

GS SCORE

CURRENT

Q & A

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1
POLITY
&
GOVERNANCE

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1.1 CRIMINAL DEFAMATION: AN ANALYSIS



(Q) Criminal defamation is considered as a restriction on the right to freedom of speech and expression. Critically examine if this should be made a civil offence? What are the implications of this debate?

o Context

Criminal defamation is in news recently as questions have been raised on whether it should not be criminalized and made a civil offence. It is argued that criminalizing it has a harsh effect on the right to freedom of speech and expression provided under Article 19, so demands have been raised to make it a civil offence. However, The Supreme Court's recent judgment upholding Sections 499 and 500 of the IPC as constitutionally valid has received wide attention, including visible, vibrant, sometimes even vicious criticism.

o What is defamation?

- ▶ According to section 499 of IPC, Whoever, by words either spoken or intended to be read, or by signs or by visible representations, makes or publishes any imputation concerning any person intending to harm, or knowing or having reason to believe that such imputation will harm, the reputation of such person, is said, except in the cases hereinafter expected, to defame that person.
- ▶ Section 499 also cites exceptions. These include "imputation of truth" which is required for the "public good" and thus has to be published, on the public conduct of government officials, conduct of any person touching any public question and merits of public performance.
- ▶ Section 500, which is on punishment for defamation, reads: "Whoever defames another shall be punished with simple imprisonment for a term which may extend to 2 years, or with fine, or with both."
- ▶ In India, defamation is both civil and criminal offence. The remedy for a civil defamation is covered under the Law of Torts. In a civil defamation case, a person who is defamed can move either High Court or subordinate courts and seek damages in the form of monetary compensation from the accused. Also, under sections 499 and 500 of the IPC, a person guilty of criminal defamation can be sent to jail for 2 years.

o What is the difference between civil and criminal offence?

- ▶ Criminal offenses and civil offenses are generally different in terms of their punishment. Criminal cases will have jail time as a potential punishment, whereas civil cases generally only result in monetary damages or orders to do or not do something. But a criminal case may involve both jail time and monetary punishments in the form of fines.
- ▶ The standard of proof is also different in a criminal case than a civil case. Crimes must generally be proved "beyond a reasonable doubt", whereas civil cases are proved by lower standards of proof such as "the preponderance of the evidence" (which essentially means that it was more likely than not that something occurred in a certain way).

o Why are Section 499 and 500 of IPC challenged?

- ▶ Section 499 of the Indian Penal Code, 1860 (IPC) states that any person whose reputation has been damaged (or was intended to be damaged) by the material in question has the rights to sue for defamation.
- ▶ However, these are challenged on the ground of fact that they are violative of the right to freedom of speech and expression provided under Article 19 of Indian constitution.

o Arguments why it should be declared unconstitutional?

- ▶ Sections 499-500 IPC do not constitute a "reasonable restriction" on speech, as commented by many because, to begin with, even truth is not a defence. Even if a person has spoken the truth, he can be prosecuted for defamation. Under the first exception to section 499, truth will only be a defence if the statement was made for the public good, which is a question of fact to be assessed by the court. This is an arbitrary and over-broad rule that deters people from making statements regarding

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politicians or political events even which they know to be true because they run the risk of a court not finding the statement to be for the public good.

- ▶ Second, a person can be prosecuted under section 499 even if he or she has not made any verbal or written statement at all. A magistrate may issue criminal process on the mere allegation that the defendant conspired with the person who actually made the allegedly defamatory written statements.
- ▶ Third, a person can be prosecuted even for a statement about the dead. While Article 19(2) permits restricting speech in the interests of protecting the private interest in a reputation, restricting speech to protect the reputation of the deceased is excessive and over-broad.
- ▶ Fourth, even an ironical statement can amount to defamation. Also, since section 499 applies to "any imputation concerning any person," a criminal suit can be filed even for political speech which is the most protected speech in a democracy.
- ▶ It is a tool that can be easily invoked and that enables allegedly defamed persons to drag anyone to courts across the country.
- ▶ Finally, it is unclear why defamation has to be a criminal offence at all and why civil remedies are not sufficient.

◦ Arguments why it is not unconstitutional?

- ▶ Reputation of one cannot be allowed to be crucified at the altar of the other's right of free speech. So there is no point in declaring that the present law is unconstitutional. There is a need to strike balance between Article 19 and Article 21.
- ▶ Unlike other inflexible provisions of the IPC, Sections 499/500 have 4 explanations and 10 exceptions which do both: They add content and context to the offence as also chisel away at it substantially. They constitute significant counter-factuals to exclude frivolous complaints.
- ▶ Section 199(1) the CrPC safeguards the freedom of speech by placing the burden on the complainant to pursue the criminal complaint without involving state machinery. This itself filters out many frivolous complainants who are not willing to bear the significant burdens logistical, physical and monetary of pursuing the complaint.
- ▶ Mere misuse or abuse of law, actual or potential, can never be a reason to render a provision unconstitutional.

◦ Why should it remain a criminal offence and not made a civil offence?

- ▶ In India, citizens are unlikely to have enough liquidity to pay damages for civil defamation.
- ▶ It is argued that online defamation in the Internet age can be effectively countered only by making it a criminal offence, and the law is part of the state's "compelling interest" to protect the dignity and reputation of citizens.

§ What is the view of SC on defamation?

- ▶ Supreme Court has ruled that the criminal provisions of defamation are constitutionally valid and are not in conflict with the right to free speech.
- ▶ The court stated that notwithstanding the expansive and sweeping ambit of freedom of speech, as all rights, right to freedom of speech and expression is "absolutely sacrosanct" but "is not absolute." It is subject to imposition of reasonable restrictions. It also said that the reputation of a person is an integral part of the right to life granted under Article 21 of the Indian Constitution and it cannot be allowed to be crucified at the altar of the other's right of free speech.

◦ What can be the way ahead?

- ▶ Criminal defamation should not be allowed to be an instrument in the hands of the state, especially when the Code of Criminal Procedure gives public servants an unfair advantage by allowing the state's prosecutors to stand in for them when they claim to have been defamed by the media or political opponents.
- ▶ In recognition of the fact that many countries do have criminal defamation laws which are unlikely to be repealed in the very near future,

Following interim measures can be taken:

- No-one should be convicted for criminal defamation unless the party claiming to be defamed proves, beyond a reasonable doubt, the presence of all the elements of the offence, as set out below;
- The offence of criminal defamation shall not be made out unless it has been proven that the impugned statements are false, that they were made with actual knowledge of falsity, or recklessness as to whether or not they were false, and that they were made with a specific intention to cause harm to the party claiming to be defamed
- Public authorities, including police and public prosecutors, should take no part in the initiation or prosecution of criminal defamation cases, regardless of the status of the party claiming to have been defamed, even if he or she is a senior public official;
- Prison sentences, suspended prison sentences, suspension of the right to express oneself through any particular form of media, or to practise journalism or any other profession, excessive fines and other harsh criminal penalties should never be available as a sanction for breach of defamation laws, no matter how egregious or blatant the defamatory statement.

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1.2 JUDICIAL ACTIVISM AND OVERREACH: AN ANALYSIS



(Q) This is not the first time when questions have been raised on the judicial overreach and activism in India. Is judicial activism in a time when executive is not able to efficiently perform its duties justified? Give arguments.

○ Context

- ▶ Union Finance Minister recently commented that, judiciary must draw its own 'Lakshman rekha (inviolable boundary)' and not take decisions that fall in the domain of executive, highlighting the increasing friction between the judiciary and executive over a perceived overreach by the courts.

○ What is judicial activism and judicial overreach?

- ▶ Judicial Review" is the process by which a court reviews the constitutionality of a statute or the application of a statute, and rules either for it or against it on that basis.
- ▶ Judicial Activism" is the view that courts make political rather than legal decisions to further some agenda, rather than strictly reviewing the legality of a law under the letter of the law and prior precedent. It refers to the process in which judiciary steps into the shoes of legislature and comes up with new rules and regulations, which the legislature ought to have done earlier.
- ▶ Judicial Overreach refers to an extreme form of judicial activism where arbitrary, unreasonable and frequent interventions are made by judiciary into the legislatures domain, Often with the intention of disrupting the balance of powers between executive, legislature and judiciary.

○ What is the need of judicial activism?

- ▶ When the other political branches of the Government viz. the legislature and the executive fail to discharge their respective functions, it leads to an erosion of the confidence of the citizens in the constitutional values and democracy. In such a scenario, the judiciary steps into the areas usually earmarked for the legislature and executive.
- ▶ In case the fundamental rights of the people are trampled by the government or any other third party, the judges may take upon themselves the task of aiding the ameliorating conditions of the citizens cited as judicial activism.
- ▶ To fill the legislative vacuum and to meet the societal needs, the courts often indulge in judicial legislation thereby encroaching in the domain of legislature.

○ What does constitution say about judicial activism?

The Indian judiciary has been constitutionally vested with the power of review to keep the Executive and Legislature within constitutional boundaries. The Judiciary can strike down any law that is beyond Parliament's legislative competence or is violative of the Constitution. Similarly, it can strike down any Executive action, if there is any patent illegality or arbitrariness to it.

While Articles 13, 21, 32, 226 and 227 encompass this power, Article 142 hands a unique, extraordinary power to our Supreme Court to do 'complete justice' in any matter before it.

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o Criticism

- ▶ According to some critics, judicial overreach is upsetting the constitutional balance among the 3 organs of state The legislature, The executive and The judiciary.
- ▶ The idea of judicial activism, when it emerged in the public realm some decades ago, gained currency and some acceptance because it was considered necessary to correct the failings of the legislature and the misdeeds of the executive. But it has now grown into a situation where the idea of separation of powers, which should be considered a feature of the basic structure of the Constitution, is challenged.
- ▶ Activism can deteriorate into overreach if the judiciary considers itself the sole custodian of public interest, interprets public interest in its own fashion and seeks to force the legislature and the executive to implement its version of it. Strictly, it is not its remit to define public interest. It has only got to interpret the laws and decide whether they conform to the Constitution.
- ▶ There is a thin line between activism and overreach. While judicial activism is considered positive to supplement the fallings of the executive, but the overreach into the executive's domain is considered an intrusion into the proper functioning of democracy.
- ▶ According to some experts, judicial overreach gnaws at the very root of democratic structure precariously hanging on the principle of separation of powers.
- ▶ Just as independence of the judiciary is part of basic structure, the primacy of the legislature in policy making is also part of basic structure and interference by the courts into their domain is not justified.

o Way Forward

The judiciary in India is often called the most powerful among its tribe globally. While the creative interpretations of the text of law had started earlier, the post-Emergency phase marked a distinct turnaround in the Indian judiciary's activism. Although, Judicial review is legitimate domain of judiciary but then a limit or boundary has to be drawn.

Judiciary, like all institutions in a democracy, should be accountable and know its own limits. It should not become a super parliament that frames laws and a super executive that seeks to implement them.

The quality and speed of the mainstream judicial system can be improved by a comprehensive and integrative approach, focussed on improving judicial infrastructure and reducing indiscipline.

Following points define the way in which judicial activism can prove constructive:

- ▶ Improving judicial infrastructure
- ▶ Develop discipline in the judicial system
- ▶ Improve strength of judges
- ▶ Develop judicial competence, effective case management and use of information technology
- ▶ Review media role.

1.3 AIR INDIA MERGER A MESS: AN ANALYSIS

o Context

It is commented that, the merger of Air India with Indian Airlines has created woes due to lack of effective leadership.

o Background

- ▶ Air India, formerly named Tata Airlines was founded by JRD Tata. It was renamed as Air India, primarily operating on international routes in 1946.
- ▶ Indian Airlines was a major Indian airline based in Delhi and focused primarily on domestic routes, along with several international services to neighbouring countries in Asia. It was administered by the Ministry of Civil Aviation.

- ▶ Air India merged with the erstwhile Indian Airlines in 2007 based on the recommendations of 'justice Dharmadhikari committee' report.
- ▶ As part of the merger process, a new company called the National Aviation Company of India Limited (now called Air India Limited) was established, into which both Air India and Indian Airlines would be merged.

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◦ Reasons that led to merger

- ▶ The merger was initiated with the aim of making profits and gaining high market share for the airline.

The major objective behind the committee formation was rationalization of operations and restructuring of debt.

- ▶ Escalating costs of Aviation Turbine Fuel (ATF)
- ▶ Immense competition from private and low cost airlines
- ▶ Increased cost pressures due to acquisition of additional aircraft Leadership crisis due to frequent change of the chairman- cum-managing director
- ▶ Air India could not fully use the bilateral rights unlike foreign airlines which took maximum advantage. So it was decided to go for merger.
- ▶ Declining passenger traffic in the premium class.

◦ Reasons for failure

- ▶ Air India has had 4 chairmen in the last 6 years with no one biting the bullet on tough decisions. The instability at the top has led to poor profits due to lack of decision making.
- ▶ The merger brought together 2 disparate entities and created a behemoth with 30,517 employees which is much higher than the Singapore Airlines which has 161 and British Airways which has 178. The increase in number of employees led to pressure in the form of salaries and this further led to more losses.
- ▶ No attempts were made to standardise hiring policies for the rank and file. Both the partners had different rules and policies which were not harmonized for smoother run.
- ▶ Because of post merger HR issues like compensation, career progression, and salary payment, promotion issues, and employee strikes, the merger did not yield the intended objectives.
- ▶ The poor management practices and improper planning have pushed the merged entity into trouble.
- ▶ The Parliamentary standing committee on transport, tourism, and culture, in 2010 summarized the problems of the AI merger process. It said that the first reason for the fall in the morale of the employees was changing the name of IA (Indian Airlines) which had a good reputation in the market. The reason was not revealed either to customers or to employees by the management.

◦ Way ahead

Air India will have to cut layers of management, align staff by role, bring in lateral hires, overhaul customer facing functions, and implement a massive training exercise. Rein in pilots and engineers, even if it means a partial lockout. Though, the process is on track to some extent, but still a lot needs to be done in this regard.

1.4 FOREIGN FIRMS CAN NOW FUND PARTIES: ISSUES RELATED TO PARTY FUNDING AND IMPLICATIONS



(Q) The new amendment to FCRA which allows political parties to receive funds from foreign firms will be a game changer for big parties and lead to race for political parties formation. Discuss the concerns related to party funding in India and the implications of new rule?

◦ Context

- ▶ The amended Foreign Contribution Regulation Act (FCRA), 2010, which has been cleared by the Lok Sabha, will not only help foreign-origin companies to fund NGOs here but has also cleared the way for them to give donations to political parties.

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- ▶ The statement assumes significance as such funding from foreign donors will bypass government scrutiny. The Representation of the People Act bars political parties from receiving foreign funds.

○ What constitutes foreign source?

- ▶ Different definitions of foreign-origin company existed as per the Companies Act, 2013, the FCRA, 2010 and the Foreign Direct Investment (FDI) policy of the government.
- ▶ So far, a company operating in India was considered foreign, if 51% or more of its share capital was from a foreign source.
- ▶ But now even if the foreign investment is more than 50%, as long as the foreign capital is within the limits specified for foreign investments under the Foreign Exchange Management Act or the rules and regulations, then that company will not be deemed to be foreign.

○ What do the new provisions say?

- ▶ The new provisions will help foreign-origin companies to fund NGOs and to give "donations to political parties."
- ▶ Donations made by such [foreign shareholding] companies to entities including political parties will not attract provisions of the FCRA, 2010."
- ▶ The changes will be introduced with retrospective effect.
- ▶ As per the existing norms of Foreign Contribution (Regulation) Act (FCRA), political parties were prohibited from receiving foreign money and this included foreign companies and their subsidiaries in India.

○ Party funding in India

- ▶ Under section 13A of the Income Tax Act, political parties are 100% tax exempt for income derived from any source, including business income. They are expected to file an annual income tax return, but most do not do this regularly and there is no compliance mechanism to ensure this either. Most political parties show donations from individuals as their main source of income, but no donation below Rs. 20,000 need be reported or accounted for. So a political party can show income of Rs. 100 crore (or more) from such 'small' donations without sharing any information about the donors.

○ What do legislations say about party funding?

- ▶ Under section 29A of the Representation of the People Act, 1951 (RPA) Every political party registered is supposed to submit contribution reports as well as the annual audit report to the Election Commission of India (ECI) every year.
- ▶ **Section 3 of FCRA, 2010 states that foreign contribution cannot be accepted by any:**
 - A candidate for election;
 - Correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;
 - Judge, Government servant or employee of any Corporation or any other body controlled or owned by the Government;
 - Member of any legislature;
 - Political party or office bearer thereof;
 - Organization of a political nature as may be specified under subsection (1) of Section 5 by the Central Government.
 - Association or company engaged in the production or broadcast of audio news or audio visuals or current affairs programmes through any electronic mode, or any other electronic form as defined in clause (r) of subsection (i) of Section 2 of the Information Technology Act, 2000 or any other mode of mass communication;
 - Correspondent or columnist, cartoonist, editor, owner of the association or company referred to in clause (g).

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◦ Implications of the amendment

- ▶ Now all the multinational corporations operating in India can finance parties. This will be in addition to the donations by Indian corporates which are legal. By making such a blanket change, all foreign enterprises and multinational companies will be considered to be Indian and free to donate funds to recognised political parties. This will have grave repercussions for the democratic system and impact on the political party system itself.
- ▶ It will lead to direct intervention by MNCs in the political system and subvert the integrity of parliamentary democracy.
- ▶ By such a change, donations to NGOs by foreign companies will also become legal. It will thus knock the bottom of the FCRA which was meant to regulate the flow of foreign funds to various public activities with the aim of protecting the integrity and sovereignty of the country.
- ▶ If passed, the amendment will open doors for foreign funding of political parties and all 'activities of a political nature'.
- ▶ The fact that this amendment has been done to facilitate the exoneration of the BJP from the charge of violating the law by receiving funds from a foreign company, makes it all the more condemnable. This will help both the BJP and congress to escape the law as the Congress and BJP had violated provisions banning donations under the FCRA and had received donations from the subsidiary of a foreign company, Vedanta.
- ▶ Using the Finance Bill to smuggle in an amendment to the FCRA and also change the definition of foreign company in other laws is an instance of the dubious legislative practice. This has been criticised.

1.5 WHY PLAN AND NON-PAN EXPENDITURE DISTINCTION BE ABOLISHED?



(Q) The classification of expenditure as plan and non-plan has created a bias among policymakers in favour of plan expenditure. Comment

◦ Context

- ▶ The government is likely to bring out a framework to remove the existing Plan and non-Plan expenditure classifications from future Budgets, switching to a more globally relevant system of classifying spending as revenue expenditure and capital expenditure.

◦ What is plan and Non-Plan expenditure?

- ▶ We know that since 1st April 1951, India has adopted the path of planning (Five Year Plans) to achieve its rapid economic development. So far, 11 Five Year Plans have been implemented and presently the 12th Five Year Plan (2012-2017) is in operation. In the light of these plans, government expenditure is classified into plan expenditure and non-plan expenditure on the basis of whether or not it arises due to plan proposals.

● Plan Expenditure:

Any expenditure that is incurred on programmes which are detailed under the current (Five Year) Plan of the centre or centre's advances to state for their plans is called plan expenditure. Provision of such expenditure in the budget is called Plan Expenditure.

Expressed alternatively, "plan expenditure is that public expenditure which represents current development and investment outlays (expenditure) that arise due to proposals in the current plan." Such expenditure is incurred on financing the Central plan relating to different sectors of the economy.

Items of plan expenditure are:

(i) Expenditure on electricity generation, (ii) Irrigation and rural developments, (iii) Construction of roads, bridges, canals (iv) Science, technology, environment, etc. It includes both revenue expenditure and capital expenditure. Again, the assistance

given by the Central Government for the plans of States and Union Territories (UTs) is also a part of plan expenditure. Plan expenditure is further sub-classified into Revenue Expenditure and Capital Expenditure which along with their components are shown in the preceding chart.

- **Non-Plan Expenditure:**

This refers to the estimated expenditure provided in the budget for spending during the year on routine functioning of the government. Non- Plan expenditure is all expenditure other than plan expenditure of the government. Such expenditure is a must for every country, planning or no planning.

For instance, no government can escape from its basic function of protecting the lives and properties of the people and protecting the country from foreign invasions. For this, the government has to spend on police, Judiciary, military, etc. Similarly, the government has to incur expenditure on normal running of government departments and on providing economic and social services.

- **Why it should be abolished?**

- ▶ The plan expenditure of the government is normally associated with productive expenditure, which helps increase the productive capacity of the economy. It includes outlays for different sectors such as rural development and education. Non-plan expenditure, on the other hand, includes expenses on heads such as interest payment on government debt, subsidies, defence, pensions and other establishment costs of the government. A large part of this is obligatory in nature. For example, the government may cut allocation towards rural development or education if it falls short of funds, but it cannot cut interest payments on borrowed funds.
- ▶ At any point of time, the government has limited resources that it is able to generate through tax and non-tax revenue. Therefore, there is always a trade-off between spending on one head or another. However, what happens is that under pressure to contain expenditure, the government ends up cutting the plan expenditure since a part of the non-plan expenditure is either an obligation or a necessity for the state to function and, therefore, difficult to cut.
- ▶ The classification of expenditure as plan and non-plan had become "dysfunctional" and it had created a bias among policymakers in favour of plan expenditure. Since non-plan expenditure is considered wasteful insignificant amounts are allocated for it which leads to lack of maintenance of the asset created under plan budget which ultimately adversely affects the outcomes of the expenditure incurred on plan budget.
- ▶ Scrapping of distinction is logical given that the government has disbanded the Planning Commission and replaced it with the NITI Aayog whose main remit is in providing technical and strategic advice to the Centre and the states .
- ▶ Plan and Non-Plan distinction in the budget is neither able to provide a satisfactory classification of developmental and non-developmental dimensions of government expenditure nor an appropriate budgetary framework. It has therefore become dysfunctional thus removal of Plan and Non-Plan distinction in the budget.
- ▶ The division made sense in the initial years of planning when the bulk of plan expenditure was in the nature of capital investment creating bridges, dams and forming public sector units. But over time, the bulk of plan expenditure has become revenue expenditure, blurring the distinctions between the two.
- ▶ The removal of distinction between Plan and Non-Plan "will make data more meaningful.
- ▶ Removing the distinction between plan and non-plan expenditure will simplify things for everyone. Instead of 3 columns at present - Plan, Non-Plan and total there will be only one column expenditure. No country has such a distinction (Plan and non-Plan) today.
- ▶ Once this distinction is abolished experts believe that there would be a fundamental shift in the approach to public expenditure management from a segmented view of plan and non-plan to a holistic view of expenditure; from a one-year horizon to a multi-year horizon, and from input-based budgeting to a process of budgeting linked to outputs and outcomes.

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1.6 SHOULD NO DETENTION POLICY BE REVERSED?



(Q) The recently proposed education policy says that policy of no detention should be reversed and there should be exams after class V. discuss the pros and cons of this debate?

o Context

- ▶ A committee formed by the government to formulate a New Education Policy (NEP) has recommended The no-detention policy in schools should be applicable till Class IV and exams be held from Class V onwards. The resent scheme of no detention till class VIII should be reversed as it has failed to bring good results.
- ▶ The government has proposed a New Education Policy.

o Highlights of the new policy

- ▶ The expert committee headed by T.S.R. Subramanian set up to formulate the new National Education Policy has submitted its report to the Human Resource Development (HRD) Ministry recently.
- ▶ It has been formed to meet the changing dynamics of the population's requirement with regards to quality education, innovation and research, aiming to make India a knowledge superpower by equipping its students with the necessary skills and knowledge and to eliminate the shortage of manpower in science, technology, academics and industry.

The key points are:

- It proposed an amendment to the 'No Detention Policy' in schools till class VIII and making it applicable till Class V with examinations to be held from Class VI onwards.
- It has also recommended foreign educational institutions be allowed in the country to improve the quality of higher education.
- It has recommended that the 'No Detention policy' be reviewed and exams be held from Class VI. However, in case a child does not pass in the first instance, he or she should be given 2 more chances to appear in the exam.
- Formation of an Education cadre service which would improve the standards of administration of the education.
- It has recommended making the regulatory mechanism comprising UGC, AICTE for technical education, more in tune with contemporary requirements.

o What is no detention policy?

- ▶ As per the No Detention Policy, no student up to class VIII can be failed or expelled from school. All the students up till Class VIII will automatically be promoted to next class.
- ▶ The no-detention policy was implemented as part of the Continuous and Comprehensive Evaluation (CCE) under the RTE Act in 2010 to ensure holistic development of students. The idea was also to reduce dropout rates.

o Reasons why the 'no detention policy' should not be applied in schools?

- ▶ **Negative impact on standard of education:** Most of the schools in interior places are running without any teachers. Hence, if the 'no detention policy' continues, it will leave a negative impact on the standard of education and forced the children to face more harsh future.
- ▶ This policy has led to students developing a lackadaisical attitude, with there being no risk of failing. It also makes no distinction between good and bad students, and between those who work hard and those who don't. Thus it makes no effective way to implement good level of teaching and learning.
- ▶ With the policy in place, the Education Department does not take stamps to revamp itself and the teachers do not take the pain to ensure a good education to the children.
- ▶ **Dark future of students:** Students coming from poor economic background face problem in their coming life because of no good education in the schools.

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- ▶ **Will increase dowry system:** The girls especially will face major problem if not getting proper education in the schools. In many villages, where the girls are married off at an early age are undergoing torture in their in-laws for dowry. If she gets proper education in school, it will enable her family to lessen the burden of dowry.
- ▶ **Zero academic outcomes:** If no merit is checked while giving promotion to another class, the children will never learn the importance of studying and acquiring knowledge. It will lead to poor academic outcome in classes.

○ **Reasons for continuation of no detention policy**

- ▶ Stemming dropouts from the schools due to peer pressure was the main reason the Right to Education Act included the no-detention provision, if it is reversed many students would stop going to schools when they fail due to pressure from peers and family.
- ▶ Section 29 (2) (h) of the RTE Act makes Comprehensive and Continuous Evaluation (CCE) mandatory, wherein schools are expected to use test results to improve teaching and learning of the child. Unlike traditional board examinations, the CCE visualises evaluation as a diagnostic tool to improve learning. So scrapping the policy is not a solution, infact it should be modified and corrected.
- ▶ If a student is made to repeat a grade, there's a strong chance he or she will discontinue learning. Also, there is no research which establishes that repeating a year helps children perform better. Infact not much burden helps the child not to take studies as burden.
- ▶ There can be modification such as each school should conduct exams to ascertain which student is weak in what subject. If the child is weak, the school should take additional classes or special coaching.

○ **Stand of various states**

THE STATES' CONTENTION	
THOSE IN FAVOUR	THOSE ARE AGAINST
<p>MAHARASHTRA: The policy has reduced school drop rates and helps in building self-esteem. States should be given free to decide which ever policy to follow.</p> <p>TELANGANA: Enables a child to learn better without the fear of failure, detention and stigma. CCE should be strengthhend doesn't focus on rote learning- (A memorization technique based on a repetition. The idea is that one will be able to quickly recall the meaning of the material the more one repeats it.)</p> <p>KARNATAKA: Is important to sustain students interest in education. Year-end evaluation should be conducted and students with low scores should be helped.</p>	<p>KERALA: There is no harm in allowing a student one more year to re-cope rather than allowing her to pass to the next stage in an unbaked condition.</p> <p>HARYANA: Decreased commitment levels of stakeholders. Test/exam provide student with cocompetitive spirit, besides motivating them to study.</p> <p>DELHI: Results in unreason able, un-disciplined behaviour of students or their dropping out of school. No-detention policy may be restricted to Class III.</p>

Table 1.1

○ **Way ahead**

- ▶ The phenomenon of poor learning outcomes is the product of many factors which influence learning, and should not be conveniently pinned to the door of the no-detention policy.
- The steps that can be taken to improve learning outcomes can be:**
- ▶ Measuring learning level outcomes of all children on a regular basis,
 - ▶ Catalysing a "performance-driven culture" and rewarding high performers at every level,
 - ▶ Changing stakeholders' mindset and preparing them for new provisions, in which parents were made responsible or accountable for full attendance of their children.

- ▶ The policy should be implemented in a phased manner and a scale-up to all classes should be undertaken only after the critical infrastructural, teacher strength and teachers' skill-set requirements were fully met.

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1.7 20 NIRBHAYA BUSES WITH MULTIPLE IT- ENABLED SAFETY MEASURES LAUNCHED

Union Road Transport and Highways Minister Nitin Gadkari launched 20 Nirbhaya buses of Rajasthan State Transportation Corporation with multiple safety measures to better protect women passengers.

◦ About Nirbhaya buses

- ▶ Objective behind it to enhancing safety measures for women passengers, overcome with as a precautionary step to unfortunate NIRBHAYA incident in the past.
- ▶ Nirbhaya bus security measures include Vehicle Tracking System (VTS), CCTV and panic buttons on every seat.
- ▶ The VTS and the panic buttons will enable the police to know the exact location of the bus and provide prompt assistance.
- ▶ Directions in this regard will be given to other states in due course of time, adding that buses in the future should be manufactured with such safety features to contain anti-social elements.
- ▶ After June 2, the Ministry will issue a notification mandating public vehicles with a seating capacity of more than 23 seats to fix closed-circuit television, VTS and panic buttons while vehicles below 23 seats will be asked to install VTS and emergency buttons.

1.8 UNION HRD MINISTRY LAUNCHES BHARATVANI PORTAL

The Union Ministry of Human Resources Development has launched a multilingual knowledge portal- Bharatvani in Lucknow. Union HRD Minister Smriti Irani graced the occasion.

◦ Key terms about Bharatvani

- ▶ Bharatvani is the largest online storage of dictionaries in India.
- ▶ The portal aims at bringing different languages and cultures of India on one platform.
- ▶ The portal has 22 scheduled languages. The count will increase to 100 Indian languages.
- ▶ The Ministry aims to create an interactive knowledge society through online universalisation of education.
- ▶ The Bharatvani portal is the only knowledge portal in India that works via multiple languages.
- ▶ The Government aims to promote the diversity of Indian languages through the Bharatvani portal.
- ▶ The portal can be used as a cross-lingual learning tool. It contains multilingual grammar books and courses and also allows transliteration.
- ▶ The Central Institute of Indian Languages (CIIL), Mysuru, has taken the responsibility to implement the project.
- ▶ The portal has many kosha's or sections that offer a range of different contents such as '**Paa Thyapustaka Kosha**' for textbooks by various authorities, '**Jnana Kosha**' for encyclopedic knowledge base in all languages, '**Shabda Kosh**' that contains dictionaries, glossaries, terminologies, '**Bhasha Kosha**' which comprises language learning books, and '**Bahumaadhyama Kosha**' for multimedia content.

- ▶ The site also has a '**Suchanaa Praudyogikii Kosha**' for IT tools but it is right now linked to Technology Development for Indian Languages Programme (TDILP).
- ▶ There are over 130 dictionaries, glossaries and terminology books on the site.
- ▶ The contents on the portal are protected by the Indian Copyright Act 1957.
- ▶ The contents are available in text and PDF.
- ▶ The Bharatvani portal is also available as a mobile application on Google Play Store.

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1.9 UNION HRD MINISTRY TO LAUNCH ASMITA, STUDENT TRACKING SYSTEM

The HRD Ministry set to launch a programme that would be the world's largest student tracking system which helps to curb the school dropout rate to help almost 1.4 million children's in the country.

In India almost 29% of children drop out before completing even first 5 years of their education which is major children between age group of 6 to 11 year old and that makes them miss good education.

◉ **About the system**

- ▶ Shaala ASMITA Yojana (SAY) aims to track the educational journey of close to 25 crore school student from class I to Class XII across 15 lakh public and private schools in the country.
- ▶ This online database will carry information about student attendance and enrollment, mid-day-meal service, learning outcomes and infrastructural facilities, among other things, on one platform for both private and government schools.
- ▶ ASMITA stands for All School Monitoring, Individual Tracking Analysis.
- ▶ The Government will track students through their Aadhaar numbers. According to the official estimates, almost 65% of school students in the age group of 5 to 28 years have Aadhaar numbers. This scheme will also generate a special number for students who do not have a Aadhaar number.
- ▶ Using the Aadhaar number of the student, the scheme will track attendance and enrollment, infrastructural facilities, academic progress and also the mid-day meal service.

The scheme is also expected to go a long way in monitoring and also checking the corruption and leakages in school programmer's including the mid-day meal scheme.

2

**INTERNATIONAL
RELATION**

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2.1 INDIA, U.S. HOLD FIRST MARITIME SECURITY DIALOGUE: WHY INDIA IS ENGAGING IN MARITIME SECURITY DIALOGUE WITH DIFFERENT NATIONS, IMPLICATIONS?

◦ Context

India and the US have recently held their first Maritime Security Dialogue which focussed on boosting cooperation in the challenging sector with Washington rebalancing its military assets to Asia Pacific.

◦ Key points of the dialogue

The dialogue covered issues of mutual interest, including exchange of perspectives on maritime security development in the Asia-Pacific and Indian Ocean Region as well as prospects for further strengthening cooperation between India and the United States in this regard.

◦ It focused on strategic maritime security issues like:

- ▶ Asia-Pacific maritime challenges,
- ▶ Naval cooperation,
- ▶ Multilateral engagement.
 - They also agreed to launch a bilateral Maritime Security Dialogue.
 - The other initiatives agreed include the conclusion of a "white shipping" technical arrangement to improve data sharing on commercial shipping traffic and Navy-to-Navy discussions on submarine safety and Anti-submarine warfare.
 - They have also put out a joint strategic vision for the Asia-Pacific and Indian Ocean regions, calling for the freedom of navigation and unimpeded movement of ships through the global commons or high seas, in an oblique reference to China putting embargos on the movement of ships and airplanes through the disputed waters of the South China Sea.

◦ Why India must guard its maritime boundary?

- ▶ The primary maritime security challenges in the South and South-West Indian Ocean (SSWIO) include piracy at sea, narcotics and small arms/light weapons trafficking and people trafficking. Increasingly, maritime terrorism is a distinct threat.
- ▶ It is important to focus on maritime security to ensure that the Sea Lines Of Communications (SLOCs) are kept free for navigation by ships and naval vessels.
- ▶ For deepening the evolving partnership in the maritime domain,
- ▶ For India to retain its dominant position in the Indian ocean region and safeguard its commercial and strategic interests, it is time that India should turn its strategic vision towards the maritime region.

◦ India-US recent developments in securing defence ties

- ▶ U.S.-India Defence Technology and Partnership Act in US Congress which would institutionalize Defence Technology and Trade Initiative (DTTI) framework between India and US.
- ▶ signing of agreements like Logistics Support Agreement (LSA) which will allow use of Indian bases for logistic purposes and vice versa, and likewise Basic Exchange and Cooperation Agreement (BECA).
- ▶ Emergence of US as the largest arms supplier to India

◦ India's engagement with multiple partners can be discussed as:

- ▶ Defense Technology and Trade Initiative (DTTI) between US and India
- ▶ Malabar exercise and plans to buy US-2 amphibian aircrafts from Japan

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- ▶ Collaboration with Australia through Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) and Indian Ocean Naval Symposium (IONS) to establish Indian Ocean as Zone of Peace

◦ **Why is India engaging in multiple agreements?**

- ▶ Now, India is focusing on multiple partners instead of relying on a single ally due to the fact that it wants to diversify the nations it shares contacts with for its defence and security.
- ▶ India hedges by deepening relations with the US and status quo middle powers such as Australia
- ▶ The strategic dimensions of the bilateral defence relationship has now moved from its politico-strategic attributes to taking on economic-strategic ramifications. So, India has shifted its focus from depending on a single country.
- ▶ To ensure security of the Indian ocean region, India needs to have good terms with all stakeholders in the region. So, India is working with the states in the Indian Ocean region and others to strengthen security and economic cooperation.
- ▶ The new focus on the Asia-Pacific highlights the security and economic dimensions. The US rebalancing of forces and counter-measures by China have created a new cold war. New partnerships are in the making in the Asia-Pacific, this has shifted the focus to need for multilateral partners.
- ▶ India is no longer hesitant about taking a larger responsibility for securing the Indian Ocean, promoting regional mechanisms and working with great powers like the United States and France with which India shares many interests. So, India has initiated a new process of multilateralism.

◦ **Implications**

- ▶ The US's rebalancing towards Asia, would mean assigning higher priority and political, economic and security resources to the Asia-Pacific region because of its dynamism and the increased assertiveness of a rising China.
- ▶ It would enable India to enhance its defence capabilities and take proactive steps to build and install marine infrastructure, provide patrol ships, contribute to capacity building and assist in patrolling to protect the South and South-West Indian Ocean (SSWIO) region against traditional and non-traditional maritime threats.
- ▶ The collaboration with different countries is likely to have additional benefits as well in addition to the defence security.
- ▶ Closer relationship with Australia, Japan and America is not only necessary for Defense purpose, but it can also help ensure continuous energy supply for India,
- ▶ It will help India overcome New Challenges in the Indian Ocean such as China's presence in the Indian Ocean (IO), building military naval bases, China increasing cooperation with strategically important Sri Lanka (SL), Maldives, Pakistan and China-US rivalry for dominance by not depending on a particular country.

◦ **Additional measures India can take to address the maritime challenges**

- ▶ Build its Naval strength, rapidly modernize its navy, develop civilian maritime infrastructure and island territories. Undertake maritime operations across littoral states to expand capacity.
- ▶ Deepen bilateral, trilateral and multilateral military security cooperation with countries in the Indian Ocean.
- ▶ Strengthen Naval cooperation with maritime neighbors like Sri Lanka, Maldives. Increase naval assistance and develop stronger relations with other island countries like Seychelles and Mauritius.
- ▶ Expand its Multilateralism through forums like Indian Ocean (IO) Rim Association and Indian Ocean (IO) Naval Symposium.

2.2 UNIFICATION OF THE MAOIST FACTION IN NEPAL AND ITS IMPLICATIONS FOR INDIA?

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(Q) How will the unification of Maoist Factions in Nepal adversely affect the Indo-Nepal Relations? How should India respond to the unification?

Context

Recently 10 Maoist parties and factions in Nepal have united under the banner of the biggest party, Unified Communist Party of Nepal (Maoist), led by Pushpa Kamal Dahal Prachanda.

Who are the Maoists?

- ▶ Maoists are a ideological Group in Nepalese Politics who believe in the ideology of Former Chinese President Mao-Tse Tung. They are Far Left group and till 2006 they were fighting the war with the Nepalese Government to usurp the power. The Maoists' original aim was to benefit the poor and marginalised sectors of Nepali society by uprooting the monarchy and feudalism. Due to the war 16000 people died between 1996 and 2006. However due to India's effort a peace deal was signed between them and the Nepalese Government and after the deal was signed Maoists gave up the arms and entered the democratic process.
- ▶ With Time Maoist movement was divided into number of factions due to ideological clash between the leading personalities of the Movement with Some arguing for more liberal approach and others still arguing for a radical approach to achieve the aims and objectives of the movement. This division has weakened the Maoist groups in last few years.

Which Factors Led to the Unification

- ▶ The 6 different Maoist factions have been demanding that all insurgency-era rights violation cases should be handled by the Truth and Reconciliation Commission (TRC) and the Commission of Investigation on Enforced Disappeared Persons.
- ▶ More than 16,000 people were killed during the decade-long insurgency that also displaced hundreds of thousands of others. The insurgency that started in 1996 ended in 2006 when the Maoists signed a peace agreement with the government.
- ▶ In March, Nepal's Supreme Court barred the country's Truth and Reconciliation Commission from investigating those cases of human rights violations related to the decade-long left-wing insurgency which were already in the process of being prosecuted. The decision opened up the prospect that the Maoist leadership and cadres could face legal action for killings and disappearances. Thus Nepal's besieged Maoists believe they have to stand together, to avoid being picked off one by one.

Likely Consequence for India

- ▶ For India, the Maoist unification will have disquieting short-term consequences. In 2006, when Nepal's largely India-brokered peace process began, the Maoists had softened their historic hostility to their western neighbor. Now, though, it is probable the new Maoist alliance will use nationalism to cement together their ranks..
- ▶ Earlier this month, Prime Minister K.P. Oli's government almost collapsed after Prachanda threatened to withdraw support; the Unification would strength the Hands of Prachanda and will allow him to exercise even greater influence over the course of events. Prime Minister Oli, who has used Anti-India polemic to ward off threats from opponents in Nepal's plains and from the Congress party, is likely to find it hard to resist the temptation to engage in competitive Anti-India polemics. Which Would Mean that Most of the mainstream Nepalese Parties would resort to more Anti-Indian Rhetoric in near future, this could further strain the already Fragile Indo-Nepal Relations.

o What Should India Do?

- ▶ The best course for New Delhi will be to avoid provocation and focus, instead, on deepening its strategic engagement with Nepal's economy and people.
- ▶ Though greater Chinese involvement in Nepal's economy and political life is inevitable geography makes better road and rail links between Nepal and China a matter of time - New Delhi should focus on securing opportunities through this enhanced regional connectivity, not whipping the tide to try and force it back.
- ▶ Nepal's people, moreover, are profoundly unlikely to be seduced by Anti-India polemic for any length of time: The Oli government's spectacular lack of performance on earthquake relief, and its poor record of governance, are what it will be judged on, as long as New Delhi avoids walking into the trap of a confrontation. In the midst of the coming battle in Nepal, New Delhi's best course is to lie low and let the country's people settle their future.

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2.3 GROWING RADICALISM IN BANGLADESH



(Q) What are the factors responsible behind the growing radicalism in Bangladesh? How is it a threat to the idea of Bangladesh?

o Context

- ▶ This month a Sufi leader and a monk have been killed by Islamist in Bangladesh. In last 2 years many secularist have been heckled to death in Bangladesh.

o Background

- ▶ In 2010, the government of Bangladesh, headed by the secularist Awami League established a war crime tribunal to investigate war crimes perpetrated during Bangladesh's bloody 1971 Liberation war from Pakistan. In February 2013, Abdul Qadeer Molla, a leader of the Bangladeshi Jamaat-e-Islami party (a small Islamist party within the opposition coalition) was sentenced to life imprisonment by the tribunal. The sentence was condemned by Bangladesh's secularist bloggers and writers, who helped organize the Shahbagh Protest in response, calling for the death penalty for Molla. The protestors quickly expanded their demands to include outlawing the Jamaat-e-Islami party itself for its role in the 1971 war.
- ▶ Shortly after the first Shahbagh protests, counter-demonstrations, which quickly degenerated into violence, were organized by Islamist groups. Islamist leaders denounced the war crimes tribunal as political and called for an end to the prosecution of Jamaat-e-Islami leaders, instead they demanded the death penalty for secularist bloggers, denouncing them as "atheists" and accusing them of Blasphemy. According to many Experts the hostility directed toward Bloggers by Islamists is due primarily to the bloggers' growing political influence in Bangladesh, which represents a major obstacle to the Islamist goal of a religious state.
- ▶ Though there were occasional attacks on secularists prior to the 2013 Shahbagh protests, the frequency of attacks has increased since. In 2014, a group calling itself "Defenders of Islam" published a "hit list" of 84 Bangladeshis, mostly secularists, of whom 9 have already reportedly been killed and others attacked Responsibility for many of the attacks has been claimed by Ansarullah Bangla Team a group which according to police has links with both the youth wing of Jamaat-e-Islami and with Al Qaida. The group has since been banned by the government. Other attacks appear to have been perpetrated by more obscure groups.

o How much is politics responsible for this situation?

- ▶ The killing campaign in Bangladesh is fuelled by the bitter war between Prime Minister Sheikh Hasina's Awami League, and her opponents on the Right former Prime Minister Khaleda Zia's BNP, and its sometime ally, the Jamaat. Headed into the 2014 elections, the BNP had paralysed the country with weeks of protests, demanding that power be handed over to a neutral caretaker government. The Awami League government, though, held fast, leading the opposition to boycott the elections. In 2013, meanwhile,

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the now-iconic Shahbag protests broke out, with young people demanding the death penalty for Jamaat-e-Islami leaders held guilty of 1971 war crimes. In essence, these twin crises pushed the organised right wing out of the political arena, creating a political vacuum. Though the Bangladeshi police and security services have proved effective at containing terrorism, crushing the once-feared Harkat-ul-Jihad-e-Islami, the fear now is that the political vacuum could be capitalised on by jihadists. The best way of preventing that would be to revive competitive political life in Bangladesh, but the political system remains logjammed, with no end in sight to the Awami League-BNP stand-off.

◦ Significance of these Killing for Bangladesh

- ▶ Bangladesh has always prided itself for its religious tolerance and secularism. In fact, the country is a shining example of Islam and democracy coexisting. However, all that is changing quickly with the rise of religious fundamentalism in the country.
- ▶ The Islamist fundamentalists, apart from targeting minorities, have targeted all those who have commented on religion and who are fighting for their right to the freedom of expression. These Killings are threat to democracy as freedom of expression is one of the very basic tenet of Democracy.
- ▶ The killings Prove that the Islamlist are not just against the minority community but anyone even a Muslim who do not subscribe to their salafist ideology thus most of their victims are liberal Muslims.
- ▶ These killings are leading to growing sense of fear and insecurity; people in Bangladesh are living under the threat of Terrorism Moreover, the lukewarm response of the government has only emboldened the radical elements belonging to the Hardline Islamist groups such as Ansarullah Bangla Team (ABT) and Jamaat-ul-Mujahideen Bangladesh (JMB).
- ▶ The persistent failure of the Bangladesh Government and the international community to better protect threatened thinkers has created a climate of fear and direct threat to free thought in the country.
- ▶ The spate of ideological murders is an assault on Bangladesh's secular principles and ideas.

◦ Way Forward

Bangladesh is facing an existential crisis today and unless the government takes steps to launch an all-out attack on the members of AMT and JMB, the situation may spiral out of control. It is also surprising that, except for opprobrium in international newspapers on the growing intolerance in the country, many countries like the United States, the United Kingdom, and even neighboring India have remained silent over the issue. It is time that they exert pressure on the Bangladeshi government to act against the perpetrators of these crimes. The government should also realize by not acting against these perpetrators, the groups will be further emboldened to carry out more such attacks against the secular forces. The day is not far when these groups are likely to be exploited by terrorist organizations like al-Qaeda and the Islamic State (ISIS), for not only gaining a toehold in the region, but also an opportunity to radicalize the youth of the country. Before it's too late, the government must launch an all out attack on these fundamental groups, lest the country fall into an abyss of violence, which would completely destroy the secular character of Bangladesh.

2.4 INDIA IRAN RELATIONS IN THE BACKDROP OF MODI'S VISIT

◦ Context

- ▶ During the recent visit of Prime Minister to Iran, India and Iran have inked many agreements ranging from a contract to develop the strategic Chahabar port to an initial pact to set up an aluminium plant and one on laying a railway line to give India connectivity to Afghanistan and Central Asia.

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Key highlights of the recent visit

- ▶ Chabahar project: India, Afghanistan and Iran signed the trilateral trade treaty for developing the Chabahar port.
- ▶ Agreements for combating threats of terrorism, radicalism, drug trafficking and cyber crime,
- ▶ Signing of the trilateral Transport and Transit Agreement between Iran, Afghanistan and India which is expected to open new routes for connectivity.
- ▶ There were other agreements also in the field of art, culture, defence, military ties, peace and security, etc.
- ▶ The 2 nations Iran and India also plan to revive their age old friendship by jointly organising a series of programmes to promote bilateral cultural ties.

Significance of Iran for India

- ▶ Iran is important for india's energy security needs as Iran has the world's second-largest reserves of natural gas.
- ▶ It has strategic importance for India in providing connectivity to Central Asia.
- ▶ Freed of sanctions, Iran's economy is expected to grow sharply in coming years; so Indian businesses will now be in a position to capitalise on the coming boom.
- ▶ Iran's geographical position provides an excellent opportunity for oil and gas pipelines to run from the Caspian Sea to the Persian Gulf and the Gulf of Oman. India will stand to be a major beneficiary of the Iran-Pakistan-India (IPI) gas pipeline project which can be a good source of meeting the oil needs of the country.
- ▶ India shares historical and cultural ties with India since a long immemorial period.
- ▶ Chabahar port, which is a symbol of Indo-Iran economic and strategic cooperation, will give India access to Afghanistan, bypassing Pakistan entirely. Chabahar port is also linked to India's receiving natural gas imports from Iran, as the port would also serve as the point of origin for the proposed Iran-Oman-India pipeline.

Chabahar port

LOCATION

- ▶ The Chabahar port is situated in South Eastern part of Iran, and on the Northern coast of Gulf of Oman. It is surrounded by Afghanistan in the North, Pakistan in the North-East and India in the East.
- ▶ It is the only Iranian port with direct access to the ocean. The location of the Chabahar port is of strategic importance to India in linking trade routes from the Indian Ocean to Afghanistan, Central Asia and also to Europe; thereby avoiding a land route through Pakistan.



Fig. 2.1

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◦ Developments at Chabahar port

- ▶ Iran has always been of huge strategic importance to the country. The Chabahar port was partially developed by India in the 1990s for securing Trade interests in Afghanistan and in Central Asia, as it would provide an alternative to connectivity to Central Asia via Pakistan.
- ▶ In 2003, the then Prime Minister had announced the decision to build a port at Chabahar giving India access to Afghanistan and Central Asia. However, sanctions applied on Iran by Western countries made it difficult for India to make progress in developing the project.
- ▶ The upliftment of sanctions which were recently, have again opened up an opportunity for India to concentrate efforts on enhancing economic ties with Iran.
- ▶ At present, majority of Iran's seaborne trade is handled by the Bandar Abbas port. Chabahar has much higher trading and shipping capacity than Bandar Abbas.
- ▶ Apart from creating an easy passage between India and Afghanistan circumventing Pakistan, the port would also eventually enable better trade relations with Europe. The trade route would cut down cost and time of trade with Europe by up to 50%.

◦ Why has India failed to develop this port?

- ▶ **Iran's unenthusiastic support for the project:** Although the idea was first mooted in 2003, it was only in 2012 that Iran conceded to set up a joint working group to operationalize the port project as part of the trilateral cooperation agreement between Afghanistan, India and Iran. The key factor behind Iran's reluctance to allow an Indian presence at Chabahar was the opposition by the Army of the Guardians of the Islamic Revolution (the so-called Revolutionary Guards), which reportedly uses the port to ship arms to Yemen and militant groups in the region.
- ▶ **The economic viability of the project is under suspect:** The project has been delayed for long due to the suspicion raised on its economic viability if it can raise the funds or not.
- ▶ **India's actions against Iran:** Delhi's vote against Iran at the International Atomic Energy Agency on the nuclear issue has done a damage to India's ability to find practical ways to advance the relationship on the ground.
- ▶ **Lack of political will:** The Indian governments could not muster the necessary political will to direct different ministries and agencies to work in unison to pursue declared strategic objectives towards Iran.

◦ What can be done?

- ▶ The Union Cabinet has now authorized the Ministers of Finance, External Affairs and Shipping to approve the final contract with Iran and for resolution of any issue arising in implementation of the project.
- ▶ The Union Cabinet has also authorized the Ministry of Shipping to form a Company in Iran for implementing the Chabahar Port Development Project and related activities. These need to be effectively taken care of.

2.5 CHINA'S STAND ON THE NSG AND PRESIDENT VISIT TO CHINA



(Q) Indo-China relations have been one of conflict since long time. Discuss the recent debates between India and China? Will president's visit bring the relations to a good front?

◦ Context

- ▶ Just a month ahead of the NSG's annual plenary session China announced that it intends to oppose India's membership of the Nuclear Suppliers Group unless it agrees to sign the Non-Proliferation Treaty (NPT).
- ▶ This comes at a point when Several major countries including the U.S., Russia, Germany, the U.K. and Australia have openly supported India, despite the fact that India is not a signatory to the NPT.

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○ **What does China say?**

- ▶ Beijing has argued that the applications of countries that have not signed the Nuclear Non-Proliferation Treaty (NPT) should be treated as a whole, suggesting countries like Pakistan and Israel should also be considered along with India.
- ▶ Beijing is claiming that a "compulsory" requirement for NSG membership is that "the NSG members must be signatories to the NPT"

○ **What does it imply?**

India's entry into the 48-member Nuclear Suppliers Group (NSG), whose members can trade in and export nuclear technology, has emerged as the latest battleground in the growing Sino-Indian contestation.

○ **What is NSG?**

The NSG is an international organisation that aims to control proliferation of nuclear weapons. This 48-member body was established to prevent civilian nuclear trade from being used for military purposes. It was formed by the signatories to the Non-Proliferation Treaty (NPT).

○ **Why was it formed and what was its objective?**

The NSG was founded in reaction to the Indian nuclear test in May 1974. The main objective of the body, to begin with, was to make sure that the nuclear energy was used only for peaceful purposes and not for weapon-making.

India, Pakistan, Israel and South Sudan are among four UN member states which have not signed the NPT. Membership of NSG helps ease the transfer of technology, raw materials among the participant countries and US companies.

○ **Is china itself complying with the non-proliferation?**

- ▶ China's non-proliferation track record remains abysmal.
- ▶ China has played a major role in the development of Pakistan's nuclear infrastructure and emerged as Pakistan's benefactor at a time when increasingly stringent export controls in Western countries made it difficult for Pakistan to acquire materials and technology from elsewhere. The Pakistani nuclear weapons programme is essentially an extension of the Chinese one.
- ▶ Despite being a member of the NPT, China has supplied Pakistan with nuclear materials and expertise and provided critical assistance in the construction of Pakistan's nuclear facilities. The Sino-Pakistani nuclear relationship is perhaps the only case where a nuclear weapon state has actually passed on weapons-grade fissile material and bomb design to a non-nuclear weapon state.
- ▶ China agreement with Pakistan for 2 new nuclear reactors at the Chashma site was in clear violation of NSG guidelines that forbid nuclear transfers to countries not signatories to the NPT or adhere to comprehensive international safeguards on their nuclear programme.

○ **What is India's stand?**

- ▶ India has rejected China's contention that it must sign the Non-Proliferation Treaty (NPT) to get membership of the Nuclear Suppliers Group (NSG), saying France was included in the elite group without signing the NPT.
- ▶ It argues that NSG members have to respect safeguards and export controls, nuclear supplies have to be in accordance with the NSG Guidelines. The NSG is an ad-hoc export control regime and France, which was not an NPT member for some time, was a member of the NSG since it respected NSG's objectives,
- ▶ India complies with IAEA standards, so it can get membership to NSG.

○ **Significance of President's visit**

- ▶ President Pranab Mukherjee's visit to China has come at a crucial time when India's relationship with its biggest neighbour is being tested again and there is a foreign hand Pakistan.

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- ▶ China is an "all-weather ally" of Pakistan and that will remain a challenge every time Beijing and New Delhi want to mend a drift in the relationship. 2 recent developments have reinforced Pakistan's presence as the third player. Beijing's recent move to block New Delhi's efforts to get Jaish-e-Mohammed chief Masood Azhar designated a terrorist by the UN and China's opposition to India joining the elite Nuclear Suppliers Group (NSG) Two desperate issues are tied by a common thread China battling for Pakistan.
- ▶ India needs to both manage and improve relations with China. The effort will have to be sustained. Pakistan may be a big factor but the two sides have a lot of shared interests. Fighting terror, trade, climate change and structure of global financial institutions are some of them. Frequent interactions will help narrow the differences and build trust. The recent visit of President is expected to strengthen the relation between the 2 countries.

◦ Way forward

- ▶ China's stand is a signal that more persuasive diplomacy is needed to bring around as China from blocking India's membership. The government must begin an internal debate to appraise its own position on the NSG membership, and to figure out how far it is willing to go to secure it.
- ▶ It will, first, have to reckon with the possibility that NSG members could object to an "India-specific" ruling, and that other Non-NPT countries, including Pakistan and Israel, may also benefit from any flexibility that is shown in India's case. Second, there is a possibility that India could receive a "second class" membership, and not be considered a "nuclear weapons state" by the NSG. The third, and most important, point is that membership of the NSG, a body set up specifically in response to India's nuclear test in 1974, will eventually require India to curtail its nuclear weapons programme.

If India aims to be part of the elite NSG club, it must have a realistic idea of what the fee for full membership is, added to the diplomatic outreach required to win support from China

2.6 UNION CABINET APPROVES INDIA, MALDIVES MOU FOR COOPERATION IN FIELD OF TOURISM

The Union Cabinet granted ex-post facto approval to the Memorandum of Understanding (MoU) signed between the Ministry of Tourism, Government of India and the Ministry of Tourism, Government of Maldives for strengthening cooperation in the field of tourism.

The Memorandum of Understanding with Maldives will be instrumental in increasing arrival from this important source market. In recent years, Maldives has emerged as an important tourism generating market for India.

◦ The Main Objectives of the MoU

- ▶ To expand the bilateral cooperation in the tourism sector.
- ▶ To exchange information and data related to tourism.
- ▶ To encourage cooperation between tourism stakeholders, including hotels and tour operators.
- ▶ To establish exchange programme for cooperation in Human Resource Development.
- ▶ To invest in the Tourism and Hospitality sector.
- ▶ To exchange visits of Tour Operators/ Media / Opinion Markets for promotion of 2 way tourism.
- ▶ To exchange experience in the areas of promotion, marketing, destination development and management.
- ▶ To participate in travel fairs/exhibitions in each other country
- ▶ To promote safe honourable and sustainable tourism.

3

ECONOMY

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3.1 DBT IN FOOD SUBSIDY



(Q) Should PDS scheme be replaced by Direct Benefit Transfer (DBT) in Food Subsidy? Give Pros and cons.

Context

- Recently the centre has asked the states to opt for Direct Benefit Transfer (DBT) under which the subsidy component is credited to bank accounts and allows the beneficiaries to buy food grains from the market.

What is Direct benefit transfer in Food subsidy?

- Direct Benefit Transfer or DBT is an attempt to change the mechanism of transferring subsidies launched by Government of India on 1 January 2013. This program aims to transfer subsidies directly to the people through their bank accounts. It is hoped that crediting subsidies into bank accounts will reduce leakages, delays, etc.
- Cash transfers in lieu of Public Distribution System (PDS) would involve the transfer of money directly into bank accounts of identified card holders; the amount transferred would be the difference between the market and subsidized price of the grain. Instead of going to their local ration shop to purchase subsidized grains, recipients would withdraw this money to buy the food of their choice from the market.

Arguments in favour of DBT in food subsidy:

- In PDS some leakage arises due to fake ration cards. "Now that the identity of a person is known and ration cards are Aadhaar-verified, only the right beneficiaries will get the subsidy. Around 95% of states have already digitised ration cards. Digitization for cardholders means getting their ration card information updated on a computer system.
- The savings from DBT of food subsidy is expected to be much larger than that for LPG. According to budget estimates, India's food subsidies for the 2015-16 will be Rs. 1.24 trillion. So, if government manages to save 40% of the subsidy, it will be around Rs. 50,000 crore annually.
- The saved money could be invested by Government in Infrastructure, health or education where social returns would be much higher.
- Usually the PDS grain is of inferior quality, DBT would mean that families will be able to buy grain from open market where grain is of higher quality thus it would certainly improve the nutritional outcome for the people.
- Currently More than 40% of the food grains in PDS are diverted to open markets. High diversion of PDS items, pilferage, transport cost, administration cost and graft issues would be avoided under DBT.
- Providing subsidies directly to the poor would both bypass brokers as well as reduce the waste and holding costs of storing grains in government silos.
- Cash transfers would help reduce fiscal deficit by curbing expenditures earmarked for the PDS that are siphoned off through corruption, as well as avoiding substantially higher costs of transferring food rather than cash.
- DBT system Respects the autonomy of beneficiaries and ensures that the person has choice in terms of spending the money in accordance with his priorities and cultural preferences.
- DBT will ensure that Ensures that the inefficient and corruption-prone procurement regime of government is done away.

Argument Against DBT in Food subsidy

- It is problematic to assume that cash transfers would in themselves bring about drastic reductions in corruption and leakages in welfare programmes, as there is nothing intrinsic to cash transfers which renders them less vulnerable to leakages. Irregularities

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are empirically found to be high in existing cash transfer programmes. Cash transfers of old-age pensions are at least as notorious for corruption and leakages as the PDS.

- ▶ Studies confirm that many states have been able to reform PDS and significantly reduce leakages, as much as some states have reformed pension transfers. Clearly, the difference between the corruption or probity of delivery of welfare programmes is not dependent on whether cash or food is delivered, but on political and administrative will and capacities, and public vigilance and organization.
- ▶ It is also possible for people to spend cash transfers not on more nutritious food, as proponents suggest, but instead on non-food items, which would decrease the amount of household money left for buying food.
- ▶ There are significant gendered differences of choice here. Research confirms that culturally decisions relating to cash in households tend to be made by men, who may or may not spend the money on food. Decisions relating to food are made by women in almost all cultures, and therefore food rather than cash in a household is more likely to end up as food in a child's stomach.
- ▶ There are also worries about how genuinely inclusive of people in remote rural regions is India's banking system. Fair price shops exist in 3 of every 4 villages, and are therefore generally accessible. According to one survey, average distance to the nearest bank branch is between 6.5km to 10km. Distances would be much longer in remote regions, entailing high additional costs of transport and time.
- ▶ Another advantage of PDS over cash transfers from the perspective of the poor is that PDS supplies rations at a constant price, irrespective of the fluctuations in market prices. This therefore provides a shield against inflation, a benefit that cash transfers cannot match.
- ▶ Finally, it is a mistake to view PDS only as a means to transfer subsidies to poor households. PDS costs need to be measured against its other goals as well. PDS requires the government to procure food from farmers. The government builds up stocks of grains which are also useful for price stabilization. Indeed, the guarantee of minimum support price purchase by the government for wheat and rice is the most important instrument for the protection of farmers' income in India, and this would become unfeasible if the government could not offload a lot of this grain back through the PDS.

◦ Way Forward

- ▶ Certainly DBT is a novel idea and it could certainly reduce leakages and corruption of PDS system. DBT has proven its record in LPG case where Government saved Rs. 14000 crore due to better targeting and elimination of ghost beneficiaries
- ▶ However DBT in food subsidy is an idea which has many flaws as mentioned above. PDS system itself is flawed and it needs to be eliminated.
- ▶ Therefore instead of cash transfer Government should give food coupons as this will solve the problem of misuse of cash for buying non-food things and it will also give poor people choice to buy food from the retailer of their choice. Food coupon amount should be periodically revised so that it takes into account the current inflation. Thus what we require is a system which is somewhere in between the present inefficient PDS system and the proposed DBT system.

3.2 INLAND WATERWAYS TRANSPORT

◦ Context

Recently Parliament passed Inland Waterways Transport (IWT) Bill to declare 106 new waterways as National Waterways.

◦ Inland Waterways Transport

Inland waterways use navigable stretches of rivers for transportation. Inland waterways offer a cost effective, fuel efficient and environment friendly means of transportation.

◦ Potential for Waterways in India

India has huge potential for river water navigation with nearly 14,500 km. of navigable inland waterways. In addition, 116 rivers across the country provide 35,000 km. of navigable stretches.

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o **Present Status of IWT in India and initiatives**

At present India is not using its waterways efficiently because of various regions like absence of proper infrastructure, institutional structures etc. the share of IWT in transportation is very low and is given below.

China, Korea and EU : 40%
 India : 3.5%

- ▶ Constitutionally under entry 24 of the Union List of the VIIth Schedule of the Constitution, the Union government can make laws on shipping and navigation on inland waterways that are classified as national waterways.
- ▶ Inland Waterways Authority of India was established in 1986, to ensure proper development of the sector.
- ▶ Recently IWA launched River information system. River Information System (RIS) is a combination of tracking and meteorological equipment with specialized software designed to optimize traffic and transport processes in inland navigation. River Information System which will be like ATC (Air Traffic Control) system for airways.
- ▶ At present there are 6 national waterways.

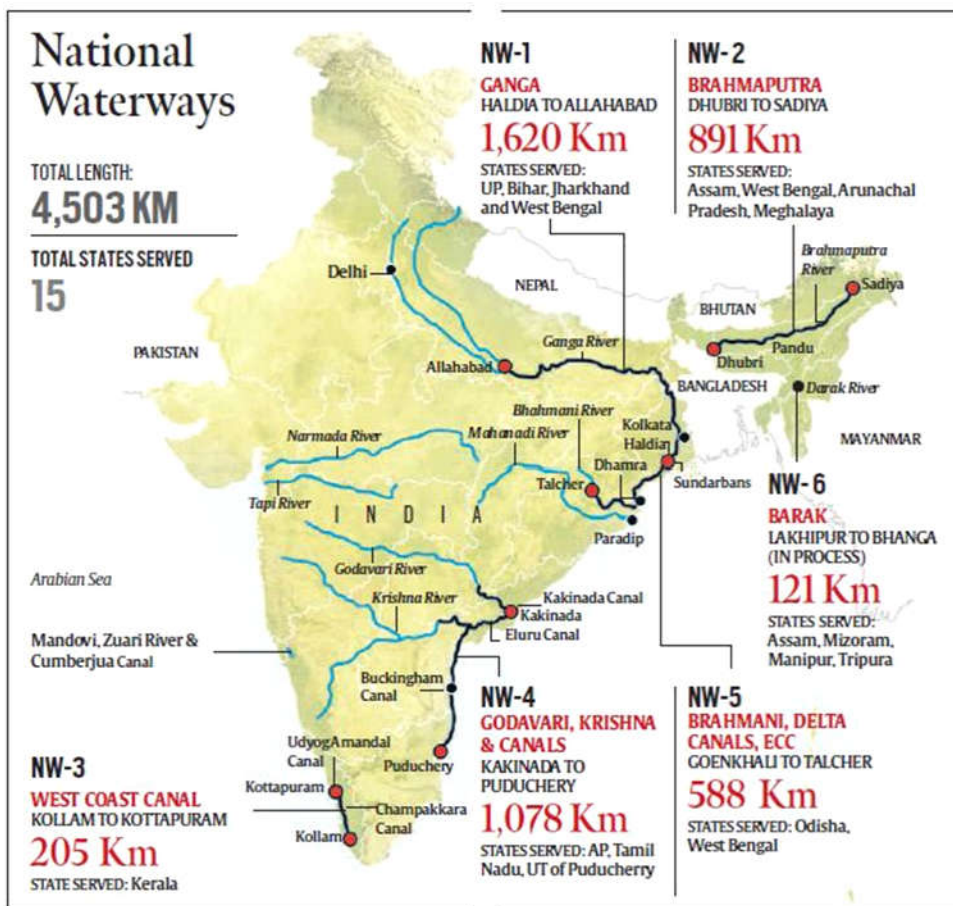


Fig. 3.1

o **Why The Bill was brought?**

While inland waterways are recognised as a fuel efficient, cost effective and environment friendly mode of transport, it has received lesser investment as compared to roads and railways. Since inland waterways are lagging behind other modes of transport, the central government has evolved a policy for integrated development of inland waterways.

o **Key Features of the Bill**

- ▶ The Bill identifies additional 101 waterways as national waterways. The Schedule of the Bill also specifies the extent of development to be undertaken on each waterway.
- ▶ The Bill repeals the 5 Acts that declare the existing national waterways. These 5 national waterways are now covered under the Bill.

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Advantages offered by IWT

Advantage	Inland Waterways	Road	Railways
Cost (Rs per KM)	.25	2.5	1.5
Fuel efficiency (Kg/HP)	4000	150	500

- ▶ Geographical advantage of water bridging: This is strongest when the movement is across the river, but can be present in some other movements. Examples of these are passenger ferry services across rivers and transport in the Sundarbans areas in India and Bangladesh, Transport of iron ore, oil products from refineries in the North East.
- ▶ Transport of agriculture products and their reduced susceptibility to perishing.
- ▶ Reduced cost of land acquisition in highly dense geographical regions like Eastern India.
- ▶ Opportunities for fisheries and tourism in the developed stretch.
- ▶ It will lead to balanced regional development as hinterland areas suffering from poor transport infrastructure will gain.

Concerns Raised Against the Bill

- ▶ Environment and occupational challenges: It will have serious damage to river ecosystem as dams will be constructed which will obstruct the natural flow of river.
- ▶ Livelihood of those related to fisheries, agriculture will etc. will be effected. As IWT requires maintenance of assured flow, the right of agriculture community in irrigation water may be compromised.
- ▶ Infringement upon state government rights on rivers and water bodies. The state governments are not realizing how it going to impact them and would be suicidal for them at the time when extreme climate change is being witnessed through drought, floods, river-erosion and declining agriculture and fisheries,"

Access of cargo facilities at both sides, availability of vessels and associated infrastructure is needed which is nearly NIL at present.

Challenges

- ▶ **Funding** is the biggest issue. Investments needed are huge whereas budgetary allocation for shipping was meager Rs. 800 cr whereas roadways got allocation of Rs. 55,000.
- ▶ **Financial, Technological and physical viability of the projects.** IWT requires maintenance of required water flow throughout the year. River dredging has to be done continuously as Indian rivers carry huge silt. Locks have to be made in the areas where the river gradient is high.
- ▶ **Regulatory** mechanisms to ensure proper development of the sector. Many of infrastructure sectors in India are handicapped by regulatory weaknesses. The inland waterway projects will be developed through Public Private Partnership (PPP) and infusion of Foreign Direct Investment (FDI). Such investments will not come unless basic building blocks are in place.
- ▶ Proper revenue model and PPP models so that hiccups don't come at the start
- ▶ How to protect the interest of the states and local bodies should be kept in mind.

Conclusion

In spite of the challenges and inertia the IWT offers huge opportunities. With more focus on environment friendly ways of development funds from National Clean Energy Fund (NCEF) and Central Road Fund (CRF) can also be used. India should vigorously push for investment in the sector as it provides solution to the problems of balanced regional development and sustainable development.

3.3 FRBM ACT

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- (Q) What are the salient features of the FRBM Act? Has it been successful in achieving its Target?
- (Q) Why FRBM Act is considered toothless? What changes are required to correct the situation?

Context

- ▶ Moving ahead on its Budget announcement, the Finance Ministry recently announced formation of a 5 member committee to review Fiscal Responsibility and Budget Management (FRBM) Act. The committee will review the working of the FRBM Act over the last 12 years along with examining the feasibility of having a fiscal deficit range instead of a fixed number as a percentage of Gross Domestic Product (GDP) at present.

What is FRBM Act?

- ▶ The Fiscal Responsibility and Budget Management Act was enacted by Parliament in 2003 to bring in fiscal discipline. It received the President's assent in the same year. The United Progressive Alliance (UPA) government had notified the FRBM Rules in 2004.

How does it help in redeeming the Fiscal situation?

- ▶ The FRBM Rules impose limits on fiscal and revenue deficit. Hence, it will be the duty of the Union government to stick to the deficit targets. It also empowers RBI for taking measures to control Inflation. The Act also provide exception to government in case of natural calamity and national security.
- ▶ As per the initial targets, revenue deficit, which is revenue expenditure minus revenue receipts, had to be reduced to nil in 5 years beginning 2004-05. Each year, the government was required to reduce the revenue deficit by 0.5% of the GDP. Under the Act The fiscal deficit was required to be reduced to 3% of the GDP by 2008-09. It would mean reduction of fiscal deficit by 0.3 % of GDP every year. The implementation of Act was put on hold in year 2007-08 due to global financial crisis and the need for fiscal stimulus. In 2012 FRBM Act was amended and it was decided that the FRBM would target effective revenue deficit in place of revenue deficit.

How are these targets monitored?

The Rules have mid-year targets for fiscal and revenue deficits. The Rules required the government to restrict fiscal and revenue deficit to 45% of budget estimates at the end of September (first half of the financial year). In case of a breach of either of the 2 limits, the Finance Ministry will be required to explain to Parliament the reasons for the breach, the corrective steps, as well as the proposals for funding the additional deficit.

Limitations of FRBM Act

- ▶ **It is toothless:** It also doesn't prevent Government from slipping items under the line to project a fiscal deficit within bounds.
- ▶ **A good law must** incorporate target which are comprehensive, difficult to override and must have substantial penalties on overriding. FRBMA doesn't have any of these characters. Also there will not be any incentive to push beyond the limits specified in FRBMA (since there are no advantages in doing it and it will only mean that the next government can "free ride") and thus in any downturn, FRBMA will be amended. Instead of such a rule, India should follow a counter cyclical budget process. To solve the free rider problem, FRBMA compliance should be monitored by an independent council involving major opposition leaders as well.
- ▶ **Wisdom of fixing 3% limit:** There are some studies which suggest 6% as an appropriate limit including the recommendations of 12th Finance Commission. The rationale is Indian household financial savings is 13%. 5% is available to corporates, 2% in non-department undertakings leaving 6% for the government. But this argument is weak in the sense it applies only when the government debt is sustainable. Not

when it reaches unsustainable stage. Copied from EU? India's debt is self-held and denominated in INR. India's savings rate is also higher which means higher capacity to absorb borrowings.

- ▶ Wisdom of defining a hard rule for fiscal deficit at all. The limit of fiscal deficit which an economy can tolerate varies from situation to situation.
- ▶ It suffers from the taboo that revenue expenditures are bad. Some of them are essential like maintenance expenses which are critical to life of project. So we should change our accounting system.

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◦ **Why Fiscal Responsibility and Budget Management (FRBM) Act Needs Amendment?**

- ▶ There is now a school of thought which believes that instead of fixed numbers as Fiscal Deficit Targets, it may be better to have a fiscal deficit range as the target, which would give necessary policy space to the government to deal with dynamic situations that India currently faces i.e. global economic and financial market uncertainty, and tepid private investment demand domestically. The suggestion that, fiscal expansion or contraction should be aligned with credit contraction or expansion is worth exploring. FRBM Act has been criticized because of its rigidity of target.
- ▶ There is no denying that, the Act has helped focus attention on the issues relating to fiscal consolidation thanks to the Mandatory Medium-Term and Strategy Statements that, the government of the day is required to present annually before Parliament. But with regard to the larger objective of ensuring macroeconomic stability, the record has been less than ideal.
- ▶ Both headline Consumer Price Inflation (CPI) and the Debt-Servicing Costs (DSC) for the Central government were, at different points in the post-FRBM era, at divergence with the performance of fiscal deficit, raising questions about the over-emphasis on a cast-in-stone target number.

3.4 PAYMENT BANK



- (Q) What do you understand by Payment Bank? Why it was established?
- (Q) What factors are motivating the license holders of Payment bank to return back there Licenses? What should be done to make the payment bank model economically viable?

◦ **Context**

Of the 11 companies that were given in-principle nod by the Reserve Bank of India (RBI) to set up payments banks in August, 2015, three Tech Mahindra, Cholamandalam Finance and Dilip Shanghvi-IDFC Bank-Telenor JV, have Surrendered their licenses recently.

◦ **What is Payment Bank?**

FOCUS WILL BE ON TRANSACTIONS	
<p>1 Aditya Birla Nuvo 2 Airtel M Commerce Services 3 Cholamandalam Distribution Services 4 Department of Posts 5 Fino PayTech 6 National Securities Depository 7 Reliance Industries 8 Dilip Shantilal Shanghvi 9 Vijay Shekhar Sharma 10 Tech Mahindra 11 Vodafone M-Pesa</p>	
<p>WHAT ARE PAYMENTS BANKS?</p> <p>Payments banks have differentiated licences with limitations on what they can do</p> <ul style="list-style-type: none"> ▶ RBI norms limit demand deposits to a maximum of Rs 1 lakh ▶ They cannot provide loans or accept term deposits ▶ The deposits raised by them will have to be invested in government bonds and a maximum of 25% can be invested in an account with another bank 	<p>WHAT DOES IT MEAN FOR CUSTOMERS?</p> <ul style="list-style-type: none"> ▶ Service charges will come down ▶ The requirement of minimum monthly/quarterly balance is unlikely to be applied ▶ Competition from these new entities will force existing banks to offer low-cost (or low balance) basic accounts

Fig. 3.2

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o What they can and can't do?

- ▶ They can't offer loans but can raise deposits of upto Rs. 1 lakh, and pay interest on these balances just like a savings bank account does.
- ▶ They can enable transfers and remittances through a mobile phone.
- ▶ They can offer services such as automatic payments of bills, and purchases in cashless, chequeless transactions through a phone.
- ▶ They can issue debit cards and ATM cards usable on ATM networks of all banks.
- ▶ They can transfer money directly to bank accounts at nearly no cost being a part of the gateway that connects banks.
- ▶ They can provide forex cards to travellers, usable again as a debit or ATM card all over India.
- ▶ They can offer forex services at charges lower than banks.
- ▶ They can also offer card acceptance mechanisms to third parties such as the 'Apple Pay.

o Why these Banks were set up?

- ▶ The goal behind creating these payment banks is to bring about financial inclusion, by making it easier for anyone to get a bank account. That's also why the cash limit in the accounts is set to just Rs. 1 lakh it might seem like a very low limit to most people reading this, but if you're typically outside the banking system, then it is a fairly comfortable amount.
- ▶ The Reserve Bank expects payment banks to target India's migrant labourers, low-income households and small businesses, offering savings accounts and remittance services with a low transaction cost. It hopes payments banks will enable poorer citizens who transact only in cash to take their first step into formal banking. It could be uneconomical for traditional banks to open branches in every village but the mobile phones coverage is a promising low-cost platform for quickly taking basic banking services to every rural citizen. The innovation is also expected to accelerate India's journey into a cashless economy.

o Why Are Companies Returning Back their Licenses?

- ▶ The reason is simple. Unlike regular banks, which typically do business for interest margins from the lending business using deposit money, these entities do not have the liberty to lend.
- ▶ Payments bank has to primarily survive on fee-income since 75% of their deposits have to be mandatorily invested in government bonds with maturity up to a year. Also, payments banks can only accept deposits up to Rs. 1 lakh.
- ▶ To get deposits, competing with regular banks which offer up to 7% return on their savings deposits, payments banks will have to offer aggressive rates. However, a majority of the amount in government bonds for a maximum 7.45%-8% (the approximate yield on one year paper), would mean no real business. The cost to set up and run operations far outweighs the benefits and Since Companies are profit oriented Companies they do not see any gains in investing in Payment Banks.
- ▶ The other challenge Payment bank would face is Why would someone who is using a mobile banking service that is readily available be willing to migrate to a new bank? This too, given that technology, such as unified payments system, would enable cheaper transactions through mobile phones..
- ▶ The advantage of using mobile phones for banking will make it not too difficult for those companies with an existing mobile banking network. Here the cost of rolling out the service will be far lower than a firm which wants to start from scratch. This must be the reason why a few firms have decided to back out after securing an in-principle licence nod.
- ▶ Government initiatives aimed at the unbanked population have also considerably reduced the scope of doing business for payments banks.

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o How can we make Payment Banks Viable?

- ▶ Payment Bank's (PB's) will need to be more like these innovative consumer products businesses (particularly digital businesses).
- ▶ Several big problems can be found in areas such as subsidies, remittances, in-store payments, mass transit and e-commerce. The bigger the problem, the more precise its definition (including customer base) and simpler the solution, the greater is the probability of garnering a large, active customer base. Digital technology, coupled with a rigorous approach to user interface/user experience and an asset-light strategy, making good use of cloud-based services, will play an important role in enabling PBs to develop simple solutions and acquire customers at low marginal cost.
- ▶ The success of payment banks will depend on low-cost technology and high volume of transactions so that charges are reasonable and yet, profits are made.
- ▶ If the model is to be a success, a payment bank should neither offer fixed-deposit products nor savings bank accounts. "The payment bank model could be viable if technology is used to bring down costs.
- ▶ Payment banks should offer small-ticket loan products because these products are required in rural areas, as these will discourage borrowers from approaching local moneylenders.
- ▶ If payments banks aren't mandated to have a capital adequacy ratio, it will provide them relief. "Since there is no credit risk, capital adequacy requirements will be much less, only for market operational and residual risks.
- ▶ RBI should also reconsider an entry capital of Rs. 100 crore for smaller banks, since such low entry-capital requirement let's non-serious players to throw their hat in the ring. This will also help weed out non-serious players from the bank licence fray.

3.5 JOBLESS GROWTH IN INDIA: AN ANALYSIS



(Q) What are the reasons behind the jobless growth in India? What should be done to reverse the process of jobless growth?

o Context

According to the labour ministry's 27th Quarterly Employment Survey of 8 employment intensive industries (Textile, Leather, Metals, Automobile, Gems, Transport, IT/BPO and Handloom and powerloom) there are 43000 job losses in the first quarter of FY 2015-16. At the Peak these sector added 1.1 million jobs in 2010.

o Key Trends in Job Creation in Last Few years

- ▶ During the last decade (2001-11), the growth rate of the labour force (2.23%) was significantly higher than the growth rate of employment (1.4%), which itself was several-fold less than the growth rate of the economy. According to Census 2011, the average growth rate of the economy was 7.7% per annum, when it was only 1.8% for employment.
- ▶ 66th round of the National Sample Survey Office (NSSO) data on employment in 2011 revealed that between 2004-05 and 2009-10, only 1 million jobs were added per year; in a period when the economy averaged a record 8.43% growth annually.
- ▶ An Indian Labour Bureau survey of 2015 showed that 2,000 companies in 8 sampled industries generated all of 1 lakh jobs, a fall from the 4 lakh generated in 2014, even though growth in 2014 was lower than in 2015.
- ▶ A HDFC Bank report on India's tapering jobs growth says that "employment elasticity" in the economy is now close to zero for every one point rise in GDP, jobs grow only 0.15. Fifteen years ago, it was 0.39

o Reasons behind the Jobless growth

- ▶ In India, growth is attributed to service sector, whereby both employment and wages have seen a rise. But as figures say, the biggest employing sector in India is the Agriculture sector, employing 45% of the population but contributing 15% to the GDP, whereas Service sector is the biggest contributor to the GDP but employs less than 30%. IT and Financial services are drivers of service sector growth in last 2 decades

however both of these sector are not employment intensive. Thus contributing to jobless growth in India.

- ▶ Labour intensive manufacturing sector did not become the engine of growth in India. In fact, it was the knowledge-intensive services sector which along with some segments of capital intensive manufacturing was the engines of growth in India. But these sectors by their nature were not employment-intensive.
- ▶ Stagnation in manufacturing output and employment and contraction of labour-intensive segment of the formal manufacturing sector:

Reasons behind lagaing back of manufacturing sector comparision with others:

- Excess rigidity in the formal manufacturing labour market and rigid labour regulations has created disincentives for employers to create jobs.
- Industrial Disputes Act has lowered employment in organized manufacturing by about 25% (World Bank Study)
- Stringent employment protection legislation has pushed employers towards more capital intensive modes of production, than warranted by existing costs of labour relative to capital.

Therefore, the nature of the trade regime in India is still biased towards capital-intensive manufacturing.

- ▶ The nature of Indian manufacturing is not employment-friendly. Most of them are automated and any employment is highly skilled. Thus they have contribute to growth, but not necessarily to employment.
- ▶ The labour intensity of MSME is 4 times higher than that of large firms. But they are not treated well in India they have poor access to credit and they are plagued by many serious problems which has limited there growth potential.
- ▶ Impediments to entrepreneurial growth in small firms (such as high costs of formalisation) along with a long history of small scale reservation policy which has prohibited the entry of large scale units in labour intensive industries.
- ▶ The tax incentives, subsidies, depreciation allowance all are solely linked to the amount invested and not to the number of jobs created.
- ▶ Sluggish process in education and skill levels of workers.

○ **What Should be done to reverse the Phenomenon of Jobless growth?**

- ▶ The need of the hour is to make livelihood creation central to development strategies rather than just projecting it as natural fallout of growth. It needs to be accepted that organized manufacturing is no longer the answer to generate large-scale employment, as it was in the past.
- ▶ First of all Labour Laws should be reformed as due to the stringent Labour Laws Corporates in India are preferring Capital intensive mode of Production in a country where labour is abundant .
- ▶ Encouraging people's entrepreneurial instincts whether they create mom-and-pop undertakings countrywide, or deliver results under the Startup India or Stand-up India missions will generate sustainable outcomes.
- ▶ The Education system needs to be revamped to create the desired skill-sets. At present, the education system is failing miserably in delivering even whatever it is designed to.
- ▶ Job Intensive sector like Food Processing Should be promoted.
- ▶ MUDRA scheme should be expanded as it can be a game changer for MSME sector and this sector has a potential to create required jobs in India.

3.6 PARTICIPATORY NOTES



- (Q) What do you understand by Participatory notes (P-Notes)? Why they are popular among the investors?
- (Q) Why Participatory notes are criticized? What is the significance of the recently released norms on PN by SEBI?

○ **Context**

- ▶ The Securities and Exchange Board of India (SEBI) recently proposed tighter rules for participatory Notes (P-Notes) in an attempt to curb the potential for money laundering through this investment route, popular among rich individuals and hedge funds.

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◦ What is Participatory notes?

- ▶ Participatory Notes or P-Notes are offshore derivative instruments, used by Foreign Institutional Investors (FIIs) who are NOT registered with SEBI.

The major characteristics of P-notes are:

- ▶ They are offshore derivative instruments
- ▶ They are used by Foreign Institutional Investors (FIIs) who are NOT registered with SEBI.
- ▶ They are used on Indian shares, but at a location outside of India.
- ▶ The above implies that FIIs who are not registered with SEBI but wish to take exposure in the Indian securities markets can use P-notes. Brokers buy or sell securities on behalf of their clients on their proprietary account and issue such notes in favour of such foreign investors. The P-note holder is entitled to all the dividends, capital gains and other payouts on the underlying securities. The brokerages or FIIs have to compulsorily report the P-note issuance status every quarter to SEBI. In doing so, the identity of the client or the final investor can be hidden.

◦ How the money flows in P-Notes?

- ▶ The investors, who buy P-Notes, deposit their funds in the US or European operations of the FII, which also operates in India. The FII then uses its proprietary account to buy stocks in India. For example, a P-Note on Infosys or Reliance Industries Ltd. (RIL) can be issued by an FII or a foreign brokerage in say Mauritius to one of its clients there or from some other country. Equity-linked notes, capped return note, participatory return notes and investment notes are examples of some kinds of P-notes.

◦ What is the major feature, which makes P-Notes useful for investors?

- ▶ One of the main features of the P-notes is that they conceal the investor's identity. While one reason for using P-Notes is to keep the investor's name anonymous, some investors have used the instrument to save on transaction costs also. Such investors look for derivative solution to gain exposure in individual, or a basket of, stocks in the relevant market. Sometimes, investors enter the Indian markets in a small way using P-Notes, and when their positions become larger, they find it advantageous to shift over to a full-fledged FII structure.

◦ What is role of P-Notes in Indian Economy?

- ▶ Participatory Notes (PNs) are instruments issued by SEBI registered Foreign Institutions to entities that want to invest in Indian markets but do not want to directly register with the market, resulting in concealment of the investor's identity. Till 2008 about 45% of total investments made by Foreign Institutional Investors (FIIs) were through the P-notes route. However after SEBI tightened norms for P-notes in 2008 it has reduced to 10% at present. In the past, whenever the government has tried to control inflows through P-notes, it has faced strong opposition from FIIs. The ban of PNs has the capacity to erode the gains in shares of the past 3 years.

◦ What are Advantages of P-notes?

- ▶ P-notes are a convenient channel for high net worth individuals, large hedge funds etc. to enter Indian capital markets without going through the usual scrutiny like Know Your Customer (KYC) norms and other documentation with SEBI. This saves time and also helps maintain anonymity throughout. In addition to the anonymity clause, the P-notes are easily tradable as they are like contract notes which can be easily transferred by endorsement and delivery. Investors also prefer this vehicle to take advantage of the tax laws in some countries. The foremost advantage to invest via participatory notes is that they are completely outside Indian regulatory framework.

◦ What are the Disadvantages of P-notes?

- ▶ While a common investor has to fill up several KYC (Know Your Customer) forms, provide PAN number and proof of address, etc, a P-Note investor can invest anonymously. This makes it a 'legal' way to route unaccounted wealth in Indian equities, thus feeding the black money monster.

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- ▶ Other than politicians, bureaucrats or business-persons, even terror financiers are feared to misuse the P-Note route to fulfil illegal objectives.
- **Which Factors caused SEBI to Tighten Norms on P-notes**
 - ▶ A Special Investigation Team (SIT) appointed by the Supreme Court, a few months ago, came out with a report on black money and exposed the links between Indian stock market and international tax havens.
 - ▶ A flurry of suggestions SIT made to tackle the black buck menace, including cancelling the participation in the Indian markets by way of P-notes altogether. Taking cues from the suggestions, SEBI tightened norms for Participatory notes.
- **What are the New Norms?**
 - ▶ To set a better handle on the ultimate beneficiary of P-note, SEBI has said that Indian Know Your Customer (KYC) or Anti-Money Laundering rules (AML) will be applicable to P-note holders. Earlier, a P-note holder had to adhere to KYC or AML norms of just their home jurisdiction.
 - ▶ SEBI has also issued curbs on transferability of P-notes between 2 foreign investors. It has also increased the frequency of reporting by P-note issuers.
 - ▶ Additionally, transfer of a P-Note will be allowed only to a pre-approved list of subscribers. Any suspicious transaction that comes to the notice of the issuer would need to be reported to the Financial Intelligence Unit, which functions under the department of revenue.
 - ▶ Issuers will need to verify entities that hold more than the predefined thresholds. For companies, the predefined threshold would be 25% of the total P-Note size and for proprietorship and partnership firms and trusts, the limit has been set at 15%.
 - ▶ The issuer will also need to report who controls the management and operations of a P-Note subscriber.
- **Significance of the New Rules**
 - ▶ The new norms are in line with suggestions made by the SIT in its July 2015 report. The new Rules will enhance transparency and control over issuance of P-notes. These changes will not only make the route difficult to access India market but also make it more expensive. P-note issuers will have to put in place a robust mechanism to track end beneficial owner.
 - ▶ The new set of rules is likely to tighten the round tripping of money by Indian investors.
- **Criticism**
 - ▶ The new norms will increase the onus on the financial institutions that are issuing P-Notes and could impact even the clean money in long term.
 - ▶ The new rules could make P-notes costly for investors, which could impact flows coming into India.

3.7 WHY OIL PRICES ARE INCREASING?



(Q) Oil Prices in recent days are increasing both because of Supply side and demand side factors. Comment. What are likely impact of increase in oil prices on Indian economy?

- **Context**
 - ▶ From a low of \$ 24.03 per dollar reached on January 20, the average cost of crude imported by Indian refiners has now climbed to \$ 45.51.
- **Factors behind the increase of oil prices**
 - ▶ Recent strong gains came in the wake of major disruptions to global supplies, which analysts estimated would, at least temporarily, erase the glut in daily production that has persisted for 2 years.

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These disruption is global supplies is due to following factors:

- Militant activity in the oil-rich Niger Delta has taken out some 500,000 barrels per day of crude oil production from companies in Nigeria, pushing oil output in Africa's largest-producing nation to more than 22-year lows. **Nigeria** is the largest producer of crude oil in Africa
 - There is slump of 200,000 barrels a day or more from Venezuela amid a worsening economic crisis. Companies operating in Venezuela are shutting down on account of delay in payment from the government.
 - There are continued production declines in the US where shale oil bankruptcies are on the rise due to weak prices.
 - Production of crude oil in Canada has been disrupted due to Wildfires. Supplies of around 1 million barrels were stopped from Canada on account of forest fires which resulted in closure of the wells.
 - ▶ Along with disruption in global supplies network, increase in demand for oil is also contributing to increase in oil prices. One of the main factor behind the increase in oil demand is better performance of US economy in last few quarters.
 - ▶ Experts warned that this increase could prove to be short-lived, with the likes of Saudi Arabia and Iran ramping up activity and hit to output in Canada as a result of wildfires being quickly resolved and also shale gas producers increasing their production due to increase in oil prices.
- **Likely implication of increase in crude oil prices for India**
- ▶ Low oil prices provided a cushion against inflation that would normally have accompanied 2 consecutive years of drought.
 - ▶ They also helped halve the value of India's oil imports from \$ 164.77 billion in 2013-14 to \$ 82.66 billion in 2015-16 and, in turn, reduce its current account deficit from a peak of \$ 88.16 billion in 2012-13 to an estimated \$ 20 billion in the fiscal gone by.
 - ▶ Cheap crude has conferred in the form of a fiscal windfall for the Centre. The Incumbent government, wisely perhaps, did not fully pass on the gains from lower international oil prices to consumers. Instead, in the last 2 years, it has raised the specific excise duty on diesel from Rs. 3.56 to Rs. 17.33 a litre and that on petrol from Rs. 9.48 to Rs. 21.48 a litre. Previously, oil marketing companies were losing money on sales of most petro-products. The "under-recoveries" from these the burden of which had to significantly be borne by the Centre, either directly as subsidy or as lower dividends from national oil companies amounted to Rs. 143,738 crore in 2013-14 and a mere Rs. 27,571 crore last fiscal. The Centre's overall yearly fiscal windfall from the global oil crash would, thus, be upwards of Rs. 250,000 crore.
 - ▶ If crude were to cross the \$ 50/barrel mark, there is the possibility of pressures on all 3 fronts Inflation, Current account and Fiscal returning. Not allowing it to reappear will be a challenge for this government in the next 3 years.

3.8 A CASE FOR CREATION OF BUFFERSTOCK FOR MORE CROPS



(Q) It is commented by experts that food inflation problem in India cannot be solved till we do not create buffer stocks for our major crops. Critically Analyse.

○ **Context**

- ▶ Keen to prevent a repetition of last year's sky-rocketing prices of onions and pulses, the union Food and Consumer Affairs Ministry is taking steps to prepare timely import plans and also set up buffer stocks of these items.

○ **What is Buffer stock scheme?**

- ▶ Food grains like wheat and rice are bought by the government from the farmers and stored in safe granaries, so that they can be distributed to the common man through government shops (Ration Shops) through the PDs systems.

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- ▶ The government buys excess stock of food grains and stores it, so that it can be used during drought or floods or at times of other calamities, when grain productions is low. This excess stock is called 'buffer stock'.
 - ▶ Food Corporation of India (FCI) buys the grains from the farmers and stores it in its granaries.
- **Objectives of buffer stock scheme**
- ▶ The buffer stocks are required to Feed Targeted Public Distribution System (TPDS) and other welfare schemes, Ensure food security during the periods when production is short of normal demand during bad agricultural years Stabilize prices during period of production shortfall through open market sales.
- **Present situation relating to bufferstock in India**
- ▶ Currently Bufferstock is limited to just rice and wheat where the problem is really of too much of stocks with government agencies while practically non-existent in pulses, sugar, onions, potatoes or milk powder. As against the buffer stock norm of 21.41 million tonnes of rice and wheat (as on 1 January of each year), total central pool stocks were 61.6 million tonnes as on 1 January 2015 and **DUE TO LACK OF STORAGE CAPACITY WITH THE** Food Corporation of India (FCI) a huge quantity of rice and wheat is rotten every year.
 - ▶ Lack of buffer stock in other crops leads to high inflation for these crops whenever supply fails or whenever there is excess demand for these crops. Thus every year pulses, onion and Sugarcane prices are increased tremendously and due to lack of buffer stock Government actions including curbs on exports, liberalizing imports and action against the hoarders having limited impact on reduction of Prices.
- **How will creation of Buffer stock for other crops will improve the situation?**
- ▶ Currently The sugar is already selling at around Rs. 40 a kg - A third more than its level at this time last year and could rise further as the effects of lower cane plantings in Maharashtra and Karnataka fully show up in production during the upcoming season beginning October. A sugar buffer stock of 2-3 million tonnes from last year's production would, for instance, have been most useful today. It would have curbed the price increase of Sugar.
 - ▶ The government has no business setting prices of Tur Dal or clamping stock/turnover limits on dealers. What it can certainly have, nevertheless, is flexibility for intervention for dealing with excessive price volatility in essential commodities. Buffer stocks are a means for that, just as the RBI's foreign exchange reserves are vis-à-vis the currency markets.
 - ▶ Every year pulse and onion prices increases. The government can import excess pulses and onions from abroad and could store it in its godowns and it should be released in the market whenever the prices of these commodities starts shooting up. This will help in curbing the prices.
 - ▶ Creation of bufferstock will also make the Minimum Support Price (MSP) for pulses to function efficiently. Currently Government announces MSP for pulses every year however hardly the pulses produced by farmers are procured by Government because of no provision of bufferstock in pulses therefore creation of bufferstock will incentivize government to procure the pulses produced by farmers and this will incentivize farmers to produce more pulses which ultimately will curb the inflation.

3.9 POULTRY SECTOR IN INDIA: AN ANALYSIS



(Q) What are the factors responsible for rapid growth of Poultry Sector in last decade? What are the major challenges faced by the sector? What needs to be done to overcome these challenges?

○ **Context**

Poultry farmers in India are facing huge losses from last 2 years due to draught and other related factors.

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◦ Growth of India's Poultry sector in Recent years

- ▶ Indian Poultry Industry is one of the fastest growing segments of the agricultural sector today in India. As the production of agricultural crops has been rising at a rate of 1.5 to 2% per annum while the production of eggs and broilers has been rising at a rate of 8 to 10% per annum. Today India is world's 5th largest egg producer in the world. Indian broiler production at 3.8 million tons is the 4th largest in the world after US, Brazil and China.
- ▶ The broiler growing companies are becoming bigger and the feed mills are getting larger. More than 60% of the feed is being processed. The layer farming with 220 million layers is growing at 6-8% and the egg prices are at record high.
- ▶ The 67,000-crore Indian poultry industry is expected to report higher margins in the years to come .
- ▶ The Indian Poultry Industry has undergone a paradigm shift in structure and operation. A very significant feature of India's poultry industry is its transformation from a mere backyard activity into a major commercial activity in just about 4 decades which seems to be really fast. The kind of transformation has involved sizeable investments in breeding, hatching, rearing and processing. Indian farmers have moved from rearing non-descript birds to today's rearing hybrids such as Hyaline, Shaver, and Babcock which ensure faster growth, good livability, excellent feed conversion and high profits to the rearers.
- ▶ The organized sector of Indian Poultry Industry is contributing nearly 70% of the total output and the rest 30% in the unorganized sector.
- ▶ Due to the demand for poultry increasing and production reaching 37 billion eggs and 1 billion broilers, the Poultry Industry today employs around 1.6 million people. At least 80% of employment in Indian Poultry Industry generates directly by the farmers, while 20% is engaged in feed, pharmaceuticals, equipment and other services according to the requirement. Additionally, there might be similar number of people roughly 1.6 million who are engaged in marketing and other channels servicing the poultry sector.

◦ Reason Behind this growth

- ▶ The contributing factors behind this growth are growth in per capita income, a growing urban population and falling poultry prices.
- ▶ The Indian Poultry Industry has grown largely due to the initiative of private enterprises, minimal government intervention, and very considerable indigenous poultry genetics capabilities, and support from the complementary veterinary health, poultry feed, poultry equipment, and poultry processing sectors. India is one of the few countries in the world that has put into place a sustained Specific Pathogen Free (SPF) egg production project.

◦ Challenges facing by the Polutry sector

In last 2 years the Poultry sector is facing distress due to number of factors:

- ▶ There is disparity between states and hence an impairment in growth of the sector. About 60% of the egg production comes from Andhra Pradesh . Commercial poultry farming yet to make a mark in states like Odisha, Bihar, MP, Rajasthan. This disparity has resulted in uncertainty in sector.
- ▶ Recent heatwaves in Andhra Pradesh and Telangana region has resulted in high chicken prices due to killing of birds. As a result poultry feed demand has fallen.
- ▶ Avian influenza was another issue which has resulted devastating effect on Indian poultry, and it still continues to haunt the sector due to low demand and less exports.
- ▶ Shortage of raw material is another issue. Price of soybean meal, the major and only source of protein has increased about 75%, which has forced the feed manufacturers to comprise in terms of diet given to birds.
- ▶ Shortage of human resources is another problem because of the absence of veterinarians, researchers, in areas where expertise knowledge is required.

- ▶ Indian poultry sector is still unable to tap the benefit of international market. Lack of adequate cold storage, warehouses is the major factor affecting poultry sector in India.
- ▶ Majority of the production is by unorganized which is another threat faced by sector.
- ▶ Usually, summer sees a production drop of 5-10%; this year, with the heat and drought, there is a 25-30% drop. The drought has hit water supply for the birds and the latter's mortality rate has risen in recent months, pushing up prices for broilers and eggs.

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◉ Way Forward

The Following measures should be taken by the Government to improve the situation.

- ▶ Strong marketing network to set the industry free from the clutches of middlemen.
- ▶ Government support to public poultry educational and Research & Development institutions.
- ▶ Building infrastructure to meet the growing manpower demand of the poultry sector.
- ▶ Promote both mass production as well as production by masses.
- ▶ Support and promotion of the processing sector.
- ▶ Insurance against losses.
- ▶ Provision of subsidies, and credit

3.10 CAPITAL GOOD SECTOR



(Q) Indian capital goods sector is plagued with number of issues. Identify those issues. Also discuss Whether recently released National capital good policy can resolve those issues?

◉ Context

The Union Cabinet recently approved the first-ever policy for the country's capital goods sector, envisaging creation of over 21 million new jobs by 2025.

◉ Background

The National Manufacturing Policy envisaged manufacturing to contribute 25% to GDP and create 100 million jobs. In contrast, till date, manufacturing activity contributes to 17% of India's GDP and only 4 million jobs are estimated to have been created in the sector since 2010. The gap to stated aspiration is large. The Capital Goods sector is a critical element to boost manufacturing activity by providing critical inputs, that is, machinery and equipment.

Hence Government has come out with first ever policy for the country's capital goods sector. It envisages carving out a roadmap to boost manufacturing in Capital Goods (CG) sector so that, it becomes a part of global value chains apart from mere supply chains.

◉ Brief about Policy

Vision: The National Capital Goods (CG) Policy is formulated with the vision to increase the share of capital goods contribution from present 12% to 20% of total manufacturing activity by 2025.

◉ Objectives of the Policy

The objectives of the National Capital Goods Policy are to:

- ▶ **Increase total production:** To create an ecosystem for a globally competitive capital goods sector to achieve total production in excess of Rs. 750,000 Cr by 2025 from the current Rs. 230,000 Cr.
- ▶ **Increase employment:** Raising direct and indirect employment from the current 8.4 million to 30 million by 2025.
- ▶ **Increase domestic market share:** To increase the share of domestic production in India's capital goods demand from 60% to 80% by 2025 and in the process improve domestic capacity utilization to 80-90%.

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- ▶ **Increase exports:** To increase exports to 40% of total production (from Rs. 61,000 Cr to Rs. 300,000 Cr) by 2025 from current 27%, enabling India's share of global exports in capital goods to increase to 2.5% and making India a net exporter of capital goods.
- ▶ The policy also aims to facilitate improvement in technology depth across sub-sectors (increasing research intensity in India from 0.9% to at least 2.8% of GDP), increase skill availability (training 50 lakh people by 2025), ensure mandatory standards and promote growth and capacity building of MSMEs

◉ **Significance & Current Status of Indian Capital Goods Industry**

- ▶ Capital goods Industry is a large sector with a market size of Rs. 282,000 Cr and total production of Rs. 230,000 Cr in 2014-15. The sector also provides direct employment to 1.4 million people, the sector provides indirect employment to 7 million people and impacts users of capital goods estimated to be 50 times of the direct employment. However, the growth of the sector has been lagging, with domestic market size de-growing at 3.6% per annum and total production increasing by only 1.1% per annum over the last 3 years respectively compared to the Planning Commission targeted growth rate of 16.8% p.a. for production of capital goods during the 12th Five Year Plan period.
- ▶ Capital goods imports have been growing at a rate of 9.8% p.a. over the last 5 years. The share of imports in the Indian capital goods market has increased from 34% in 2009-10 to 40% in 2014-2015, indicating a looming threat to India's self-reliance and national security. At the same time, the capacity utilization of domestic manufacturers is only about 60-70% across sub-sectors. India's share of global capital goods exports is still significantly sub-scale at 0.8% only.

◉ **Issues & Challenges of Indian Capital Goods Industry**

A wide range of issues has negatively impacted the growth of capital goods production in India.

◉ **Major Issues & Challenges are Described Below:**

- ▶ **Issues affecting domestic demand creation:** The lack of positive bias towards domestic value addition in public procurement policies, difficult contract conditions, persistent import and use of second-hand machinery with no incentive for replacement, zero duty import under 'Project Imports' and delays in project implementation are the key factors limiting domestic demand.
- ▶ **Issues affecting exports:** Key challenges include the inadequate availability of competitive short and long-term financing, non-tariff barriers in export markets denying market access and limited understanding of international market requirements especially by smaller players. India also needs to align its trade policy to the shift in India's export map towards developing regions. More trade agreements are needed with developing countries where India has a comparative advantage.
- ▶ **Issues affecting technology depth:** Significant challenges and gaps exist in high-end, heavy-duty, high-productivity and high precision technologies across sub-sectors. Contributors to these gaps include low end user acceptance of new Indian technology, lack of skill availability, weak support infrastructure and low Indian participation in developing international standards. Further, patent processing takes very long and fiscal incentives for Research & Development are still inadequate.
- ▶ **Issues affecting cost competitiveness:** Indian manufacturers are still challenged with respect to cost competitiveness compared to their global peers due to a skewed and state-wise variation in tax and duty structure, prevalence of inverted duty structure for several products and high infrastructure and logistics cost.
- ▶ **Issues related to SMEs:** SMEs still face challenges in developing new products and processes due to their smaller scale and inadequate institutional mechanisms, limited access to capital and low awareness and compliance with international standards.

In addition, there are several sub-sector specific challenges. Achieving high growth would need focused collective efforts by all concerned stakeholders government, industry, end user segments alike; supported by an enabling policy for the capital goods industry.

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o Key Policy recommendation of Capital Good Policy

- ▶ To integrate major capital goods sub-sectors like machine tools, textile machinery, earthmoving and mining machinery, heavy electrical equipment, food processing machinery etc. as priority sectors under 'Make in India' initiative.
- ▶ To create an enabling scheme as a pilot for 'Heavy Industry Export & Market Development Assistance Scheme (HIEMDA)' with a view to enhance the export of Indian made capital goods.
- ▶ Strengthen existing capital goods scheme through increasing the budgetary allocation & increasing scope of the present 'Scheme on Enhancement of Competitiveness of Capital Goods' which include setting up of Centers of Excellence, Common Engineering Facility Centers, Integrated Industrial Infrastructure Park and Technology Acquisition Fund Programme, by adding a set of components including technology, skills & capacity building, user promotional activities, green engineering and energy, advanced manufacturing and cluster development .
- ▶ To launch a Technology Development Fund under PPP model to fund technology acquisition, transfer of technology, purchase of IPRs, designs & drawings as well as for commercialization of such technologies of capital goods.
- ▶ To create a 'Start-up Center for Capital Goods Sector' shared by Department of Heavy Industry (DHI) and Capital Goods (CG) industry association in 80:20 ratio to provide an array of technical, business and financial support resources and services to promising start-ups in both the manufacturing and services space. These services should focus on Pre-incubation, Incubation and Post-Incubation phases of a start-up's growth to ensure that a robust foundation is established.
- ▶ Mandatory Standardization which includes, inter alia, defining minimum acceptable standards for the industry and adoption of International Organization for Standardization (ISO) standards in the absence of other standards, to institute formal development program for promoting and framing Standards with Standards Developing Organizations (SDOs) including Bureau of Indian Standards (BIS), international standard bodies, test / research institutions and concerned industry/ industry associations.
- ▶ To upgrade development, testing and certification infrastructure such as Central Power Research Institute (CPRI), and set up 10 more Central Manufacturing Training Institute (CMTI) like institutes to meet the requirements of all sub-sectors of capital goods.
- ▶ To develop a comprehensive skill development plan/scheme with Capital Goods Skill Council and to upgrade existing training centers and set up 5 regional State-of-the-Art Greenfield Centers of Excellence for skill development of CG sector.
- ▶ To provide schemes for enhancing competitiveness through a cluster approach, especially for CG manufacturing SMEs. Thrust to be on critical components of competitiveness such as Quality management, Plant maintenance management, Energy management, Cost management, Human Resource management and prevention of corrosion with the Government support to the extent of 80% of the cost.

o Conclusion

The National Capital Goods Policy is a major step to unleash the potential of this promising sector and is envisaged to contribute significantly to achieving the overall vision for manufacturing and Make in India. The smooth implementation and effectiveness of the policy will require alignment and joint action of several ministries and departments and have implications on multiple stakeholders and user industries.

3.11 REVAMPED QUARTERLY EMPLOYMENT SURVEY



(Q) Discuss the key features of newly revamped employment survey. How does it differ from the previous one? Will it make the data more accurate?

o Context

- ▶ Government is likely to revamp the quarterly employment survey from this month end as now the data for the survey will be collected as per the new format.

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◦ What is quarterly employment survey?

- ▶ The quarterly employment survey was started in October-December 2008 to assess the impact of the global recession on the Indian job market.
- ▶ So far, 28 such surveys have been conducted.
- ▶ According to the latest 28th survey results, new jobs in the 8 sectors of the economy fell to a 6 year low of 1,35,000 in 2015 as against 4.21 lakh jobs in 2014 and 4.19 lakh jobs in 2013.
- ▶ Apart from the quarterly employment survey, employment and unemployment data is released through once in every 5 years survey by the National Sample Survey Organisation (NSSO).

◦ How does it differ from the last survey?

- ▶ At present, the survey covers sectors such as textiles including apparels, leather, metal, automobile, gems and jewellery, transport, handloom/ powerloom and IT/BPOs.
- ▶ The survey will include 18 sub-sectors under 8 main sectors of manufacturing, construction, trade, transport, education, health, accommodation and restaurants and IT/BPOs, bringing the unorganised sector under its ambit.

◦ Why the model has been revamped?

- ▶ To examine and finalise the coverage and sample size of the survey for generating comprehensive information regarding employment.
- ▶ As the services sector contributes more than 55% of the nation's Gross Domestic Product (GDP), it was necessary to include the share of services in the survey.
- ▶ There was a need to bring in the new sectors, which will make the data tuned with the present and to make it more structured and sync it with policymaking.
- ▶ It will enable India to have regular up-to-date jobs data for both policymaking and public consumption
- ▶ The step has been taken Aimed at bridging the data deficit with regard to employment in the country.
- ▶ The sectors covered under the survey have been widened in ambit so that the results of the survey are reflective of the changing employment scenario in the non-farm sector for the country as a whole.

3.12 WHOLESALE INFLATION TURNS POSITIVE AFTER 17 MONTHS

◦ Context

The government data released on May 17, witnessed the annual rate of inflation turning positive, based on monthly Wholesale Price Index (WPI) which stood at 0.34% (provisional) for the month of April, 2016 as compared to (-)0.85% for the previous month (March 2016) on rise in vegetables and pulses prices.

◦ What the WIP stands for?

- ▶ Work In Progress/Process (WIP) refers to all materials and partly finished products that are at various stages of the production process.
- ▶ WIP excludes inventory of raw materials at the start of the production cycle and finished products inventory at the end of the production cycle.

It was (-) 2.43% during the corresponding month of the previous year.

Food Inflation stood at 4.23% in April compared with 3.73% in March. Inflation in vegetables came in at 2.21% compared with (-) 2.26% in April while the same in the pulses was high at 36.36% and (-) 2.38% respectively.

In the other daily consumable items such as, onion and fruits saw further easing of prices, with less sub-indices falling (-) 18.18 % and (-) 2.38% while a rise in retail inflation for the month of April at 5.39% versus 4.83% in the previous month.

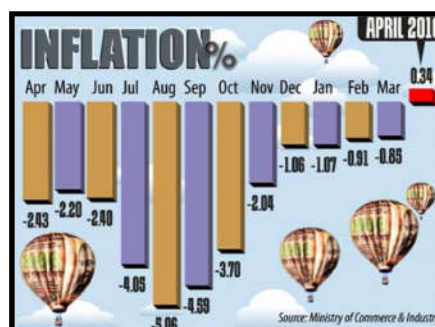


Fig. 3.3

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4.1 INDIA'S LAUNCH OF REUSABLE LAUNCH VEHICLE



(Q) The newly launched RLV by ISRO will bring India to the forefront of countries with good space technologies. How will it benefit India in future and what are the areas where this technology will be used?

Context

- ▶ India has recently successfully flight-tested an indigenous winged Reusable Launch Vehicle, dubbed "swadeshi" space shuttle, from Sriharikota space station in Andhra Pradesh.

What is a Reusable Launch Vehicle?

- ▶ A Reusable Launch Vehicle (RLV) is the space analog of an aircraft. Ideally it takes off vertically on the back of an expendable rocket and then glides back down like an aircraft. During landing phase, an RLV can either land on a runway or perform a splashdown. Small wings provide maneuverability support during landing.
- ▶ The main advantage of an RLV is it can be used multiple times, hopefully with low servicing costs. The expendable rocket that is used for launching the RLV can also be designed to be used multiple times. A successful RLV would surely cut down mission costs and make space travel more accessible.

About India's RLV

- ▶ The RLV is aimed at putting satellites into orbit around earth and then re-enter atmosphere with the ultimate goal of drastically slashing down the cost of launches by as much as 10 times.
- ▶ This is the first time ISRO has launched a winged flight vehicle after the US, Japan, France and Russia.
- ▶ The reusable launch vehicle will be able to carry 10-15 tonnes into the low earth orbit.

Significance of RLV test on Indian Space Program

- ▶ Polar Satellite Launch Vehicle (PSLV) and Geosynchronous Satellite Launch Vehicle (GSLV) are expendable launch vehicle but they got burned after launching satellite in space. Reusability of RLV will decrease this cost to create new launch vehicle for every time.
- ▶ The propellor used in RLV can be customized accordingly, to launch a satellite in lower orbit, only one propellor in single stage to orbit RLV will be used. For higher orbit, 2 stage to orbit RLV will be used.
- ▶ Technology used in this launch vehicle can be used in other spacecrafts either it is man mission to Moon or Mars, thus it will help to economize time and monetary cost.
- ▶ Due to cost effectiveness, and reduced cost of operation, India will attract more foreign business to launch their satellites.
- ▶ As it can be reused again, it reduces the growing space debris and thus it can be seen as preferred clean space technology at international level which can further boost Indian's space commerce industry.
- ▶ With the retirement of the space shuttle of NASA, this could well be a premier way to transport people and goods to future space stations.
- ▶ The RLV-TD Program is not just a technology demonstration for India, but a way to prove how much it has progressed in the field of space exploration. Currently the annual spending budget of ISRO for launching satellites is Rs. 300 cr. A successful RLV program would reduce the cost of space missions, making India more competitive in the launcher market. For now, the test program will expand the technological capabilities of India, enabling it to be a forerunner in space exploration in near future.

Looking at the Future

It is an important achievement, and RLV will also improve the India's credential and space science and operation which will motivate it as well as other space agencies to work in collaboration with ISRO.

The success of the Mars Orbiter Mission (MOM) at the first attempt in 2013 has boosted the hopes of ISRO to send humans to Mars. A highly developed version of RLV for launching humans to space could demonstrate the technological ability and progress achieved by Indians in the field of space exploration. The series of experiments that need to be carried out will help in expansion of space technology and capability of ISRO and India culminating in a fully developed version of RLV.

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4.2 CARCINOGENIC AGENTS IN BREAD: ISSUES

Context

- ▶ A study conducted by Centre for Science and Environment (CSE) has found various samples of packaged bread, white bread, pav, buns, breads used in pizzas and burgers to contain the chemicals which could probably cause cancer.

What does the report say?

- ▶ High levels of potassium bromate/iodate were found in sandwich bread, pav, bun and white bread which are banned in many countries as they are listed as "hazardous" for public health.
- ▶ 84% (32/38) samples were found with Potassium Bromate/Iodate in the range of 1.15-22.54 parts per million (ppm). 79% (19/24) samples of packaged bread, all samples of white bread, Pav, bun and ready-to-eat pizza bread and 75% (3/4) samples of ready-to-eat burger bread tested positive.

What are the chemicals found?

- ▶ Potassium Bromate classified as a category 2B carcinogen (possibly carcinogenic to humans). potassium bromate is a powerful oxidizing agent that chemically ages flour much faster than open air. Potassium bromate bleaches dough, and enhances its elasticity by strengthening its network of molecular bridges, which makes for the formation of tiny, thin-walled bubbles as the bread rises. The end product is fluffy, soft and unnaturally white. But considering its carcinogenic properties, it has been banned in many nations.
- ▶ Potassium Iodate-contributes to thyroid-related diseases.
- ▶ potassium bromate and potassium iodate are used for treating flour. In 1999, the International Agency for Research on Cancer (IARC) classified potassium bromate as possibly carcinogenic (cancer causing) to humans. It is banned in many countries but not in India or the US.
- ▶ However, in India the products still continue to be used for treating flour while making bread.

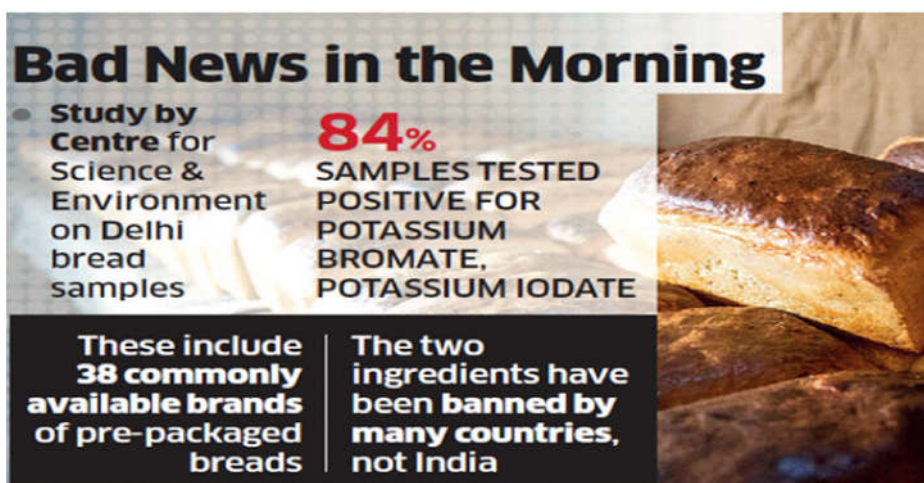


Fig. 4.1

Potential health effects

- ▶ Potassium bromated has found to cause tumours of the kidney, thyroid and cancer of the abdominal lining in laboratory animals.

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- ▶ **It has been considered as a 'genotoxic carcinogen'**. It is also recognised as a category 2B carcinogen since 1999 which means it is believed to be "possibly carcinogenic to humans" by the International Agency for Research on Cancer.
- **What are the regulations worldwide?**
 - ▶ It is banned in many countries after being found as carcinogenic.
 - ▶ Canada, Australia, New Zealand, China, Sri Lanka, Brazil, Nigeria, Peru and Columbia have stopped its use.
 - ▶ CODEX Alimentarius, an international body which sets safety standards for food commodities, formally withdrew specifications of potassium bromate in 2012.
- **Way ahead**
 - ▶ CSE has urged food regulator FSSAI to ban the use of potassium bromate and potassium iodate with immediate effect and prevent their routine exposure to Indian population.
 - ▶ Potassium bromate is presently in the list of permitted additives. It needs to be removed from the list.
 - ▶ In past also, FSSAI has failed to implement the standards of food safety due to which controversy aroused in Maggie case. It is high time the authority should take strict measures to implement the standards.

4.3 INDIGENOUSLY BUILT INS TARMUGLI COMMISSIONED IN INDIAN NAVY

The Indian Navy commissioned the highly maneuverable fast attack craft INS Tarmugli at the hands of the vice Admiral HCS Bist, flag-officer commanding eastern naval command at naval dockyard, Visakhapatnam.

○ About the INS Tarmugli

- ▶ INS Tarmugli is being based in Visakhapatnam under the Naval Officer-in-charge (Andhra Pradesh) and would be deployed for coastal patrol and surveillance operations along the east coast of India.
- ▶ Built by the M/S Garden Reach Shipbuilders and Engineers Ltd. (GRSE) Kolkata. INS Tarmugli is the first to follow on Water Jet Fast Attack Craft (WJFAC), is an improved version of WJFAC, earlier constructed by GRSE, conceived, designed and built indigenously.
- ▶ This is the part of nation's 'Make in India' initiative and indigenization efforts in the warship design and construction.
- ▶ This ship is capable of operating in shallow waters at high speeds and is equipped with enhanced fire power. Built for extended coastal and offshore surveillance and patrol the warship is fitted with advanced MTU engines, water jet propulsion and the latest communication equipment.

○ Features of the INS Tarmugli

- ▶ The ship is named after an island in the Andaman group
- ▶ The 320-tonne INS Tarmugli, measures 48 m and can achieve speeds in excess of 30 knots.
- ▶ Team of 4 officers and 41 sailors led by commander Sreejith S Nair appointed as the ship's commissioning Commanding Officer.
- ▶ Armament comprises: A 30 mm CRN 91 gun manufactured by Ordnance Factory Medak, an electronic day-night fire control system namely Stabilised Optronic Pedestal (SOP) manufactured by Bharat Electronics Limited (BEL), 12.7 mm heavy machine guns (HMG) and multiple medium machine guns, besides shoulder-launched Iгла surface-to-air missiles to combat aerial threats.

4.4 INDIA RANKS 3RD IN 'RENEWABLE ENERGY COUNTRY ATTRACTIVENESS INDEX'

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The Top 10	
1.	United States of America
2.	China
3.	India
4.	Chile
5.	Germany
6.	Brazil
7.	Mexico
8.	France
9.	Canada
10.	Australia

The 'emerging' markets now represents half of the countries in the 40 strong indexes, including 4 African markets featuring in the top 30.

India's renewable energy sector has been ranked 3rd in the renewable Energy Country Attractiveness Index (RECAI) with china at 2nd and the US on top position.

o What does the Index stands for?

- ▶ In previous decade, only China and India were attractive enough to compete with more developments markets for investments while the top 3 countries maintained their ranking.
- ▶ Low solar bids are not a phenomenon restricted to India, but countries such as Mexico and Dubai have also been reporting very low solar bids.
- ▶ In the Indian context, wind continues to be at a pricing premium to solar in the rest of the world, but both these technologies are racing towards grid parity, which may lead to not so desirable consequences for traditional utility business model.
- ▶ Due to the strong focus of the Indian Government on Renewable energy as well as timely implementation of renewable energy projects along with growing number of jurisdictions contracting utility scale renewable energy through competitive auction process, renewable energy is increasingly proving worth against conventional energy generation.
- ▶ Renewable energy auction in India, South Africa and Peru saw bids that fossil generators would struggle to match. The falling coast of renewable and their growing ability to challenge and displace fossil fuel generation without subsidy, once long term Power Purchase Agreements (PPA'S) for creditworthy counterparties, are an option in any market.

o Way forward

The European markets appear to be scaling back their ambitions as they address the challenges of mingling increasingly mainstream renewable with a legacy of centralised conventional power generation.

The index ranks 40 markets on the attractiveness of their renewable energy investment and deployment opportunities, based on a number of macro, energy market and technology-specific indicators. The methodology has been refreshed in the May edition to reflect greater focus on energy imperative, policy stability and routes to market.

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4.5 INDIAN AIR FORCE SUCCESSFULLY TEST FIRES BRAHMOS MISSILE AT POKHRAN

Indian Air Force (IAF) successfully test fired supersonic cruise missile Brahmos, with advanced guidance system and indigenously built software algorithm from a defence base in the western sector.

The Brahmos land-attack system was launched from a mobile autonomous launcher from Pokhran range establishing its supremacy in the world of supersonic cruise missile.

o About Missile Brahmos

- ▶ Brahmos Missile, which derives its name from the Brahmaputra and Moskova rivers, was developed by an Indo- Russian joint venture (JV) after the 2 countries signed an agreement in February 1998.
- ▶ The 9 meter long missile can travel at a speed of Mach 2.8
- ▶ This missile is the fastest in the world, has a flight range of up to 290 km. and carries a conventional warhead of 200 to 300 kg., thus, delivering with high precision, devastating power at supersonic speed.
- ▶ This state of the art-missile system has empowered all 3 wings of the armed forces with impeccable Anti-ship and land attack capability.
- ▶ This system has yielded results in shortest possible time and has been well recognised by the armed forces of many countries who are interested in acquiring this complex weapon.

o Differentiation between Ballistic & Cruise Missiles

Ballistic missiles:

- ▶ Ballistic missiles follow an arch-like trajectory and are launched from the land or sea.
- ▶ They usually carry a nuclear warhead and are very heavy.
- ▶ They rely on earth's gravity to fly down once launched.
- ▶ They have much larger range.

Cruise missiles:

- ▶ Cruise missiles can also be launched from air and fly within earth's atmosphere.
- ▶ They have their own engines and wings to strike the target.
- ▶ They can be supersonic or subsonic and are highly accurate.
- ▶ They usually carry conventional warheads although some cruise missiles can also be equipped with nuclear warheads.

In both cases, these missiles are guided. That is the flight-path is pre-determined and very small alterations in flight are possible, if at all.

o Indo-Russian joint development project

Military programs:

- ▶ Brahmos cruise missiles programme.
- ▶ 5th generation fighter jet programme.
- ▶ Sukhoi-54-30 MKI Programme.
- ▶ Rushin/HAL Tactical Transport Aircraft.

Additionally India has purchased various military hardwares from Russia.

o A joint military exercise conducted by India and Russia such as, INDRA, which boosting cooperation and interoperability between Russian and Indian Navies.

- ▶ The bilateral trade between India and Russia have Free Trade Agreement (FTA) will increase manifold, thereby significantly increasing the importance of economics in bilateral ties.
- ▶ Co-operation between both the countries in the energy sector, space co-operation, science and technology, cultural sphere etc. are the notable ties-up in time.

- ▶ In the 'Make in India initiatives' engagement in development of 'smart cities' the DMIC, the aerospace sector, the commercial nuclear sector and enhancement in manufacturing through co-development and co-production. The DMIC eventually connect Delhi and Mumbai with Railways, highways, ports, interconnecting smart cities and industrial parks.

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○ **Technological specification, propellant, variants of Brahmos**

S. No.	Specifications	Range
1.	Maximum Range	290 Km.
2.	Maximum velocity	Mach 2.8
3.	Cruise altitude	15 Km.
4.	Terminal altitude	10-15 metres
5.	Warhead weight	200-300 kg.
6.	Dimensions	9000 mm (L), 700 mm (D)

○ **Technical aspects in Brahmos:**

- ▶ Intertidal guidance system
- ▶ Liquid ramjet engine
- ▶ Onboard computer and special algorithm
- ▶ Universal launch system for multiple platform
- ▶ Hydraulics and fabrications

○ **Variants of Brahmos:**

- ▶ Surface to surface variants
- ▶ Submarine launched variant
- ▶ Air launched variant

○ **Compared to existing state of the art subsonic cruise missiles, BRAHMOS has:**

- ▶ 3 times more velocity
- ▶ 2.5 to 3 times more flight range
- ▶ 3-4 times more Secker range
- ▶ 9 times more kinetic energy

This missile has identical configuration for land, sea and sub-sea platforms and uses a Transport Launched Canister (TLC) for transportation, storage and launched.

○ **MTCR and the reason behind keeping the range restricted to 290 kms**

Missile Technology Control Regime (MTCR) that seeks to limit proliferations of missile technology capable of chemical, biological and nuclear warheads. It is informal and voluntary partnership among 35 countries to prevent the proliferation of missile and unmanned aerial vehicle capable of carrying 500 kg. payload till 300 km.

The MTCR guidelines, drafted in 1987, enjoin member states to restrict the export of items that could assist the production of ballistic missile and other unmanned delivery systems for weapons of mass destruction.

Specifically it places restriction on rockets and UAV's capable of delivering a payload of more than 500 kgs. and to a range of at least 300 km. It is one of the 4 nuclear regimes India wants to be a part of.

○ **Countries, who have shown interest in purchasing Brahmos**

India awaits approval to join the nuclear suppliers group, the country is working on exporting missile to south pacific nation. At least 16 countries shown interest in purchasing Brahmos including Vietnam. Indonesia, South Africa, Chile and Brazil.

The countries have expressed interest in buying Brahmos after having detailed discussion with India. The countries include the Philippines, Malaysia, Thailand and United Arab Emirates.

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◦ Way Ahead

About 205 Indian industries have come in a big way by significantly contributing their know-how and expertise in realizing this weapon system.

The missile's successful launch is expected to give a boost to the ongoing programme of future installations of the weapon system in the IAF.

While the Army and Navy have already inducted the missile system, the launch of the missile's air-version integrated with Su-30MKI aircraft will be carried out soon.

4.6 SCIENTIST DISCOVERS NEW PROPERTY OF LIGHT BASED ON ANGULAR MOMENTUM

A newly discovered a form of light is known as Angular Momentum which will impact general understanding of the fundamental nature of light.

One of the measurable characteristics of a beam of light is known as angular momentum, until now it was thought that in all forms of light the angular momentum would be multiple of Plank's constant, the physical constant that sets the scale of quantum effect where the angular momentum of each photon (a particle of visible light) takes only half of this value.

◦ About the Discovery

- ▶ In the 1830's, Mathematician William Rowan Hamilton and physicist Humphrey Lloyd found that, upon passing through certain crystals, a ray of light became a hollow cylinder.
- ▶ It helps to generate beams of light with a screw like structure.
- ▶ Analyzing these beams within the theory of quantum mechanics they predicted that the angular momentum of the photon would be half-integer, and devised an experiment to test their prediction.
- ▶ Using a specially constructed device they were able to measure the flow of angular momentum in a beam of light. They were also able, for the first time, to measure the variations in this flow caused by quantum effects.
- ▶ The experiments showed a tiny shift, one-half of Planck's constant, in the angular momentum of each photon.
- ▶ Theoretical physicists since the 1980's have speculated how quantum mechanics works for particles that are free to move in only 2 of the 3 dimensions of space.

◦ Way Ahead

- ▶ This discovery is a breakthrough for the world of physics and science alike, that this would enable strange new possibilities, including particles whose quantum numbers were fractions of those expected. This work shows, for the first time, that these speculations can be realized with light.
- ▶ Discovery will have real impacts for the study of light waves in areas such as secure optical communications.

4.7 SEA ICE AROUND ANTARCTICA IS RISING: NASA – LED STUDY

The geology of Antarctica and the Southern Ocean is responsible for the sea ice cover surrounding Antarctica been increasing slightly, in sharp contrast to the drastic loss of sea ice occurring in the Arctic Ocean.

◦ About the NASA's Findings

- ▶ 2 persistent geological factors, the topography of Antarctica and the depth of the ocean surrounding it are influencing winds and ocean currents, respectively to drive the formation and evolution of Antarctica's sea ice cover and help sustain it.
- ▶ The behaviour of Antarctica sea ice is entirely consistent with the geophysical characteristics found in the southern polar region, which differ sharply from those present in the Arctic.

- ▶ Sea ice forms and builds up early in the sea ice growth season, it gets pushed offshore and northward by winds, forming a protective shield of older, thicker ice that circulates around the continent.
- ▶ The persistent winds, which flows down slopes off the continent and are shaped by Antarctica's topography, pile ice up against the massive ice shield, enhancing its thickness.
- ▶ This band of ice, which varies in width from roughly 100 to 1000 Km., encapsulates and protects younger, thinner ice in the ice pack behind it from being reduced by winds and waves.
- ▶ Older, thicker sea ice returns a stronger radar signal than younger, thinner ice does. The sea ice within the protective shield was older and rougher-due to longer exposure to wind and waves and thicker due to more snow accumulation.
- ▶ As the sea ice cover expands and ice drifts away from the continent, areas of open water form behind it on the sea surface, creating "ice factories" conducive to rapid sea ice growth.

The researchers used satellite radar, sea surface temperature, land form and bathymetry (ocean depth) data to study the physical processes and properties affecting Antarctic sea ice.

The researchers analysed radar data from NASA's QuikScat satellite from 1999 to 2009 to trace the paths of Antarctic sea ice movements and map its different types.

They focused on the 2008 growth season, a year of exceptional seasonal variability in Antarctic sea ice coverage.

The team also used QuikScat radar data to classify the different types of Antarctic sea ice.

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5

ENVIRONMENT

5.1 DRAFT WETLAND MANAGEMENT RULES

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- (Q) What do you understand by Wetland, What Ecosystem services do Wetland Provide?
(Q) Many environmentalist consider Draft wetland Management Rules as too vague. Comment

o Context

- ▶ The Draft Wetland (Conservation and Management) Rules, 2016, which seek to replace the older Wetland (Conservation and Management) Rules, 2010, are open for public comments until May 31.

o Details of the event

Key features of the guidelines

- ▶ As per the new draft Rules, state governments and union territories would now have to form a wetland authority comprising of top secretaries from various departments such as environment, urban development, rural development, water resources, fisheries, irrigation, tourism along with experts from each field.
- ▶ The state wetlands authority will be responsible for identifying wetlands to be notified which would then be forwarded to Centre.
- ▶ The move is part of the ministry's efforts to decentralize decision-making to states. The step would give more powers to states to protect and regulate wetlands.
- ▶ The previous rule called for creation of a Central Wetlands Regulatory Authority (CWRA) while 2016 draft says all state governments shall set up a state level wetlands authority entrusted with affairs related to wetland conservation, regulation and management.

o Analysis

Criticism of the Guidelines

- ▶ The new draft has omitted some types of wetlands that were protected in the 2010 version. Wetlands located within a UNESCO world heritage sites such the mountain chain of Western Ghats and high altitude wetlands that were protected under 2010 Rules find no mention in the new draft.
- ▶ Unlike the 2010 rules, which specified that activities such as solid waste dumping, storing of hazardous material, setting up of new industries, discharge of untreated waste and effluents is prohibited in wetlands the new draft rules do not spell out the list of activities prohibited.
- ▶ While retaining the prohibition on reclamation of wetlands, the 2016 draft states that, only those activities "likely to have an adverse impact on ecological character of the wetland" would be prohibited, leaving the scope of protection ambiguous.
- ▶ Many Environmentalists believe that, giving responsibility to State government to prepare an inventory of wetlands in their territory and to identify wetlands to be regulated under these rules is not decentralizing but outsourcing the job to the state government. The Ministry will have to come up with some mechanism to ensure who is going to decide what will be the activity that would impact wetlands and is in spirit of wetland protection.
- ▶ In case a state government does not form the state level Wetlands authority, the Government of India (GOI) has kept no handle with it to ensure implementation of the central Environment Protection Act, 1986 under which these rules have been made, nor any time limit been set by the Ministry of Environment, Forest and Climate Change (MoEFCC) in the Rules wherein a state shall set up the said Wetlands Authority.

o Additional information

What is Wetlands?

- ▶ Wetlands mean an area of marsh, peatland or water, natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt and all inland and

coastal waters such as lakes, reservoirs, tanks, backwaters, lagoons, creeks, estuaries and man-made wetlands. But it does not include river channels and paddy fields.

- ▶ Under the 'Ramsar convention of 1971', named after an international treaty signed in Ramsar, Iran in 1971 for protection of wetlands India has identified 25 wetlands. Asthamudi wetlands in Kerala, Bhitarkanika mangroves and Chilika lake in Odisha, East Kolkata wetlands, Kolleru lake in Andhra Pradesh and Vembanad-Kol, Kerala wetlands are some of the most famous wetlands of the country.

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◦ Functions of Wetland

- ▶ Wetlands are considered the lifelines of society due to the services they provide.

Some of the important ecological services they provide include:

- Water supply and purification;
- Waste assimilation;
- Buffer against extreme events as floods, droughts, storms and cyclones;
- Groundwater recharge;
- Erosion control
- They also support recreational, social and cultural activities, as well as harboring a range of floral and faunal diversity.
- They can also help in mitigating and adapting to changing climate through their ability to act as carbon sinks, regulate water regimes, prevent erosion and provide a habitat to biodiversity under stress.

◦ Important threats to Wetlands

Wetlands are seriously threatened by reclamation and degradation as a result of drainage and landfills, pollution (domestic and industrial effluents, disposal of solid waste) resulting in loss of biodiversity and disruption of the wetland systems.

5.2 ORGANIC FARMING IN INDIA



- (Q) What do You Understand by Organic Farming? Why it is needed in India?
- (Q) What are the steps taken by Government to Promote Organic Farming in India? What more needs to be done?

◦ Context

The market for organic food in this country is likely to treble in the next 4 years, according to a report from business chamber Assocham and TechSci Research, a Non-government body.

◦ What is organic farming?

- ▶ Organic farming system in India is not new and is being followed from ancient time. It is a method of farming system which primarily aimed at cultivating the land and raising crops in such a way, as to keep the soil alive and in good health by use of organic wastes (crop, animal and farm wastes, aquatic wastes) and other biological materials along with beneficial microbes (biofertilizers) to release nutrients to crops for increased sustainable production in an eco-friendly pollution free environment.

◦ Need for organic farming in India

- ▶ With the increase in population our compulsion would be not only to stabilize agricultural production but to increase it further in sustainable manner. The scientists have realized that the 'Green Revolution' with high input use has reached a plateau and is now sustained with diminishing return of falling dividends. Thus, a natural balance needs to be maintained at all cost for existence of life and property. The obvious choice for that would be more relevant in the present era, when these agrochemicals which are produced from fossil fuel and are not renewable and are diminishing in availability. It may also cost heavily on our foreign exchange in future.

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◦ The key characteristics of organic farming include

- ▶ Protecting the long term fertility of soils by maintaining organic matter levels, encouraging soil biological activity, and careful mechanical intervention
- ▶ Providing crop nutrients indirectly using relatively insoluble nutrient sources which are made available to the plant by the action of soil micro-organisms.
- ▶ Nitrogen self-sufficiency through the use of legumes and biological nitrogen fixation, as well as effective recycling of organic materials including crop residues and livestock manures.
- ▶ Weed, disease and pest control relying primarily on crop rotations, natural predators, diversity, organic manuring, resistant varieties and limited (preferably minimal) thermal, biological and chemical intervention.
- ▶ The extensive management of livestock, paying full regard to their evolutionary adaptations, behavioral needs and animal welfare issues with respect to nutrition, housing, health, breeding and rearing.
- ▶ Careful attention to the impact of the farming system on the wider environment and the conservation of wildlife and natural habitats.

◦ Steps taken by the Government to promote organic farming in India

Government is promoting **Organic farming** through various schemes:

- ▶ **National Project on Organic Farming (NPOF)**
- ▶ **National Horticulture Mission (NHM)**
- ▶ **Horticulture Mission for North East and Himalyan States (HMNEH)**
- ▶ **Rashtriya Krishi Vikas Yojana (RKVY)**
- ▶ Network Project on Organic Farming of **Indian Council Agricultural Research (ICAR)**.
 - Under NHM, HMNEH and RKVY schemes, States are being supported for adoption and certification of farmers lands in clusters and setting up of organic input production units.
 - **Under NPOF, there is no provision to provide financial assistance to the farmers directly who save subsidy on fertilisers.**
 - In addition to this, Government is implementing a Cluster based programme to encourage the farmer for promoting organic farming called **Paramparagat Krishi Vikas Yojana (PKVY)**.

◦ Key features of PKVY

- ▶ Groups of farmers would be motivated to take up organic farming under Paramparagat Krishi Vikas Yojana (PKVY). Fifty or more farmers will form a cluster having 50 acre land to take up the organic farming under the scheme.
- ▶ In this way during 3 years 10,000 clusters will be formed covering 5.0 lakh acre area under organic farming. There will be no liability on the farmers for expenditure on certification.
- ▶ Every farmer will be provided Rs. 20,000 per acre in 3 years for seed to harvesting of crops and to transport produce to the market.
- ▶ Organic farming will be promoted by using traditional resources and the organic products will be linked with the market.
- ▶ It will increase domestic production and certification of organic produce by involving farmers.

◦ Progress of Organic farming in India till date

- ▶ The current market (pulses and foodgrain the bulk) of organic food is at \$500 million (about Rs. 3,350 crore). It was \$360 million (Rs. 2,400 crore) in 2014.
- ▶ Although nascent, the Indian organic food market has begun growing rapidly in last few years. A report by Yes Bank in 2014 said that the organic food sector is growing at about 20% in India, with more than 100 retail organic outlets in Mumbai and about 60 in Bangalore.

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- ▶ Total area under organic certification in India in 2013-14 is estimated to be 4.72 million ha with 15% are certified and the rest under forest area. India has the highest number of organic producers in the world (5,97,873), mainly due to small holdings.
- ▶ During 2013-14, India exported 135 products, realisation from which was to the tune of \$403, million including \$183 million contributed by exports of organic textile. Major destinations for organic products from India are the US, EU, Canada, Switzerland, Australia, New Zealand, South-East Asian countries, West Asia, South Africa, etc.
- ▶ Soyabean (70%) lead among the products exported followed by cereals and millets other than Basmati (6%), processed food products (5%), Basmati rice (4%), sugar (3%), tea (2%), pulses and lentils (1%), dry fruits (1%), spices (1%).

◦ Why demand for organic products are increasing in recent years

Consumers in recent years are increasingly becoming aware of the health hazards of chemicals and pesticides thus they preferring the organic food. The level of food adulteration going on in India is also shifting consumers towards organic food.

◦ Challenges and constrains faced by Organic farming in India

- ▶ The most important issue facing organic farming is its failure to raise the productivity to keep pace with the growing population. Organic yields are far less than yields of conventional farming. As per the 2011 survey data of National Agricultural Statistics Service, a branch of the US organic farming would require 14.5 million acres more to equal conventional farming's production of 14 staple (human-focused food crops).
- ▶ There is a wide gap in scientific validation and research compared to the progress in the same for general agriculture. Also, there is a need to aid farmers with advisory services (technical and managerial support to form cluster and adopt best management practices).
- ▶ Due to lack of government support, the courage needed to convert inorganic land into organic land is missing also there is absence of globally recognized consultancy for timely guidance to farmers. Thus, huge support from states and the Centre is required.
- ▶ Key problems faced by organic farmers during the transition phase are non-realisation of premium.

6

SOCIAL ISSUES

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6.1 DRAFT POLICY ON WOMEN



(Q) Do you think India needs a national policy for women in order to make them more empowered and stand equal to other sections? Discuss the key features of National policy on women recently drafted by government?

Context

- ▶ The union government has recently unveiled the Draft National Policy for Women aimed at “re-scripting” women’s empowerment by following a “socially inclusive rights-based approach.” It has been released by the Ministry of Women and Child Development (MWCD).

Status of women in India

- ▶ From ancient to modern period, women’s condition-socially, politically and economically has not remained same and it kept changing with times. In ancient India, women were having equal status with men; in early Vedic period they were very educated and there are references of women sages such as Maitrayi in our ancient texts. But with the coming of Manusmriti, the status of women was relegated to a subordinate position to men.
- ▶ During medieval period the condition of women got worsened with the advent of Muslim rulers in India; as also during the British period.
- ▶ The constitution of India has given special attention to the needs of women to enable them to exercise their rights on equal footing with men and participate in national development.

The constitution aims to make specific provisions for women such as:

Preamble

The Preamble to the Constitution of India assures justice, social, economic and political; equality of status and opportunity and dignity to the individual. Thus it treats both men and women equal.

Fundamental Rights

- ▶ Article 14 ensures to women the right to equality.
- ▶ Article 15(1) specifically prohibits discrimination on the basis of sex.
- ▶ Article 15(3) empowers the State to take affirmative actions in favour of women.
- ▶ Article 16 provides for equality of opportunity for all citizens in matters relating to employment or appointment to any office.

Directive Principles of State Policy

- ▶ Article 39 (a) provides that the State to direct its policy towards securing for men and women equally the right to an adequate means of livelihood.
- ▶ Article 39 (d) mandates equal pay for equal work for both men and women.
- ▶ Article 42 provides that the State to make provision for securing just and humane conditions of work and for maternity relief.

Why does India need National Policy?

- ▶ Given the long term nature of issues which impact on women, there is a need to strengthen the processes that promote all-round development of women by focussing on a coordinated approach for implementation of the schemes of the concerned Ministries/Departments and by creating an enabling environment conducive to social change.
- ▶ Despite the special measures that the state has taken for the welfare of the women, they are facing problems like feminisation of poverty, inadequate investment in social sectors, increasing violence against women and stereotyped portrayal of women in society.

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- ▶ Since 2001, when the last National Policy for Empowerment of Women was formulated, the concept of women empowerment has seen changes, from being recipients of welfare benefits to the need to engage them in the development process, welfare with a heavy dose of rights. This draft policy has tried to address this shift. It will define the government's action on women in the next 15-20 years.

◉ Previous legislations in this regard

- ▶ In 1976, National Plan of Action (1976) was enforced providing guidelines based on 'United Nations' World Plan of Action for women' with special attention to areas of health, family planning, nutrition, education, employment, legislation and social welfare for formulating and implementing of action programmes for women.
- ▶ During the 7th Plan period, the National Policy on Education 1986 was adopted which focussed on providing educational opportunities to women.
- ▶ The reservations provided to women through The 73rd and 74th Constitutional Amendment Acts of 1992 in local bodies has enabled them to be brought to the centre-stage in the nation's efforts to strengthen democratic institutions.
- ▶ The Government had adopted the National Policy for Empowerment of Women in 2001 with the objective to bring about the advancement, development and empowerment of women and to eliminate all forms of discrimination against women. It was directed towards achieving inclusive growth with special focus on women.
- ▶ India is also a signatory to a number of UN conventions, Primarily Convention on Elimination of all forms of Discrimination Against Women (CEDAW), Beijing Platform for Action and Convention on Rights of the Child.

◉ Schemes in India for women welfare

▶ **Beti Bachao Beti Padhao**

It aims at taking Coordinated & convergent efforts are needed to ensure survival, protection and education of the girl child.

▶ **Support to Training & Employment Programme for Women (STEP)**

It is a Central Sector Scheme launched in 1986-87, seeks to upgrade skill of poor and assetless women and provide employment on sustainable basis by mobilizing them in viable cooperative groups, strengthening marketing linkages, support services and access to credit.

▶ **Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) - 'SABLA'**

It is a Centrally-sponsored scheme was approved by the Government to meet nutritional needs and to provide at vocational training for girls above 16 years of age for their economic empowerment.

▶ **Rashtriya Mahila Kosh - (National Credit Fund for Women)**

The Rashtriya Mahila Kosh (National Credit Fund for Women) was set up in 1993 with a corpus of Rs. 31 crore, against the backdrop of socio-economic constraints faced by poor women to access micro-credit from the formal financial system in the country, especially those in the rural and in unorganized sectors.

▶ **Indira Gandhi Matritva Sahyog Yojana (IGMSY) Conditional Maternity Benefit (CMB) Scheme**

It is a Conditional Cash Transfer scheme for pregnant and lactating women to contribute to better enabling environment by providing cash incentives for improved health and nutrition to pregnant and nursing mothers.

▶ **Ujjwala Scheme**

Ujjwala is a comprehensive scheme that was launched in 2007 for prevention of trafficking and rescue, rehabilitation and reintegration of victims of trafficking for commercial sexual exploitation.

▶ **SWADHAR (A Scheme for Women in Difficult Circumstances)**

It aims at protection of women, specially in difficult circumstance like widows, destitute and deserted women, women ex-prisoners, victims of sexual abuse and crimes, including those trafficked and rescued from brothels, migrant or refugee women who have been rendered homeless due to natural calamities.

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o Key features of draft National Policy, 2016

- ▶ The policy is roughly based on the 'Pam Rajput Committee' report set up by the MWCD in 2012 which submitted its recommendations last year, including a suggested national policy for women and an action plan to end violence against women.
- ▶ Maternal and pre-natal mortality will remain a priority area, focusing on a coordinated referral transport system for safe deliveries and emergency obstetric care to be made available in difficult, remote and isolated areas.
- ▶ It aims to implement "a gender transformative health strategy" which shifts the focus of family planning efforts from female sterilisation to male sterilisation.
- ▶ It focuses on prioritising the nutrition of women of all ages and strengthening geriatric services to address women aged above 60, who form 8.4% of the population.
- ▶ It tries to address the problem of navigating the distance from home to school by suggesting "innovative transportation models" such as "cluster pooling of mini buses." to enrol more girls in secondary schools and retain current girl students.
- ▶ The policy talks of engaging men and boys through advocacy, awareness generation programmes and community programmes to instil respect for women in men from a young age.
- ▶ It also takes note of more women taking recourse to artificial reproductive techniques. It proposes efforts to ensure the rights of surrogate mothers, commissioning mothers along with those of the children born through surrogacy.
- ▶ It mentions designing "a comprehensive social protection mechanism" to address the vulnerabilities of widows, single, deserted, separated and divorced women and create opportunities for them such as building a 1000-room shelter for widows and other vulnerable women in Vrindavan.
- ▶ Another area of concern the policy focuses on is the trafficking of women. The draft policy features efforts to develop a compatible and comprehensive database on violence against women, strict monitoring of the response of (law) enforcement agencies to violence against women, time-bound trial of heinous crimes against women, strengthening *naari adalats* and family courts, etc.
- ▶ It also focuses on increased participation of women in workforce and politics (through need-based training), narrowing the gender-based wage gap, creating entrepreneurial opportunities for women (through schemes like E-haats), recognising women's unpaid work (at home) in terms of economic and societal value, achieving gender equity in agriculture, effective implementation of the legal provisions to ensure rights of women to immovable properties as well as the skill development of women in traditional, new and emerging areas.
- ▶ The policy aims at bettering security environments with initiatives, such as one stop centres, women helplines, mahila police volunteers, reservation of women in the police force, creating immediate response mechanism through panic buttons in mobile phones, public and private transport and surveillance mechanisms in public places.

o Conclusion

- ▶ Though, the policy aims at women empowerment and tries to take into consideration the interests of the women, it is silent about the issue of Marital rape. In addition to more traditional women's empowerment programmes, the policy claims to recognise complexities in gender roles brought about by "the new millennium, and the dynamics of a rapidly changing global and national scenario".
- ▶ However, making legislations alone is not sufficient. There is a need for ushering in changes in the societal attitude towards women and usher in behavioural changes involving men and boys and institutions of family and women's organizations. Only then, we can go ahead in the direction of making women have equal rights and provisions as men.

6.2 MENTAL ILLNESS IN INDIA

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(Q) Discuss the finding of recently released Lancet study on mental illness in India? Compare it with China and then discuss the lessons India can learn from China in order to improve the mental well being in the country?

Context

- ▶ The Lancet study has released a report to mark the launch of the China-India Mental Health Alliance, a long-term project that brings together experts from China and India to look at the current status of mental health and mental health services in the 2 countries.

Findings of the report

- ▶ The burden of mental illness is likely to increase by 23% in India by 2025 which is more rapidly than in China over the next 10 years and the 2 countries account for 1/3rd of the global burden of mental illnesses, a figure greater than all developed countries put together.
- ▶ Despite the rising figures in India, only about one in 10 people with mental health disorders are thought to receive evidence-based treatment.
- ▶ According to an estimate, by 2025, 39.6 million years of healthy life will be lost to mental illness in China (10% increase), and 38.1 million in India (23% increase).
- ▶ In both countries, substance use disorders were more common in men than women the burden of drug dependence disorders was more than twice as high for men as women, and the burden of alcohol use disorders was nearly 7 times higher for men as women.
- ▶ China alone accounted for 17% of the global mental, neurological and substance-use disorder burden, whereas India accounted for a further 15%.
- ▶ Dementia is also a growing problem for both countries. From 2012 to 2025, the number of healthy years lost to dementia will increase by 82% in India (from 1.7 million to 3.2 million) and by 56% in China (from 3.5 million to 5.4 million).

Issues related to mental illness in India

- ▶ Most people with mental disorders in India do not receive needed treatment. This can be attributed to the low number of the health staff as well as to the lack of awareness about the mental health disorders.
- ▶ The projected changes in Disability Adjusted Life Years or (DALYs) (reflecting years of healthy life lost due to morbidity and mortality life lost due to disease and death) for all mental, neurological, and substance use disorders are expected to increase more sharply in India than in China.
- ▶ The District Mental Health Programme (DMHP) lacks effectiveness because of restricted funding, shortages of human resource, and low motivation among service providers at all levels. It is largely limited to psychiatric outreach clinics in a few primary healthcare centres, and more than 60% of people with mental disorders access care directly at a district hospital, rather than the primary healthcare centres.
- ▶ Lack of access to mental health services is also an important concern as 40% of patients travel more than 10 km to access DMHP services.
- ▶ The proportion of total health budget that is allocated to mental health still remains very low. In 2012-13, only 1.3% of the Ministry of Health and Family Welfare expenditure was spent on the NMHP.
- ▶ India still lacks behind its neighbor, China in progress in achieving coverage and decentralisation of planning and investment in expanding mental health services.

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◉ Lessons that can be learnt from China

- ▶ A major difference in between the 2 countries is in the centralised governance of health in China as opposed to the systems overseen by the states in India. India relies more on private sector than China where public sector is the major provider of mental health-care.
- ▶ Like china which has taken steps such as investing in social determinants in healthcare in order to bring down the rate of suicides, India can learnt significant lessons.

◉ Steps taken by India for mental health and well being

- ▶ The Government of India has launched the National Mental Health Programme (NMHP) in 1982, to ensure the availability and accessibility of minimum mental healthcare for all in the foreseeable future, particularly to the most vulnerable and underprivileged sections of the population.
- ▶ The District Mental Health Program (DMHP) was launched under NMHP in the year 1996 (in IX Five Year Plan) to provide mental health services at district level.
- ▶ The NMHP was re-strategized in the year 2003 with Extension of DMHP to 100 districts, Up gradation of Psychiatry wings of Government Medical Colleges/ General Hospitals, Modernization of State Mental hospitals and IEC services.
- ▶ The National mental Health Policy was amended in 2014 to pave the path to address mental health problems and to understand the mental health issues, to promote mental health, prevent mental illness and ensure socio- economic inclusion of person affected by mental diseases. It aims to provide universal access to mental health care by enhancing understanding of mental health and strengthening leadership in the mental health sector at all levels.

◉ Way ahead

- ▶ Community engagement, increased support for community health workers and collaboration with traditional and alternative medicine practitioners are key to providing more accessible, affordable and acceptable mental health care. The social stigma attached to mental disorders, prevents people from accessing medical. India can use its traditional and alternative practitioners such as yoga practitioners in order to cure mental disorders.
- ▶ Besides this, the innovation led by NGOs can be utilized in the mental health space to change attitudes, reduce stigma, address human rights abuses and improve access to care through community health workers.

6.3 ISSUE OF GENDER PAY GAP

◉ Context

- ▶ The Gender Pay Gap in India stands at 27%, according to a report by Monster India.

◉ Key Findings of the report

- ▶ India men earn a median gross hourly salary of Rs. 288.68 while women get Rs. 207.85 per hour.
- ▶ The lowest gender pay gap of 17.7% was recorded in the banking, financial services & insurance (BFSI) and transport sectors, adding that at the other end of the spectrum was the manufacturing sector with a pay gap of 34.9% .
- ▶ The report covers sectors including IT services, health care, caring services, social work; education, research; financial services, banking, insurance; transport, logistics, communication; construction and technical consultancy; manufacturing and legal and market consultancy, and business activities.

◉ Why Gender wage gap is there in India?

- ▶ Preference for male employees over female employees.
- ▶ Preference for promotion of male employees to supervisory positions (the glass ceiling),

- ▶ Career breaks of women due to parenthood duties
- ▶ Inability of a large percentage of women (almost 60%) to be comfortable in business roles, hence relegated to only peripheral or non-revenue generating roles .
- ▶ Patriarchal Mindset of the society

◦ Way Forward

- ▶ Organizations need to work towards helping women get to the same level as their male colleagues. Leadership intent to engage women, especially returning women, is crucial. Training the hiring team on how to assess women on breaks, how to identify potential and to match the same with the right job is essential.
- ▶ Having a clear strategy in place, as well as policies that direct and guide are also critical. But, most important is the realization that women are a crucial talent pool that needs to be engaged at all life-stages.
- ▶ Along with organizations waking up to the need for bridging gender gaps, it is also the responsibility of women to stay up-to-date of these changes, and upskill themselves constantly, especially when they need to take career breaks.
- ▶ Women should plan the break meticulously if completely unavoidable.
- ▶ Women must identify a re-entry path. It could be through an internship (there are many such internships being offered primary among them being the Tata SCIP programme) or through a second-career programme of a company. When she returns, the woman should exhibit great confidence and the energy to be seen as intentional about her return. Her skills too have to be current this can be achieved by keeping abreast of major happenings and trends in the industry, and having conversations with ex-colleagues/friends/mentors about the key changes in her skills/industry. Training programmes, boot-camp sessions and attitudinal change sessions will also be beneficial.

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6.4 SHOULD WE HAVE A STRICT LAW AGAINST SUPERSTITION?

◦ Context

- ▶ The recent stifle in Karnataka over the passing of law to prevent superstitious practices.
- ▶ Two drafts of a law called the Karnataka Prevention of Superstitious Practices one by the National Law School of India and the second by the state social welfare department have been given to the government over the last 3 years but neither has been tabled in the legislature on account of fear of opposition to regulation of some of the practices classified as superstitious.

◦ Background

- ▶ In 2015, following the killing of rationalist and Kannada writer M M Kalburgi, a fresh demand arose from rationalists and progressive thinkers for government to pass an Anti-superstition bill.
- ▶ The assassination of Narendra Dabholkar, an Anti-superstition activist and an author from Maharashtra raised the issue to limelight in Maharashtra and a Bill was brought in the state for superstition.

◦ What are the proposals of the draft?

- ▶ The draft proposes banning practices like the 'Ajalu system' (making people eat human excreta, nails, hair etc, as is done in the case of Koragas, a Dalit community in Udupi and Mangalore districts) and the practice of barring some people, including menstruating women, from entering houses of worship or living areas.
- ▶ Vaastu, astrology for gain, horoscope, palmistry, prediction (both predicting and soliciting), seeking and answering questions through divination, sacrifice of living beings are also declared illegal under the Bill.
- ▶ The Bill has held human dignity as its central tenet and sought eradication of irrational practices across communities. Inflicting self-wounds and conversion through bribery are both deemed illegal.

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◦ Status in India

- ▶ Superstition is often referred to an irrational belief in supernatural influences. India is a home to many of the superstitions. Most of the Indians have an irrevocable faith in superstitions which are often baseless.
- ▶ People are often warned of bad omens like “if a black cat crosses their path” or “if somebody sneezes before making a start”. Superstitions thus have become an integral part of many a people’s lives in our country.
- ▶ Illiteracy and lack of awareness are the main reasons for the superstitions to thrive. Some people endorse these superstitions out of fear from caste outfits, or due to the apprehension that they may be outcast from their community.

◦ Comparative analysis of the Anti-superstition Bills in India

- ▶ There are existing national laws such as the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 of the Parliament of India which prohibits people from advertising drugs and remedies that claim to have magical properties and considers advertising products claiming to do so as a cognizable offence. State level legislations are also present in Bihar, Jharkhand, Rajasthan and Chhattisgarh to prohibit witch-hunting. In Karnataka, there are Acts such as the Karnataka Devadasis (Prohibition of Dedication) Act, 1982 and the Karnataka Koragas (Prohibition of Ajaru Practice Act, 2000).
- ▶ Maharashtra, however, is the first state to have passed a comprehensive legislation to protect people from being exploited in the name of superstition.
- ▶ All across liberal democracies, Anti-witchcraft and Anti-divination laws have been repealed.

◦ Way ahead

- ▶ Mere Amendments in law cannot ensure a permanent solution to this persistent problem. Stringent enforcement of the law, collective responsibility taken up by government, activists and public need to play a very crucial role in eradicating superstitions.
- ▶ The people should come forward and create awareness among the masses about the evils of superstition.



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