶ The petition states that in many Islamic nations, including Saudi Arabia, Pakistan and Iraq, triple talaq has been restricted or banned.
- ▶ The religious officers and priests who propagate, support and authorise practices like talaq-e-bidat, nikah-halala, and polygamy, sometimes misuse their position, influence and power.

Challenges ahead:

- ▶ Many Muslim organisations, Ulemas and Maulanas through their legal counsels argue that this court's intervention would be tantamount to violation of their constitutional rights.
- ▶ It is commented that The Shariat Application Act in India protects the application of Islamic laws in personal legal relationships, but the Act does not define the laws. It clearly states that in matters of personal disputes, the State shall not interfere and a religious authority would pass a declaration based on his interpretations of the Quran and the Hadith. Thus, it is unclear as to what extent should the State (which is supposed to be secular) interfere with the personal affairs of the civilians.
- ▶ The All India Muslim Personal Law Board (AIMPLB) sees the continued existence of Muslim personal law as a symbol of a distinct Indian Muslim identity and an area of law with divine sanction and, therefore, beyond the purview of temporal government.

About Muslim personal laws (Shariat)

- ▶ The Shariat can be explained as the provisions in the Quran as well as the teachings and practices of Prophet Mohammad.
- ▶ Regarding the personal issues (marriage, divorce, inheritance, custody of children, etc), Muslims in India are governed by the Muslim Personal Law which came into force in 1937. It is based on Shariat.

Controversies about muslim laws:

- ▶ The Shariat Act has come under controversy in the past as well. Most well known among these is the Shah Bano case in which Shah Bano, filed a lawsuit, seeking alimony from her former husband. The Supreme Court, in this case, had held up her right to alimony, but the judgment was vehemently opposed by the Islamic community who considered it to be going against the written rules in the Quran.

- ▶ The case triggered a controversy regarding the extent to which courts can interfere into personal/religious laws. The government then, passed the Muslim Women (Protection of Rights on Divorce Act), which made it necessary for the husband to pay alimony to his wife, but only during the period of iddat, that is 90 days after divorce.
- ▶ Apart from this, there have been plenty of instances of protests against personal laws. Recently, also a sitting Judge of the Kerala High Court had made a strong protest against Muslim women being denied equal rights under the Muslim Personal Law.

◉ Uniform Civil Code debate:

- ▶ Uniform civil code means having same set of secular civil laws will govern all people instead of being governed by their own personal laws based on their religion or caste or tribe.
- ▶ In spite of Article 44 directing the state for having a Uniform civil code for whole country, India doesn't have uniform civil laws (except in Goa). Thus,
 - Hindus, Sikhs, Jains and Buddhists are governed by Hindu code of laws.
 - Muslim are governed by their own personal laws based on the Sharia
 - Christians are governed by their Christian laws based on specific statutes
- ▶ Arguments against uniform civil laws by minorities especially Muslims (Largest minority in India) -
 - Islamic laws are sacrosanct; can't be changed.
 - Will destroy their cultural identity.
 - It as an attempt by Hindu communal organizations to impose their customs on them in them.
- ▶ Arguments In favor of UCC:
 - It is not the communal agenda of any party. Judiciary has on various occasions directed the executive to implement Uniform Civil Code. (like in Sarla Mudgal case etc).
 - In advanced Muslim regimes around the world like in Turkey and in Egypt, the personal laws are being amended in tune with modern times.
 - Muslim women suffer from Triple Talaq, no rights to maintenance and subordinate rights of inheritance, thus will empower them.
 - Will help to construct an Indian national identity, over the separate identities of caste, religion and ethnicity.
 - It should not be imposed on other religions but built by consensus by educating and convincing the people.

6.2: WILL ALCOHOL BAN IN BIHAR HELP?

- (Q) Recently Bihar government has put a ban on alcohol consumption in the state? What are the social and economic costs the state may suffer due to the ban?
- (Q) Do measures like alcohol ban prove effective in reforming the society and reducing cases of domestic violence? What other measures can be taken by the state in this regard?

◉ Context:

Bihar government has joined a growing list of states that have banned alcohol, including Gujarat, Kerala, a clutch of Northeastern states and Lakshadweep, to fulfil a key electoral promise. This has again brought Prohibition of alcohol back on the political agenda.

◉ Background:

- ▶ Alcohol is a subject in the State list under the 7th schedule of the Indian Constitution.
- ▶ The state is authorised to put such a ban under Article 47 of the Directive Principle in the Constitution of India which states that "The state shall undertake rules to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health".

◉ **What is the new Liquor Law?**

- ▶ The Bihar Excise (Amendment) Act, 2016 has prescribed the death penalty for the manufacturers, suppliers and sellers of hooch in case of death as a result of consumption of spurious liquor.
- ▶ It banned the manufacture, transport, sale and consumption of country liquor in the state - and restricted the sale of non-country or 'Indian Made Foreign Liquor' (IMFL) to 655 outlets of the Bihar State Beverages Corporation in towns and municipal corporation/council areas.
- ▶ The penal provisions under the new law are very stringent. It prescribes death-for-death provision in case of a hooch tragedy; if a person is left with handicaps after drinking spurious liquor, the offender could get between 10 years and life in prison.
- ▶ The punishment for illegal trade and transport of liquor, selling or serving industrial liquor to consumers, and selling IMFL as Desi liquor brand or vice versa is 7-10 years' jail and fine up to Rs. 10 lakh. Drinking in public places will attract 5-10 years in jail and fine up to Rs. 10 lakh; even drinking at home and creating a nuisance is punishable by a jail term of 10 years to life.
- ▶ There are provisions in the Act to protect women and children. The Act lays down a compensation of Rs. 4 lakh in case of death due to consumption of spurious liquor, and financial help of Rs. 20,000 for the treatment of medical complications.
- ▶ The Act also empowers District Magistrates to impose a collective fine on a village or locality that shows a trend of frequently violating the new excise law. The DM can determine the fine on the basis of the seriousness of violations.

◉ **Are there no exemptions to the liquor ban?**

- ▶ The only exemptions are available to addicts, who can get liquor against a doctor's prescription, and Army cantonments.
- ▶ Toddy - the fermented extract of the sugar palm, an intoxicant that is consumed widely in the villages and by large numbers of the urban poor is exempt as well, but it can be sold only with some restrictions. But if toddy is mixed with other substances and causes as much damage as spurious liquor, provisions of the new law will apply to offenders.

◉ **Debate about the ban:**

- ▶ The ban has been imposed in lieu of social consequences of alcohol consumption in the form of household impoverishment, domestic violence and premature mortality. But, There is no evidence to show that prohibition has ever had its intended impact to bring down the level of domestic violence.
- ▶ It may have an enormous cost to society, not in the form of massive losses to the exchequer but to the criminalisation of the majority of people who drink sensibly to address the problems caused by the minority who do not.
- ▶ The most notable international example of the failure of prohibition is that of the US where a constitutional amendment implemented this policy in the 1920s, only to be revoked 13 years later due to criminalisation of an entire section of the population, from those who manufactured the product to those who consumed it.
- ▶ India still remains one of the few nations which focuses entirely on an archaic de-addiction model to address drinking problems and considers alcohol consumption a moral disorder rather than a health condition. There is a need to provide effective counselling interventions for those who wish to control their drinking.

◉ **Way ahead:**

- ▶ Prohibition is a very poor policy option to address the adverse consequences of alcohol abuse when compared with a range of more effective public health approaches.

But a complete ban is less likely to help. Addiction should be addressed at two levels: temperance campaigns to promote moderate consumption and opening of de-addiction centres to help those suffering from addiction. Apart from this, the Government can take following measures:

- Enforce a minimum price for alcohol.
- Raise the legal drinking age.
- Stop distribution of new licenses.
- Ban marketing of alcohol.

6.3: DEBATE ON ENTRY OF WOMEN TO RELIGIOUS PLACES

(Q) The ban on entry of women to places of religious importance has raised controversies from many sections of society. Discuss the pros and cons of this argument. What can be way ahead in this regard?

○ Context:

- ▶ In the past few months, the issue of women entering religious complexes such as Sabrimala shrine and Shani Shignapur temple has been a disturbing factor to women activists across the country.
- ▶ A number of places of religious worship including the Sabrimala temple in Kerala, Trimbakeshwar temple in Nashik, the Haji Ali dargah in Mumbai, the Kartikeya temple in Pushkar and the Patbausi Satra in Assam, deny entry to women as per the tradition.

○ Historical context

- ▶ Cave paintings in Bhimbetka (Madhya Pradesh) often depict women carrying baskets and nets as pregnant. They are seen wearing an elaborate head dress. Thus, during the hunting and gathering stage, women did not just engage in the same activities as men, but were in fact valued for their contribution towards the same.
- ▶ Paintings from sites like Kathotia (Madhya Pradesh) and Kharwai (Madhya Pradesh) along with those in Bhimbedka lead to the conclusion that the sexuality of women was highly valued in primeval societies since the whole survival of the community depended on their reproductive capacity.
- ▶ As society moved from the nomadic lifestyle of hunting-gathering stage to the stage of agricultural settlement, the reproductive capability of women was valued, but no more their ability to contribute economically.
- ▶ By the 6th century in India, The emergence of towns was accompanied by the Caste stratification of society which made it necessary for the sexuality of women to be controlled.
- ▶ Thus, Social perceptions and status of women are essentially rooted in the economic and cultural structures of the time. The ideas of 'purity' and 'pollution' which form the backbone to the rule of denying entry to women in religious spaces can be placed within the economic necessity to keep women inside their homes and the social requirement of keeping caste compartments rigid.

○ At which other places women are not allowed to enter?

- ▶ Sabarimala is not the only temple which prohibits the entry of women. Lord Annappa Swamy temple at Dharmasthala near Mangalore in Karnataka also prohibits the women from entering the temple.
- ▶ The famous Shani temple at Shingnapur near Shirdi in Maharashtra also prohibits entry of women into the sanctum sanctorum.
- ▶ The Baba Balak Nath temple in the Dhaulagiri Hills of Hamirpur district of Himachal Pradesh also does not allow women into the temple.
- ▶ Women aren't allowed inside the Patbausi Satra temple of Assam to preserve its "purity", particularly as menstruating women are considered "unclean".

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- ▶ For centuries such places have used "tradition" as an excuse to stop women from entering a place of worship.

◉ What do the previous judgements say?

- ▶ A 1991 Kerala High Court judgment, held that the restriction was in accordance with a usage from time immemorial and not discriminatory under the Constitution.
- ▶ However, now SC has sought to examine previous judgments on entry of women in religious places while underlining that any religious practice banning their entry will have to necessarily pass the test of constitutionality.
- ▶ It has asked the state government that women cannot be restricted from entering holy sites and Gender discrimination in such matters is unacceptable.
- ▶ The SC has observed that Gender equality is a "constitutional message" and the ban on entry of women of a particular age group into the temple cannot be claimed as a right to manage religious affairs by its management,

◉ What are the arguments given for women entry prohibition?

- ▶ Some people comment that a devotee has to traverse in order to reach the shrine and the strict 41-days vrath, which is impossible for a woman who is in her menstruating years.
- ▶ Another group reasons that women who have attained puberty cannot worship the idol or enter the sanctum sanctorum as the deity was a naishtika brahmachari.
- ▶ The Sabarimala's temple administration has said the tradition is connected to essential religious practice. Supporting them, Kerala government has told the court that beliefs and customs of devotees cannot be changed through a judicial process and that "the opinion of the priests is final.

◉ Arguments against

- ▶ For a shrine that has restricted the entry of women for decades, the legality of its customs and practices are hard to explain in constitutional terms. How can matters of faith or belief be explicitly defined to justify a tradition that has become an unwritten norm/rule?
- ▶ This is against the Article 26 (b) of the Constitution which allows all religions to uphold traditions and customs against Article 25, which allows freedom of conscience and right to all citizens to profess, practise and propagate their religion. Denying or restricting a woman's entry to a place of worship is seen as an infringement of her constitutional rights.
- ▶ Sabarimala is an exception where the rule has been put in place, but the same is not applicable in other places of worship devoted to the same deity. Men are not banned from any temple, Attukal or Chakkulathukaavu. quite a few men offer pongala at the annual congregation of 'women' at Attukal. The difference here is men are not banned, most just choose to stay away. Therefore, the right to choose must be made available to women too in the context of Sabarimala.
- ▶ The brutal religious practices like animal sacrifice, topless entry of lower caste women into temples, social evils like sati have all been curbed through legislative measures. It behoves a progressive government and the judiciary to make an informed decision, befitting these progressive times.

◉ Way forward:

- ▶ Many temples in India have restrictions based on regressive traditions. Not only are these restrictions unconstitutional, they expose a larger set of discrimination. The justifications offered for denying women entry into places of worship rests on a supposed inferiority of women in matters of religion.
- ▶ Whether such an argument is linked to menstruation, the weakness of physical frame or some other physical attribute of women, the fact remains that the arguments offered for restricting women's entry to religious places is a brute exercise of patriarchal power and nothing more. When such barriers and obstacles in the path of equality of women is being slowly but steadily being eroded in most aspects of society, it is hoped that the Constitutional courts of India will find itself on the right side of history in clearing the path for equal rights for women in matters of religion.

6.4: IN A STEP TOWARDS GENDER EQUALITY NAVY GRANTS PERMANENT COMMISSION TO WOMEN

Context:

In a step towards giving equal status to Women officers, the Navy has granted Permanent Commission to seven officers and has formalised plans to grant permanent commission in eight branches from 2017.

What is the new rule?

- ▶ Now, the women will be granted permanent commission in Navy.
- ▶ Apart from this, additional avenues for employment for women officers have also been opened up.
- ▶ Starting 2017, women officers can choose to join as pilots of maritime reconnaissance planes as also in the naval armament inspectorate cadre.
- ▶ It has formalised plans to grant permanent commission in eight branches which include education, law, meteorology, air traffic control, logistics, observers, pilots on maritime reconnaissance aircraft and naval constructor.
- ▶ Meanwhile, a policy for women officers to serve on select (new) warships that have appropriate facilities is being finalised.

What is a permanent commission?

- ▶ A permanent commission means a career in the Army/Navy till one retires. A permanent commission also entitles 20 years of service and a pension

Present status

- ▶ So far women were allowed permanent commission in select streams by the Army and the Air Force while the Navy permitted only Short Service Commission for 14 years which means they were denied pension.
- ▶ There are currently only about 340 woman officers who have been granted permanent commission in select branches of the Army and IAF,

Background

- ▶ In a landmark judgement in October last year, the Delhi High Court granted permanent commission for women and pulled up the Defence Ministry and the Navy for a 2008 order which it called "sexist bias."
- ▶ Officials later clarified that the 2008 order for Permanent Commission was gender neutral and it granted women permanent commission along with male officers in three streams - education, law and naval construction as other areas had logistical issues.

6.5: HOUSING FOR ALL

Context:

- ▶ India having rolled out an ambitious 'Housing for All' programme, can it afford to provide houses to all it intends to provide?
- ▶ In this regard, how has strategic approach adopted by Shanghai- A city very often compared with Mumbai, brought an over four-fold increase in its per capita living space over the past three decades?

What is housing for all?

As part of the Union Government's 'Housing for All' initiative, formulated under the Pradhan Mantri Awas Yojana, the Government has charted out four approaches to provide affordable housing - slum redevelopment on the existing plot, an interest subsidy scheme, creation of housing stock on a public private partnership model, and beneficiary-led individual houses. Using these approaches, the government plans to create houses of up to 30

square metre (323 square feet) for the weaker sections, and 60 square metres (646 square feet) for the lower-income groups.

o **What is the model adopted by Sanghai?**

- ▶ Shanghai was among the first cities in China to reform the housing system. It set up a housing provident fund, low-cost housing.
- ▶ Shanghai has adopted four approaches to affordable housing for different types of residents - low rent housing, a public rental housing system, houses on shared ownership, and houses for people relocated from old dilapidated buildings.
 - Low-rent housing system: Under it the Government does not provide ownership of the houses but gives them on rent at low rates. It is targeted at the city's poorest families who find great difficulty in finding housing.
 - Public rental housing system: There is no income criteria. Rentals are a bit lower than the market rates. They are for a limited period, and there is no income criteria. The model is managed through market operation and government support. the public rental housing is based on a no-ownership model, but is particularly for the migrant population in Shanghai with stable incomes and jobs.
 - Houses on shared ownership: The Shanghai administration also provides options of shared ownership to low and middle-income group families, where the Government partly owns the house. The owner occupier has right to use the entire apartment, but at the time of sale, the proceeds are shared with the government in a fair manner.
 - Houses for people relocated from old dilapidated buildings: The government builds houses to relocate those who have been evicted from old shaky apartments. Since 2002, the administration has built 9,70,000 apartments for those who had to be relocated from rickety buildings.
- ▶ The Government tries to control real estate prices in the city by adjusting demand and supply through release of land, encouraging small and medium-sized apartments, and purchase restriction policies.

o **Brazil's 'Minha casa, minha vida' programme**

It was started in 2009. The model, though, does not provide free housing unlike Mumbai's slum rehabilitation scheme and is designed for working class families with a range of benefits, determined as per their needs. The benefits include 25% down payment to buyers, subsidised interest rates on mortgages and 100% financing, among others.

o **What is the difference between Mumbai and Sanghai?**

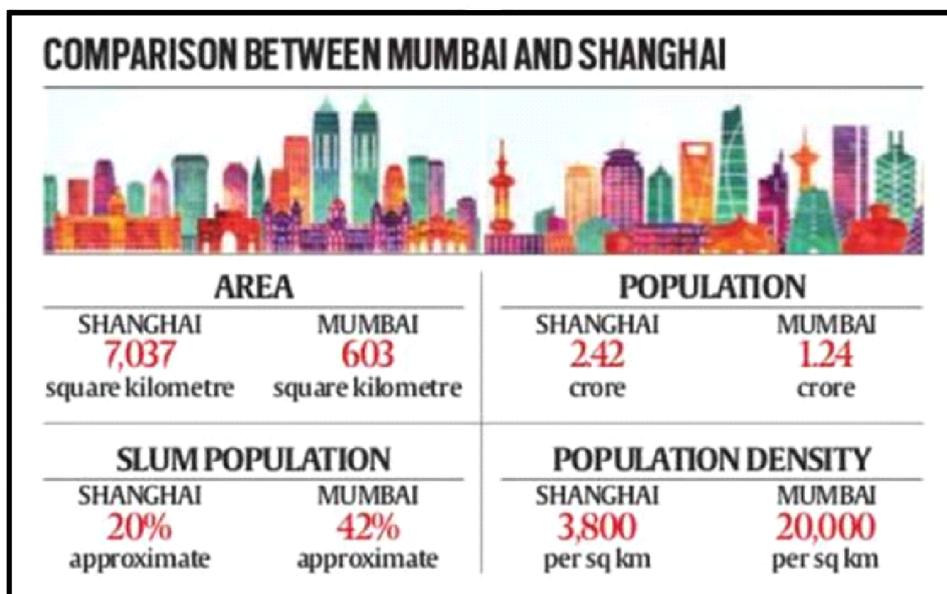


Fig: 6.1

o **What are the problems faced by Mumbai model?**

- ▶ Mumbai has been facing several hurdles in evacuating and redeveloping old dilapidated buildings, grappling with issues such as tussles between landlords and tenants, reluctance of tenants to leave their houses, and political pressure,
- ▶ Mumbai's idea of a rental housing system failed to take off with a tepid response from developers, and a thought in hindsight that the government cannot be an efficient landlord and manage rentals, making the houses prone to encroachment.
- ▶ In India the urban local bodies don't really participate in affordable housing which makes the implementation process difficult.

6.6: CONSUMER PROTECTION BILL, 2015 : REPORT BY PARLIAMENTARY PANEL

(Q) What are the key features of the Consumer Protection Bill, 2015?. The PSC report has recently recommended stringent provisions to make celebrities accountable for misleading advertisements. Discuss the key features of the report.

o **Context:**

To make celebrities accountable for misleading advertisements, a Parliamentary Standing Committee has recently recommended stringent provisions including jail term up to 5 years and hefty penalty of up to 50 lakh in order to protect consumer interest.

o **Background:**

- ▶ The accountability of celebrities as brand endorsers won attention after Nestle India Ltd's Maggi Noodles was banned by the food regulator for allegedly containing excess lead and the additive MonoSodium Glutamate (MSG). Some of its endorsers included Bollywood actors Amitabh Bachhan, Madhuri Dixit and Preity Zinta.
- ▶ Indian cricket team's ODI captain M.S. Dhoni had also to resign as brand ambassador of realty firm Amrapali Group after residents of a housing society started protest against the builder and the cricketer on social media.
- ▶ Noting the adulteration of food products was a major issue in the country, the committee said there was an urgent need for stringent provisions to prevent adulteration in other products like drugs, medicines, fertilisers, pesticides, seeds as well which are used as inputs by farmers for production of food grains.

o **Key points in the report:**

- ▶ The panel has suggested legal teeth to advertising watchdog ASCI (Advertising Standards Council of India) to curb misleading ads besides proposing severe penalties, jail and cancellation of license of those involved in food adulteration.
- ▶ It has advocated that the Department of Consumer Affairs should be empowered to make laws to regulate growing sectors of e-Commerce, direct selling and multi-level marketing where consumer complaints are on the rise.
- ▶ The decision came in the background that The existing laws are not deterrent enough to discourage manufacturers or publishers from using famous personalities for misleading advertisement.
- ▶ The Committee recommended that stringent provisions may be made in the Bill to tackle misleading advertisement, as well as, to fix liability on endorsers/celebrities.
- ▶ For first time offence, the offender may be penalised with either a fine of Rs. 10 lakh or imprisonment up to two years, or both and for second time offence, it may extend to a fine of Rs. 50 lakh and imprisonment of 5 years.
- ▶ The panel also suggested the government to clearly and comprehensively define the word 'endorsement' in the bill so that there is no room for any misinterpretation or ambiguity.

o About Consumer Protection Bill 2015:

- ▶ Consumer Protection Bill 2015 seeks to replace the old Consumer Protection Law and proposes to set up a regulatory authority which will have powers to recall products and initiate class class suit against defaulting companies, including e-Tailers.
- ▶ The key features of the new bill include establishment of an executive agency 'Central Consumer Protection Authority' (CCPA) which will protect and enforce the rights of consumers.
- ▶ The authority will intervene when necessary to prevent consumer detriment arising from unfair trade practices and to initiate class action including enforcing recall, refund and return of products.
- ▶ The Bill has provisions for "product liability" if product/services causes personal injury, death or property damage and will take action against defaulting manufacturers or service providers.
- ▶ For speedy disposal of court cases, the bill proposes "mediation" as an alternative dispute resolution mechanism. The mediation will be under the aegis of consumer courts.
- ▶ The Bill also has a provision for setting up of a 'circuit bench' to facilitate quicker disposal of complaints and there is an enabling provisions for consumers to file complaints electronically and file complaints in consumer courts that have jurisdiction over the place of residence of the complainant.

o Way ahead:

- ▶ The Government should consider inserting suitable provisions in the Consumer Protection Bill, 2015 to make it mandatory for law enforcement agencies to take immediate action in cases where a consumer makes a complaint of adulteration of products for human consumption.
- ▶ Sufficiently well-equipped laboratories with qualified technicians for checking the quality of products should be provided from Central to district level.

7

CULTURE

7.1: BUDDHIST INSCRIPTION FOUND IN THE GADAG DISTRICT

A 12th century Buddhist Inscription has been found in the Lakkundi village, Gadag districts in Karnataka. However, it needs to be mentioned here that the village of lakkundi was ruled by Chalukya, Kalachuri, Seuna and Hysala kings.

The inscription makes salutation to Lord Buddha, 'Dhamma', 'Sangha', and Tara Bhagwati. It also admires Hoysala ruler Veeraballa- II (1173-1220 CE) and others. There is also mentioning about a merchant but that part has been lost. There is a possibility of the inscription speaking about donation to a Buddhist Monastery located at Lakkundi. It needs to be mentioned here that the lower part of the inscription has been severed off.

o About the Buddhist Inscriptions:

- ▶ The Edicts of Ashoka: A collection of total 33 inscriptions on the pillar of the Emperor Ashoka of the Mauryan Empire, during his reign from 269 BCE to 232 BCE, as well as boulders, cave walls, etc. are the earliest written materials on the Indian Subcontinent and represent the first tangible evidence of Buddhism.
- ▶ These inscriptions were dispersed throughout the areas of modern day Bangladesh, India, Nepal, Afghanistan and Pakistan. Those Edicts and Inscriptions describe the detail view about 'Dhamma' (or Dharma, meaning 'Duty', as one may perceive) these inscriptions manifest the Buddhist philosophy of the Ashoka's adherence to 'Rule of Law'. This shows his endeavour to develop the Buddhist dharma throughout his kingdom.
- ▶ Apart from the name mentioned in those inscriptions 'Gautam Buddha' and Buddhism are mentioned, the edicts focus on social and moral precepts rather than specific religious practices or the philosophical dimension of Buddhism.
- ▶ This refers to an earnest attempt to solve some of the problems that a complex society faced. According to the edicts, the Buddhist religion and culture was propagated as far as the Mediterranean, and many Buddhist monuments were created.
- ▶ Discovery of this inscription establishes the existence and popularity of Buddhism in this part of the state. In all possibility, a Buddhist monastery existed in this village or in the vicinity.

7.2: KOHINOOR ISSUE

o Context:

- ▶ In a recent representation made before the Supreme Court of India on behalf of the Ministry of Culture, Government of India, the Solicitor General of India told the Court that, the Kohinoor (The diamond that now sits with other British crown jewels at the Tower of London), was neither "forcibly taken nor stolen", but was rather given as a "gift" to the East India Company by the rulers of Punjab, and that staking claim to it would mean "every other nation (could) start claiming their items from us".
- ▶ At times, debates have been raised about bringing the Kohinoor back to India.

o Detail:

- ▶ The controversy over the Kohinoor started after a Supreme Court bench presided over by Chief Justice T. S. Thakur sought the Government's stand on the retrieval of the 105-carat diamond.
- ▶ Solicitor General has meanwhile said, the diamond was a "gift" to the East India Company by the then ruler of Punjab.
- ▶ Now questions swirl around the legality of the demand that Britain should return the diamond.
- ▶ The idea has been opposed by the government in view of the fact that if India claims its treasures like Kohinoor from other countries, every other nation will start claiming their items from it.

o **Background of Kohinoor**

- ▶ "Koh-i-Noor, which in Persian mean " mountain of light", is said to have been mined in approximately 1100 in the Kollar mine in a village in Guntur district in Andhra Pradesh.
- ▶ It was given by the successors of Maharaja Ranjit Singh to East India Company in 1849 as compensation for helping them in the Sikh wars by his heir, Duleep Singh.
- ▶ The 105-carat, oval-shaped gem currently sits front-and-center at the Tower of London in a fur-trimmed crown (along with about 2,800 other diamonds) that last rested on the head of the late Queen Mother, and then on her coffin in 2002.

o **Why is it controversial to call Kohinoor a gift?**

- ▶ Indian Nationalists from the time of Dadabhai Naoroji have built the narrative of their struggle against the British around the theory of the Drain of Wealth, and have been forcefully demonstrating the ways in which India was relentlessly bled of her resources.
- ▶ The Indian were exploited by the British in various forms such as revenue or by pushing the Indian Royalty to 'pay' for their own conquest by the British.
- ▶ Kohinoor represented the immense wealth of the land on which the sustenance of the Empire depended.
- ▶ Given the context of British colonialism, the passing of the diamond out of Indian hands can hardly be called a "gift".

▶ **Is it really right to reopen the case?**

- There are nearly 3 crore cases pending in courts across India. They outnumber the small band of Indians out to liberate the Kohinoor from the Tower of London.
- The only benefit of bringing the Kohinoor back to India would be lower Rupee admission prices for admiring the troublesome jewel. All else is sentiment.
- There are other issues that demand urgent attention such as Bringing back black money, runaway tycoons and their misbegotten swords before elected Governments.
- Critics comment that government should focus on the functions it has been elected to perform.

o **Is there any convention or treaty related to such controversies?**

The Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, adopted by UNESCO in 1970, may try to find answers to some of the questions.

o **About the convention:**

- ▶ It is seen as a key instrument to protect and safeguard world cultural properties, as well as provide a mechanism to repatriate cultural properties to their countries of origin.
- ▶ Its objective is to render the protection of the cultural heritage effectively which constitutes one of the basic elements of civilisation and national culture by fostering close collaboration among Member States to prevent the illicit international movement of cultural property.
- ▶ The Convention has been ratified by more than 120 countries, provided a framework for cooperation to clarify the procedure for the removal of archaeological and ethnological material from one country to another.

o **Can India claim Kohinoor under it?**

- ▶ Under the provisions of the convention, India has a right to ask for return of the diamond which was shipped out when it was a colony of the British Empire. Thus, to say there is no legal framework under which India can ask for the Kohinoor may not be correct.
- ▶ However, there are two issues concerning the applicability of the 1970 Convention. One, the draft of the Convention does not make it explicit that it can be applied retrospectively; two, the definition of 'cultural heritage' which brings into light the concept of originating state as the diamond is believed to have been handed over in

1849 by the Sikh Ruler to the British East India Company in Lahore, which is now in Pakistan.

- ▶ Another question is about the procedural validity of the Kohinoor's transfer to Britain. Duleep Singh, successor of Ranjit Singh, was a minor when the purported agreement was entered into is not considered to be competent to sign a valid contract at that age.

◉ **Similar issues with the exchange or "taking back" of other historical artefacts:**

- ▶ The Elgin Marbles or Parthenon Marbles, a collection of classical Greek marble sculptures, led to a diplomatic stand-off between Britain and Greece.
- ▶ Vijay Mallya who is now facing allegations of money laundering and loan default - bought the sword of Tipu Sultan, a symbol of 'Karnataka's pride', in 2003
- ▶ More recently, things stolen from the once-rich museums of the conflict-ridden Middle East have repeatedly surfaced outside their countries.
- ▶ Canadian Prime Minister Justin Trudeau is expected to next month apologise for the turning back of the passenger ship Komagata Maru from Vancouver over a century ago.

◉ **Way forward:**

- ▶ Whether India will be able to bring back the Kohinoor in to the country or it will continue to remain in the Britain museum is still to be seen. The Ministry of External Affairs is exploring ways to ensure a satisfactory resolution to the vexed Kohinoor diamond issue with the British government. This is a diplomatic issue that needs to be solved using the treaties and conventions that are available.
- ▶ The efforts of Sri Narendra Modi as the prime minister of India has led to three significant pieces of India's history coming back home: A 10th century Indian statue of Goddess Durga from Germany, a 900 years-old sculpture known as 'Parrot Lady' from Canada, and antique statues of Hindu deities that were in Australian art galleries. None of this, the Government maintains, has strained its relations with these countries.
- ▶ While many support the Government's drive to bring its treasures back, there are others who argue that this could also in turn lead to other nations asking for their treasures from Indian museums. One more concern is that since the diamond was given when India was not partitioned yet, the claim can be made equally by Pakistan and Bangladesh, who were part of the erstwhile country. If government will be able to bring it back is still to be seen.

8

**DISASTER
MANAGEMENT**

8.1: HEAT WAVE

- (Q) What do you understand by Heat waves?. What factors are responsible for Heat waves in recent times in India?
- (Q) What are the possible health hazards of the Heat waves?. What steps are taken by Indian Government in recent years to reduce the adverse impact of Heat waves?. What more needs to be done?

- **Context**

Large swathes of the country are under a heat wave that has already claimed more than 150 lives most of them in Telengana and Orrisa.

- **What is Heat wave?**

A Heat Wave is a period of abnormally high temperatures, more than the normal maximum temperature that occurs during the summer season in the North-Western parts of India. Heat Waves typically occur between March and June, and in some rare cases even extend till July. The extreme temperatures and resultant atmospheric conditions adversely affect people living in these regions as they cause physiological stress, sometimes resulting in death.

- **What are the Possible Health Hazards due to heat waves?**

According to the National Health Service based in UK, heat stroke and heat exhaustion are the two major risks posed by high-temperature conditions. Continuous and constant exposure to high temperatures could result in nausea and heat cramps, resulting in rapid rise of the body temperature. Dehydration (absence of adequate water within the body) could also aid in heat exhaustion. Headaches, dizziness and nausea are some of the symptoms.

- **The Indian Meteorological Department (IMD) has given the following criteria for Heat Waves:**

- ▶ Heat Wave need not be considered till maximum temperature of a station reaches atleast 40°C for Plains and atleast 30°C for Hilly regions.
- ▶ When normal maximum temperature of a station is less than or equal to 40°C Heat Wave Departure from normal is 5°C to 6°C Severe Heat Wave Departure from normal is 7°C or more.
- ▶ When normal maximum temperature of a station is more than 40°C Heat Wave Departure from normal is 4°C to 5°C Severe Heat Wave Departure from normal is 6°C or more.
- ▶ When actual maximum temperature remains 45°C or more irrespective of normal maximum temperature, heat waves should be declared. Higher daily peak temperatures and longer, more intense heat waves are becomingly increasingly frequent globally due to climate change. India too is feeling the impact of climate change in terms of increased instances of heat waves which are more intense in nature with each passing year, and have a devastating impact on human health thereby increasing the number of heat wave casualties.

- **What has caused recent Heat waves?**

- ▶ While Global warming is the main cause of the Heat waves however it is not just Global warming which has caused rise in Temperatures as A five-member team from Application Laboratory of Japan Agency for Marine-Earth Science and Technology (APL-JAMSTEC) and the Indian Institute of Tropical Meteorology (IITM), Pune, has identified two major types of heat wave patterns - one that affects major parts of the Indian subcontinent, including North-central India, and the other affecting only the Eastern coastal regions of India.
- ▶ The first kind of heat waves that affect large parts of India, according to the paper "Anatomy of Indian Heatwaves" published in Scientific Reports this month, is a result of an atmospheric phenomenon called "blocking" in the North Atlantic. This

phenomenon was also found to be the cause of heat waves over India during May 2015 that killed 2,248 people according to EM-DAT, the International Disaster database.

- ▶ Blocking is an atmospheric high pressure system that puts brakes on the movement of migratory weather patterns, and stays stationary for several weeks as against the conventional time frame of a few days. According to researchers, these "blocking highs" that stay over a place for several weeks are usually connected to large-scale climate phenomena such as the El Nino in the tropical Pacific Ocean. The associated anti-clockwise-rotating wind pattern over India in lower levels helps in transferring dry hot air from the North-west India into the subcontinent leading to heat waves. We had a super strong El Nino last year that still lingers in the central Pacific Ocean in its decaying phase. Perhaps it is responsible for the heat waves in India now.
- ▶ The second type of heat waves that affect the east coast of India are found to be directly related to responses to deviations in normal sea surface temperature in the equatorial Pacific - referred to as Matsuno-Gill response after the classical works of Matsuno (1966) and Gill (1980). "Essentially, the land-sea breeze, which transfers moistures into landmass and cools the region, is reduced because of winds blowing out of Indian landmass. Due to the lack of cooling affect the coastal areas experience heat.

◉ **Impact of the recent heat waves:**

- ▶ Heat wave has killed more than 160 people in recent weeks. The majority of the deaths have been in the southern states of Andhra Pradesh and Telangana.
- ▶ Soaring temperatures have compounded ongoing drought and water shortages across the country and threaten to affect as many as 330 million people.
- ▶ Many of the dead have included laborers and poor farmers who have no choice but to work outside in blistering conditions, with temperatures routinely exceeding 100 degrees Fahrenheit.
- ▶ Rivers, lakes and dams have dried up in parts of the western states of Maharashtra and Gujarat, and overall officials say that groundwater reservoirs are at just 22% capacity.
- ▶ Heat waves are also to some extent responsible for Forest fires in Uttrakhand and Himanchal Pradesh.

◉ **What Government has done to reduce the casualties under Heat waves in recent years?**

- ▶ For the first time in its 140 year history, the Indian Meteorological Department (IMD) has issued temperature advisories for heat waves from April to June. The advisories include an early warning, akin to the ones issued for heavy rains and cyclones. The forecast is for 15 days at a time, with updates every fifth day. It also includes specific temperature forecasts and alerts for up to 100 cities and towns across the country.
- ▶ Government agencies have developed the capacity to issue city-specific forecasts, alerts and warnings and plan to roll out an expansion to several cities in the near future. While the advisories can help improve vital services in agriculture, processed foods, water and energy, the biggest benefit would be the support they will provide to healthcare professionals and the public health system during heat waves.
- ▶ Authorities in some Indian states have issued warnings for people to stay indoors, banned construction during the hottest times of the day and ordered some schools to extend their summer holidays so that children aren't exposed to the weather.
- ▶ The state of Bihar last week took the unprecedented step of forbidding any cooking between 9 a.m. and 6 p.m.

◉ **What more should be done to reduce Casualties associated with Heat waves?**

- ▶ Despite the fact that heat waves are third biggest cause of death in India efforts to counter the impacts of heat waves had been virtually Non-existent. The National Disaster Management Act, 2005, and the National Policy on Disaster Management, 2009, do not consider them to be a natural calamity. The Government, therefore should devote financial and infrastructure resources to the problem.

- ▶ In future Initiatives to deal with heat waves will have to mostly come from state governments. For instance, following the devastating heat wave of 1998, which claimed over 2,000 lives in Odisha, the state put in place district-level Disaster Management centers. Similarly, after the 2010 heat wave that caused 1,344 deaths in Ahmedabad, a City Heat Action Plan was launched in 2013 to improve public awareness and promote inter-agency coordination. In mid-March this year, Nagpur and Bhubaneshwar also launched their own city-level plans.
- ▶ The death toll of 2,500 last year indicates that there is a need to assess heat waves, the contribution of other stressors such as air pollution, and find ways to build resilience.
- ▶ The impact of heat waves can be reduced through urban greening to reduce the urban heat island, implementing protection for informal workers, and controlling other stressors such as Air pollution.
- ▶ Adaptive capacity can be boosted through more effective cooling centers with reliable electricity and cool roof construction. A project in the western Indian city of Ahmedabad tested out some of these approaches, focused on developing and training citizens and healthcare workers on heat stress. An example of a win-win solution would be to outfit cooling centers with rooftop solar panels, providing reliable electricity during typically sunny heat waves without increasing fossil fuel-based emissions that contribute to climate change and harm human health.
- ▶ In the long term, reducing the impacts of stronger heat waves on urban populations requires strengthening social protection systems and implementing policies to ensure electricity reliability, for example, through distributed renewable energy.

8.2: FIRE IN NATURAL HISTORY MUSEUM

(Q) In the context of recent Fire at Natural Museum Delhi highlight the issues faced by Indian Museums. What should be done to improve the situation?

◉ Context

A massive fire recently has completely destroyed the iconic National Museum of Natural History in Delhi, destroying rare specimen of Flora and fauna.

◉ How much is the damage caused?

The fire consumed all the files in the administrative office on the top floor, over 60,000 volumes of rare books on the fifth floor library, antique valuables in storage on the fourth floor and exhibitions below.

◉ About NATIONAL MUSEUM

- ▶ A popular site for school visits, the National Museum of Natural History was set up in 1978 and contained preserved specimens of butterflies, frogs, snakes, lizards as well as mounted specimens of tigers and leopards.
- ▶ The museum had housed some rare fossils, including one of a Sauropoda dinosaur that was 160 million years old. The Sauropoda were the largest land animals that walked Earth. The museum also possessed a rare cup-sponge fossil found in the Pacific Ocean and a fossilised dinosaur egg. There were life-size replicas of the big cats - the Asiatic lion, white tiger, cheetah and snow leopard, all as one would have seen them in their natural surroundings, crouching as if atop a tree or pouncing on a prey and rare vultures including varieties fast disappearing from India. Finally, there were birds' eggs such as those of the ostrich and the long-billed vulture, and butterflies, reptiles and beautiful plant specimens.

◉ Issues faced by Indian museums

- ▶ Most of our Museums are under different Ministries which leads lack of coordination among them.
- ▶ Most of our public museums perform miserably in a Fire Audit.

- ▶ Like fire, water leakages and flooding can wreak enormous and immediate damage, to museum collections and the public. Inappropriate sewage and drainage systems, unhygienic and offensive garbage disposal arrangements, including heaps of junk and malba that are left to lie around for months and years, mosquito-infested environments, all pose health and safety hazards in Government museums.
- ▶ In the particular case of the Natural History Museum, it was housed in a building not designed for it. But even in public museums where buildings have been purpose-built, almost inevitably over time additions and changes are made in completely arbitrary ways, without any reference to original design and function.
- ▶ Circulation, ventilation, light and safety are the usual casualties, as planned features exit points, staircases, landings, windows, open-to-sky areas are encroached upon or closed off for space, sometimes "security", reasons. Temporary" construction of this type is often with cheap and harmful materials like asbestos, adding further to the risk.
- ▶ Maintenance is never adequate. Regular fire and safety drills are rare. Even in the best of our public museums, toilets are filthy, galleries damp and dusty, and very often much worse.

o Way Forward

- ▶ The fire at the natural history museum might spark demand for more rules and controls. But excellent rules already exist, like the National Building Code, prepared under the guidance of the Bureau of Indian Standards and updated periodically, which lays down the ground rules for correct building practice and maintenance, including detailed guidelines for fire safety. The problem lies not in the mandatory regime but in the callous ways that rules are bent and flouted in practice at the museum level. Thus what is required is that Rules are properly enforced.
- ▶ To bring all public museums under the charge of one ministry, like the Ministry of Culture, could help if there was domain expertise and scope to standardize and streamline rules and procedures, including safety protocols. The concerned Ministry could become an advisory and watchdog body for the adoption and upgrade of museum best practice across all public museums.
- ▶ The deep malaise that afflicts our public museums has to be dealt with at the level of the museum itself. The implementation of best practice in every sphere of the museum's functioning requires a thorough overhaul of the fundamental structure of the public museum. Autonomy is key. A museum cannot be run efficiently as a subordinate office of a Ministry.
- ▶ For a museum to achieve standards of excellence, it has to be run with a vision, a long-term plan, and the freedom to hire the best professionals. Audit and accountability are critical, alongside a work ethic that valorises output and makes inaction culpable.
- ▶ A public museum should be Government-funded but not Government-administered, and must have a very carefully designed constitution that allows the selection of appropriate trustees and their independence.
- ▶ The Government must seize the moment and place trust and faith in museums by devolving power. Only then can we reasonably hope our public museums become sites of interesting, enriching, pleasurable, clean and safe experience.
