

Topical Analysis

Contract Farming & Draft Model Act 2018



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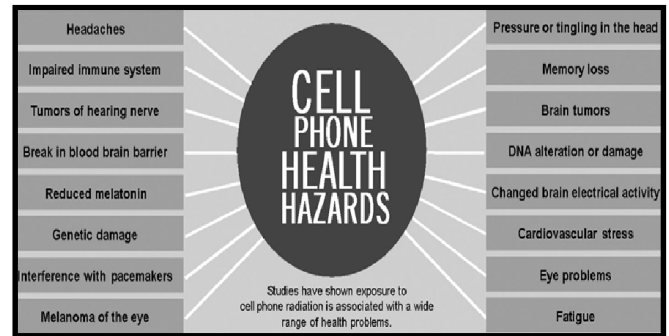
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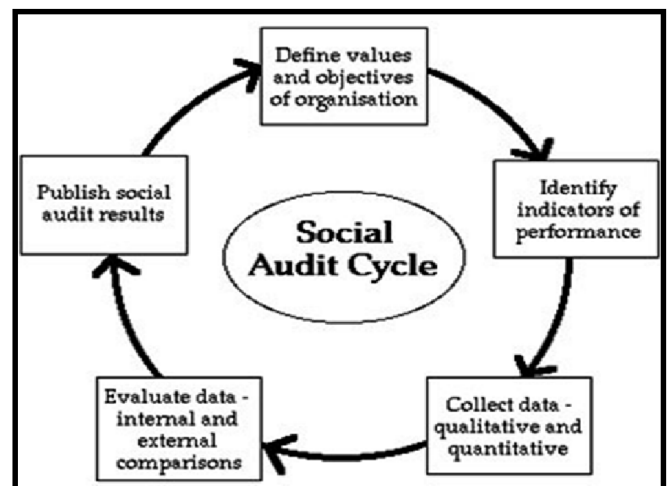
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COVER STORY

Contract Farming and Draft Model Act 2018

Context

The slowdown in agricultural growth in recent years is a cause of concern for India. Government is putting efforts through policy changes for modernization of Indian Agriculture.

On this line, the Ministry of Agriculture released a draft Model Act to create a regulatory and policy framework for contract farming recently. Based on this draft Model Act, legislatures of states can enact a law on contract farming as contracts fall under the Concurrent List of the Constitution.

In this context, this article presents the concept of contract farming, advantages and issues related to it. It also discusses the provision of the draft Model Contract Farming Act and how it aims to correct the issues in contract farming in India.

Introduction

India is predominantly a rural economy with agriculture and allied sectors presently employ almost half of the country's total workforce. Therefore, development in agriculture is one the most important pillars of socio-economic growth. Even though efforts are on to increase the emphasis on the modernization of agriculture with corrective policy changes, the slowdown in agricultural growth in recent years is a cause of concern.

The critical issues plaguing Indian agriculture, are lack of knowledge and infrastructure deficit, limited artificial irrigation facilities, high cost of agricultural inputs and modern technological interventions, small and fragmented landholdings, and so on.

Embracing sustainable practices such as contact farming can help productivity enhancement and fortify the food security of the nation over the long term.

Concept and Models of Contract Farming

Contract farming is defined as agricultural production carried out according to an agreement between a buyer and farmers. Agreement establishes conditions for the production and marketing of farm products and the farmer agrees to provide agreed quantities of a specific agricultural product which should meet the quality standards of the buyer. In turn, the buyer commits to purchase the product and in some cases, to support production process, through the supply of farm inputs, land preparation and the provision of technical advice.

Models of Contract Farming

There exist different types of contract farming models such as:

- ▶ **Informal model:** In this model small firms conclude simple, informal seasonal production contracts with smallholders. This model is the most transient and speculative of all contract farming models, with a risk of default by both, the promoter and the farmer.
- ▶ **Intermediary model:** In this model, the buyer subcontracts an intermediary (collector or farmer organisation) who formally or informally contracts farmers. Under this model the intermediary provides embedded services and purchases the crop. This model can work, if well-designed and incentive-structures are adequate and control mechanisms are in place.
- ▶ **Multipartite model:** This model involves various organizations such as governmental statutory bodies alongside private companies and sometimes financial institutions.
- ▶ **Nucleus estate model:** In this model, the buyer sources both from own estates/ plantations and from contracted farmers. The estate system involves significant investments by the buyer into land, machines, staff and management.
- ▶ **Centralized model:** In this model, the buyers' involvement may vary from minimal input provision to control of most production aspects (e.g. from land preparation to harvesting). This is the most common Contract Farming model, which can be characterized as follows:
 - ▶ The buyer sources products from and provides services to large numbers of small, medium or large farmers.
 - ▶ The relation between farmers and contractor is strictly vertically organized.
 - ▶ The quantities, qualities and delivery conditions are determined at the beginning of the season.
 - ▶ The production and harvesting processes and qualities are tightly controlled, sometimes directly implemented by the buyer's staff.
 - ▶ Typical products: large volumes of uniform quality usually for processing; e.g. sugar cane, tobacco, tea, coffee, cotton, tree crops, vegetables, dairy, poultry.

Advantages of Contract Farming

Contract farming aims toward the benefits of both, the farm-producers as well as to the agro-processing firms.

- ▶ **Benefits for farmers/producers**
 - **It makes small scale farming competitive:** Small farmers can access technology, credit, marketing channels and information while lowering transaction costs.
 - **Assured market for farmers:** Assured market for their produce at their doorsteps, reducing marketing and transaction costs.
 - **Reduced risks:** It reduces the risk of production price and marketing costs.
 - **Market reach:** Contract farming can open up new markets which would otherwise be unavailable to small farmers.
 - **Improved efficiency:** It also ensures higher production of better quality, financial support in cash and/or kind and technical guidance to the farmers.
 - **Demand supply equilibrium:** In case of agri-processing level, it ensures consistent supply of agricultural produce with quality, at right time and lesser cost.

- ▶ **Benefits for Agro-based firms**
 - **Optimal utilisation:** Optimally utilize their installed capacity, infrastructure and manpower, and respond to food safety and quality concerns of the consumers.
 - **Private investments:** Make direct private investment in agricultural activities.
 - **Negotiation:** The price fixation is done by the negotiation between the producers and firms. The farmers enter into contract production with an assured price under term and conditions.

What is the Existing Regulatory Structure?

In order to regulate and develop the practice of contract farming, Government has been actively advocating to the States/ Union Territories (UTs) to reform their Agricultural Marketing Laws.

Model APMC Act 2003

- ▶ Currently, contract farming requires registration with the Agricultural Produce Marketing Committee (APMC) in few states. This means that contractual agreements are recorded with the APMCs which can also resolve disputes arising out of these contracts. Further, market fees and levies are paid to the APMC to undertake contract farming. **The Model APMC Act, 2003** provided for contract farming and was released to the states for them to use this as reference while enacting their respective laws.
- ▶ So far, **21 States** (Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Mizoram, Nagaland, Odisha, Punjab (separate Act), Rajasthan, Sikkim, Telangana, Tripura and Uttarakhand) have **amended their Agricultural Produce Marketing Regulation (APMR) Acts** to provide for contract farming.
- ▶ Of them, **only 14 States have notified the rules** to implement the provision as of October 2016.

Issues in Current Regulatory Structure for Contract Farming

There are some issues related to contract farming in current form:

- ▶ **Role of APMCs** which are designated as an authority for registration and dispute settlement in most states is not very clearly defined.
- ▶ **Stockholding Limits:** Provisions of stockholding limits on produce under contract farming.
- ▶ **Poor publicity** of contract farming among the farmers about its benefits.
- ▶ **Agriculture as a State Subject:** Agriculture is a state subject so there is no uniformity or homogeneity in what kinds of produce or what conditions need to be met to allow contract farming.
- ▶ **Bio-diversity Conservation:** By supporting large monoculture farming, it is detrimental to biodiversity.
- ▶ **Lack of Enforceability:** Lack of enforceability of contractual provisions can result in breach of contracts by either party.
- ▶ **Legal Discrepancies:** Discrepancies arising from legal frameworks.
- ▶ **Disputes between the producer and the buyer:**
 - **Over-dependency of farmers** on companies for seeds and equipments.

- ❑ **Stark information asymmetry** between the corporates and farmers opens avenues for exploitation.
- ❑ **Biased towards large farmers:** Contract farming is often criticized for being biased in favor of firms or large farmers, while exploiting the poor bargaining power of small farmers.
- ❑ **Extra-contractual marketing** (farmers selling to a buyer other than the person with whom they are holding contracts).
- ❑ **Informal contract agreements:** Contracting agreements are often verbal or informal in nature, and even written contracts often do not provide the legal protection in India that may be observed in other countries.
- ❑ **Unrealistic expectations** creeping up from enterprises on the capacity of output.
- ❑ **Problems faced by growers like:** Conflicts related to qualities, Delayed deliveries at the factory, Delayed payments etc.
- ❑ **Lack of buyers:** Single Buyer – Multiple Sellers dilemma.
- ▶ **Adverse Gender Effects** - Women have less access to contract farming than men.

Draft Model Contract Farming Act, 2018

Recently, the Ministry of Agriculture released a draft Model Contract Farming Act, 2018. The draft Model Act seeks to create a regulatory and policy framework for contract farming, based on that legislature, states can enact a law on contract farming as contracts fall under the Concurrent List of the Constitution. Key Features of the draft Model Contract Farming Act, 2018:

- ▶ **Role of Agricultural Produce Marketing Committees/Marketing Boards**
 - ❑ The NITI Aayog observed that market fees and other levies are paid to the APMC for contract farming when no services such as market facilities and infrastructure are rendered by them. In this context, the Committee of State Ministers on Agricultural Reforms recommended that contract farming should be out of the ambit of APMCs. Instead, an independent regulatory authority must be brought in to disengage contract farming stakeholders from the existing APMCs.
 - ❑ **In this regard, as per the draft Model Act**, contract farming will be outside the ambit of the state APMCs. This implies that buyers need not pay market fee and commission charges to these APMCs to undertake contract farming. Further, the draft Model Act provides for establishing a state-level Contract Farming (Promotion and Facilitation) Authority to ensure implementation of the draft Model Act.
 - ❑ Functions of the Authority include:
 - Levying and collecting facilitation fees,
 - Disposing appeals related to disputes under the draft Model Act, and
 - Publicizing contract farming.
 - ❑ Further, the sale and purchase of contracted produce is out of the ambit of regulation of the respective State/UT Agricultural Marketing Act.
- ▶ **Registration and agreement recording**
 - ❑ The Model APMC Act, 2003 released to the states provides for the registration of contract farming agreements by an APMC. This was done to safeguard

the interests of the producer and the buyer through legal support, including dispute resolution. The procedures for registration and recording of agreements vary across states.

- ❑ Currently, registration for contract farming has been provided with the APMC in few states, and with a state-level nodal agency in others. Further, market fee on purchases under contract agreements is completely exempted in few states and partially exempted in others.
 - ❑ The Committee of State Ministers on Agricultural Reforms recommended that instead of a APMC, district-level authorities can be set-up for registration of contract farming agreements. Further, any registering authority should verify the details such as the financial status of the buyer.
 - ❑ **Under the draft Model Act**, every agreement should be registered with a Registering and Agreement Recording Committee, which will be set up consisting of officials from departments such as agriculture, animal husbandry, marketing, and rural development.
 - ❑ Such a Committee can be set up at the district, taluka or block levels.
- ▶ **Disputes between the producer and the buyer**
- ❑ The Ministry of Agriculture and Farmers Welfare observed certain risks related to upholding the contract farming agreement like, a buyer may fail to buy products at the agreed prices or in the agreed quantities, or arbitrarily downgrade produce quality. The Committee of State Ministers on Agricultural Reforms recommended that dispute redressal mechanism should be at block, district or regional-level state authorities and not with an APMC.
 - ❑ **Under the draft Model Act**, in case of disputes between a producer and a buyer, they can: (i) reach a mutually acceptable solution through negotiation or conciliation, (ii) refer the dispute to a dispute settlement officer designated by the state government, and (iii) appeal to the Contract Farming (Promotion and Facilitation) Authority (to be established in each state) in case they are not satisfied by the decision of the dispute settlement officer.
- ▶ **Stockholdings limits on contracted produce**
- ❑ Stockholding limits are imposed through control orders as per the Essential Commodities Act, 1955. Such provisions of stockholding limits can be restrictive and discourage buyers to enter into contracts. It was recommended that the buyers can be exempted from stock limits up to six months of their requirement in the interest of trade.
 - ❑ **Under the draft Model Act**, limits of stockholding of agricultural produce will not be applicable on produce purchased under contract farming.
- ▶ **Other recommendations**
- ❑ While contract farming seeks to provide alternative marketing channels and better price realization to farmers, several other marketing reforms have been suggested by experts in this regard.
 - ❑ These include:
 - Allowing direct sale of produce by farmers,
 - Removing fruits and vegetables out of the ambit of APMCs,
 - Setting-up of farmer-consumer markets,

- Electronic trading, and
- Joining electronic National Agricultural Market for the sale of produce.

Criticism of Draft Model Act

- ▶ **Farmer's Grievances:**
 - The draft Act, has set among its goals, giving price protection to farmers, constituting an authority at the State-level, and penalising breach of contract from both sides but the farmers still don't get direct access to the market.
 - The Act is aimed at helping agribusinesses to rake in profits. It promotes an unequal arrangement where farmers' products would be available cheaply to these companies.
- ▶ **No separate act needed:** A separate legal structure is not required for contract farming as the provisions of the Indian Contract Act are sufficient to cover the necessary requirements. Indian Contract Act was such an omnibus Act that makes even verbal agreement valid under the law.
- ▶ **Marketing Reforms is the solution:** The core problem of Indian agriculture is the nature of its marketing structure, such as APMC monopoly and restrictions on direct buying from farmers, etc. If these restrictions are removed, contract farming will emerge as a consequence. Contract farming cannot be the driver. It has to be marketing reforms, which will generate a huge amount of backward integration.

Way Forward

The government's National Agricultural Policy envisages promotion of private participation via contract farming and land leasing arrangements therefore fast-track implementation of contract farming in India could be the new ray of hope in the coming years for the agriculture industry. Once this is executed, accelerated technology transfer and capital inflow is expected to penetrate and an assured market for crop production will grow. Also, it will safeguard the interest of small and marginal farmers, which in turn, could lead to a complete makeover of the agriculture industry in India.

POLITICAL ISSUES

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Judicial Reform: How to Reduce Pendency of Cases?



In the Indian democratic society, for protecting and enhancing the rights of the people, judiciary plays an important role besides legislative and executive body.

These courts by interpreting the law, enhances justice to the individual and society at large.

However, the latest statistics on pendency of cases, at all levels of courts across the country, makes it evident that a lot requires to be done to fulfil the mandate of speedy justice. As per the information made available by the Supreme Court of India to the Union Ministry of Law and Justice, the total number of pending cases in the apex court as on December 18 was 54,719.

The judiciary day by day, due to its delayed process is losing faith of people to whom it is obliged to provide justice. Hereby, discussing the steps needed in reducing the pendency of cases.

Introduction

We have about 13 judges per one million people in our country where the ideal requirement is 50 per million. But this isn't the first time this issue is surfacing; in 1987 too, the Law Commission had recommended increasing the number of judges from 10 judges per one million people then to 50. The result of not taking the issue up in due time has resulted in over three crore cases being pending in courts. Many of these cases are pending for more than 10 years.

Statistics

- ▶ **Supreme Court:** The number of cases pending in the court for more than 5 years was 15,929, which is more than 29 per cent of the cases. Those waiting for disposal for more than 10 years constituted 1,550 cases.
- ▶ **High Court:** A total of 37.47 lakh cases are pending in 23 High Courts, with an average of around 1.65 lakh each.
- ▶ **Sub-ordinate Courts:** 2.6 Crore cases pending in subordinate courts across country.
- ▶ **Vacancy:**
 - There is a staggering vacancy of 395 judges against the approved strength of 1,079 across the 24 High Courts – a shortage of more than 36 per cent.
 - Nine High Courts do not have the regular chief justices appointed for want of recommendation from the Supreme Court collegium, headed by the CJI.

- In Subordinate judiciary, acute shortage of judicial officers has triggered the problem. The sanctioned strength of Judicial Officers of District and Subordinate Courts was 22,677, and the vacant posts were 5,984 (26.38%)

Reasons for Pendency of Cases

▶ **Indian government – the largest litigant:**

- There is too much litigation from the Government side.
- Government litigation includes service matters, disputes with private entities as well as disputes between two government departments and two PSUs.
- The railway ministry is the biggest litigant among the government departments.

▶ **Number of courts and finance:**

- There are not enough courts and finances – Budgetary allocations for the whole judiciary is a pathetic 0.4% of the whole budget. For 2017-18, the Union budget allocated a meagre Rs 1,744 crore to the judiciary — about 0.4 per cent of the total budget.
- New laws were enacted by Parliament without a commensurate increase in judicial officers or courts. When suggestions to fill vacancies are made by the Chief Justice, the government's response is the same: They do not have the money for it.

▶ **Vacancy:**

- There are not enough judges – as of April 2017, there were 430 posts of judges and additional judges lying vacant in High Courts, and 5,000 posts vacant at the district level and lower.
- Current Judge to Population ratio is 10 to 1 million.
- The Law Commission report in 1987 recommends atleast 50 to 1 million.
- The result of not taking the recommendation seriously has resulted in three crore pending cases and still we are not learning from our prior mistakes which will further result in more pendency.

▶ **Overburdened judiciary:**

- Crumbling infrastructure and the number of cases dealt with by judges are too high. In the Supreme Court (SC), each judge is tasked with reading more than 60 cases on a Monday and Friday, that is, at least 120 on two days.
- Unlike a bureaucrat or politician, whose work is primarily to sanction or implement government policy through an army of officers, judicial decision-making is a complex, time-consuming process. It directly affects the rights and livelihoods of persons, which in turn requires hearings on facts, legal precedent and the arguments of lawyers of both parties.
- New mechanisms (PIL), new rights (RTI) and increased awareness of rights by common man – As government explicit made legislation for new rights like 'Right to Information', aggrieved parties started to increasingly knock the doors of justice.
- Active judiciary has invented new devices like Public Interest Litigation which again resulted in more cases.

- ▶ **Filing of false cases:**
 - The filing of false cases with malafide intent for causing unnecessary troubles to others. There is filing of case, then there is investigation of the same, and if proofs are available or not, the continuity or discontinuity of the same depends but due to all this, the precious time of court is already unnecessarily wasted. And as a result of all this there is a delay in justice.
- ▶ **Proliferation through Special Leave Petitions (SLPs):**
 - A lot of cases are entertained under article 136, which would otherwise not fall in the criminal/appellate/advisory jurisdictions.
 - Article 136 deals with extraordinary power of the apex court to grant special leave in cases. The Supreme Court may, in its discretion, grant special leave to appeal from any judgment, decree, determination, sentence or order in any cause or matter passed or made by any court or tribunal in the territory of India.

Consequences of Pending Cases in Indian Courts

- ▶ Denies due justice to poor man and under trial prisoners.
- ▶ Economic reforms remain only on paper without speedier justice system as low budget allotted to judiciary in India.
- ▶ Foreign investors are increasingly doubtful about the timely delivery of justice, which affects the success of programs like 'Make in India'.
- ▶ Judiciary is unable to handle the "avalanche" of litigation. Judiciary becomes overworked and loses its efficiency. Justice delayed is justice denied and Justice hurried is justice buried.
- ▶ The common man's faith in the justice system is at an all-time low.

Steps taken by the Government

- ▶ **Initiatives towards Justice Delivery**
 - Appointment of Judges in higher judiciary has been undertaken. 86 additional Judges were made permanent, 51 new judges were appointed and appointment of another 170 is being processed.
 - Judges' sanctioned strength of the High Courts has been increased from 906 on 01.06.2014 to 1065 as on 27.4.2016. In the case of District/ Subordinate Courts, the sanctioned strength has been increased from 17,715 at the end of 2012 to 20,502 in December, 2015.
 - Pecuniary jurisdiction of Delhi High Court has been increased from Rs. 20 lakhs to Rs. 2 crore, facilitating access to justice within the vicinity of the location of District Courts.
 - Department of Justice has been implementing a Centrally Sponsored Scheme for Development of Infrastructure Facilities for Judiciary. On account of concerted efforts by all stakeholders, the availability of judicial infrastructure for subordinate courts has increased considerably in the recent past.
- ▶ **Initiatives towards digital India and e-Governance**
 - A major change has been introduced to receive applications for appointment of Notaries online along with supporting documents w.e.f. 1.1.2016.
 - e-Governance and e-Courts usage have started in Income Tax Appellate Tribunal (ITAT) leading to faster disposal of cases with less hassles to litigants.

- Digitisation work of Appeals has been undertaken in ITAT. Once the digitisation work is complete, all the appellate records shall be accessible from any station and any appeal can be taken by e-Court in any location.
- Web portal named LIMBS has been introduced for Centrally monitoring cases of UoI pending in various courts and Tribunals.
- ▶ **Initiatives towards Computerisation of Courts**
 - eCourts Mission Mode Project has been taken up for universal computerization of district and subordinate courts with an objective of providing designated services to litigants, lawyers and the judiciary.
 - During the first two years of NDA rule, i.e. 2014-15 and 2015-16, Rs.212.23 crore were released to various States for eCourts projects against Rs.122.41 crore released during UPA-II rule for the years 2012-13 and 2013-14, thus, registering an increase of 73 crore.
 - eCourts Phase-II project aims at automation of workflow management, enabling the courts to exercise greater control in management of cases. This will also include installation of touch screen based kiosks, use of e-filing, e-payment and mobile applications and composite set of services through Judicial Service centres.

Recommendations of Law Commission

The 245th Law Commission Report on “Arrears and Backlogs: Creating Additional Judicial manpower has recommended the following measures:

- ▶ **Rate of Disposal Method:** In this Method, one looks at the current rate at which judges dispose of cases. Then, given that the institutions and disposal rate remain the same, the Courts would need how many more additional judges to keep pace with the new filings in Court so that the newly instituted cases do not add to the existing backlog.

Calculating Adequate Judge Strength through a more scientific analysis of data – In this context, the Commission has negated a simplistic method like Judge-Population ratio (Number of judges required per million people) in favour of a **Rate of Disposal Method**.

- ▶ **Judges to be appointed on a Priority basis:** India currently has 1/5th of the number of judges it needs and thus, the Judges need to be appointed on a priority basis.
- ▶ Increasing the age of retirement for Subordinate Court Judges to 62 years.
- ▶ Creation of **Special Courts for traffic/police challan cases:** They constitute about 37.4% of the existing pendency before the subordinate courts.
- ▶ Provision for staff and infrastructure.
- ▶ **Periodic needs assessment by High Courts:** Monitoring the rate of institution and disposal of cases and revising the adequate strength of Judges since a High Court is equipped with all the information relating to the subordinate courts in the State. The **Malimath Committee** had recommended setting up of Vigilance Cells in each district by the High Court to monitor the performance of subordinate judicial officers.
- ▶ Uniform data collection and data management methods to bring in greater transparency.
- ▶ Need for a **system-wide reform:** The Commission has recommended the following: Greater encouragement to Alternative Dispute Resolution (ADR) and

Lok Adalats and setting up non-mandatory time frames and performance benchmarks for resolution of different types of cases based on rational criteria.

- ▶ **Creation of All-India Judicial Service:** Provided for under Article 312 of the Indian Constitution. The idea has been mooted by various bodies including the First Judicial Pay Commission and accepted by the Supreme Court. The proposal regarding creation of this service has not received responses from all States and this proposal continues to be hanging in the air.

Conclusion

- ▶ The huge pendency of court cases in India can be brought down by a combination of using latest technology, computerisation of lower court records, reforms at village level, setting up Gram Nyayalayas, increase of court timings, setting up of morning and evening courts, strictly following case managements, fixing time frame for cases, special courts for different subject matters etc.
- ▶ It requires a joint effort from all the stakeholders, the government, judiciary, executive, bar councils and litigants to bring down the backlog and reduce the years of litigants.
- ▶ The government needs to double the number of judges and create all India Judicial service. The number of judges (vacancies) should be immediately raised to at least 50,000 from the current 21,000.

NRI to Vote by Proxy



Right to vote ensures participatory and responsible democratic government that empowers the citizens to influence governmental decision-making, policy and safeguards their other human rights. This right is to be enjoyed by all human beings irrespective of the place they are living. However, certain humans who immigrate (due to manifold reasons) are denied this important right. Migration/immigration can never be a justification to reduce a person to a non-person.

Therefore, government has allowed NRIs to vote by proxy. Hereby, discussing the Right to vote provisions, advantages and disadvantages of that.

Introduction

The Representation of the People (Amendment) Bill, 2017 was introduced in Lok Sabha by the Minister of Law. The Bill seeks to amend the Representation of People Act, 1950 and the Representation of People Act, 1951 to allow for proxy voting and to make certain provisions of the Acts gender-neutral.

The 1950 Act provides for allocation of seats and delimitation of constituencies for elections, qualifications of voters, and preparation of electoral rolls. The 1951 Act provides for the conduct of elections and offences and disputes related to elections.

Representation of the People (Amendment) Bill, 2017 provisions

- ▶ The 1950 Act permits the registration of persons in electoral rolls who are ordinarily resident in a constituency. These persons include: (i) persons holding a service qualification (such as member of armed forces, member of armed police force of a state, serving outside the state, or central government employees posted outside India); and (ii) persons holding certain offices in India declared by the President in consultation with Election Commission. Under the Act, the wives of such persons are also deemed to be ordinarily residing in India. The Bill replaces the term 'wife' with 'spouse'.
- ▶ The 1951 Act permits an overseas voter to vote only in person. An overseas voter is a citizen of India who is absent from his place of ordinary residence in India. The Bill seeks to amend the 1951 Act to permit an overseas voter to cast their vote in person or by proxy in the constituency where the poll is taken. The 1951 Act provides for the wife of a person holding a service qualification to vote. The Bill replaces the term 'wife' with 'spouse'.

Right to Vote to NRIs

- ▶ The Constitution of India recognizes right of every citizen to vote. The statutory provisions are contained under the Representation of the People Act, 1950 and the Representation of the People Act, 1951 and rules include the Conduct of Elections Rules, 1961 and Registration of Electors Rules, 1960.
- ▶ As per law, '**ordinary residence**' in constituency remained a pre-condition for being registered in the electoral roll. NRIs/Overseas Electors living abroad faced

difficulty in establishing themselves as 'ordinary resident' of place they were residing before they left India. However, for Non-Resident Indians the election law was relaxed in 2010 bestowing right to vote even in cases of non-residence in India but physical presence in the constituency is necessary for casting their votes.

In this regard, the Union Cabinet approved changes in certain electoral laws, which will allow Non-Residents of India (NRIs) to vote through a proxy in state and national elections. If passed in parliament, NRIs would be able to exercise their franchise through a stand-in who lives in their (elector's) constituency.

What is Proxy Voting?

- ▶ Proxy voting is a type of voting whereby a member can delegate his or her voting power to a representative, to enable a vote in his/her absence.
- ▶ The representative can be another member of the same body, or external. A human so designated is known as a "proxy". Presently only service personnel are permitted to vote through proxy.

Why it is Needed?

- ▶ There is sharp increase in cross border migration. As per Ministry of External Affairs report, there are approximately 30.8 million Indian diaspora residing outside India. India has the largest NRI population in the world with over 13 million according to United Nations Department of Economic and Social Affairs.
- ▶ To encourage NRIs to participate in political and social issues of India and to increase their contribution in welfare activities in India.
- ▶ There is need to increase the citizen participation beyond boundaries worldwide. Moreover, NRI remit huge amount and deserve a say in government decision making.
- ▶ In world about 114 countries, including 20 Asian nations, have adopted external voting. India's move towards enabling voting from overseas is an instance of a larger global trend towards increased citizen participation. So, India should follow this precedence and should allow NRIs to participate in election process.
- ▶ Earlier, as it was compulsory for NRI to visit India to cast their vote, only those NRI could visit who has enough money and time, thus those who didn't vote out of two given reason may gradually lose interest in politics of India.

Advantages

- ▶ This decision will remove an unreasonable restriction posed by Section 20(A) of the Representation of the People (Amendment) Act of 2010, requiring overseas electors to be physically present in their constituencies to cast their votes.
- ▶ It will help to connect NRIs with government and will increase the soft diplomacy power of India.
- ▶ It will enable India to provide voting rights to NRIs which are enshrined under Article 326.
- ▶ It will also encourage & increase the investment in the nation and will lead to economic growth led by NRIs.
- ▶ The additional votes, polled through this way, will obviously play a crucial role in state and general elections.
- ▶ It will help in forming clear mandate for government, which will cover both residence and non-residence people of country.

- ▶ The sectors like tourism, education and insurance sectors will also potentially benefit by this move.
- ▶ The step would thus increase active participation of large number of NRI especially those who can't afford to visit India just for voting like Indian labors working in gulf countries.

Criticism

- ▶ It gives special privilege of distance voting to some people who have migrated abroad but there are many times more domestic migrants who also seek to have a voting right at their homes. Ex., if a person from Bihar moves to Delhi or Mumbai in search of a job or education, he loses his right to choose his legislator in his village but if he goes to London, he will be entitled to special privilege.
- ▶ NRIs may not know regarding domestic conditions so there are arguments that a provision of proxy threatens the very core of democracy.
- ▶ It cannot be guaranteed that the proxy voter will vote as per the wishes of the actual voter. The method of proxy voting suffers from an inherent problem of trust deficiency and violates the principle of secrecy of voting.
- ▶ High chances of electoral malpractices because proxy or postal ballots are open to manipulation. And also there is no guarantee that votes would not be sold to the so called proxy.
- ▶ There can be no guarantee of NRI voters exercising their vote in a free and fair manner as there can be no check on coercion or inducements by the employers.

Conclusion

- ▶ Every Indian citizen has right to vote on basis of universal adult suffrage which forms basic structure of constitution ruled by SC in Keshvanda Bharti case, thus distance and money should not become barrier for NRI's if they are willing to contribute in election of legislators of the country. But the government should make sure that the source through which NRI's have access to information regarding Indian politics should be legitimate like strict control on paid news, false propaganda, etc. Then only it will ensure their meaningful participation and would deepen democracy in India.

UPCOCA Bill: Critical Analysis



Recently, the Uttar Pradesh government has approved the draft of a Bill to enact the Uttar Pradesh Control of Organised Crime Act (UPCOCA) to combat land mafia, mining mafia and organised crime in the state. The Bill is on the lines of the Maharashtra Control of Organised Crime Act (MCOCA) and seeks to check organised and white-collar crime.

Hereby, discussing the concept of organized crime and the critical analysis of the Bill.

Introduction

The Uttar Pradesh government has introduced in the State Assembly a Bill to enact a stringent law on the lines of the Maharashtra Control of Organised Crime Act (MCOCA) to combat organised crime in the state.

Organised Crime

- ▶ Organized crime can be described as any group having a corporate structure whose main aim is to obtain money through unlawful activities often surviving on fear and corruption. It is a category of transnational, national, or local groupings of highly centralized enterprises run by criminals.
- ▶ It can be performed by either a member of an organized crime syndicate or on behalf of such syndicate.
- ▶ The United Nations also views organised crime to be a large-scale and complex criminal activity carried on by group of persons for the enrichment of those participating and at the expense of the community and its members.
- ▶ Such crimes, it was said, is frequently accomplished through ruthless disregard of any law and frequently in pursuance of political corruption.
 - ▶ **Following types of crimes are considered as organised crime:** Kidnapping for ransom, illegal mining, manufacturing illicit liquor and its sale, acquiring contracts on the basis of muscle power, organised exploitation of forest produce, trade in wildlife, fake medicines, grabbing of government and private properties, and 'rangdari' (extortion), etc.

Need of such Act

The Maharashtra Control of Organised Crime Act (MCOCA) was legislated in 1999. In due course of time Karnataka, Andhra Pradesh and Delhi and UP also enacted similar laws.

- ▶ Recently National Crime Record Bureau (NCRB) reported that as many as 31 riots took place in one year and no FIRs were filed. Uttar Pradesh tops the list on crimes against women in 2016.

- ▶ It recorded 5% of the total cases of crimes against women, it accounted for 12.4% of the total number of rape cases. The national capital reported the highest crime rate among all metropolitan cities in 2016.
- ▶ Traditional territorial-based criminal groups have evolved or have been partially replaced by smaller and more flexible networks with branches across several jurisdictions.
- ▶ Organised crime has been a very serious threat to our society. It has no national boundaries and is fuelled by illegal wealth generated by various means like contract killing, extortion, smuggling, etc.
- ▶ Many of the benefits of globalization such as easier and faster communication, movement of finances and international travel, have also created opportunities for transnational organized criminal groups to flourish, diversify and expand their activities.
- ▶ The impact of organised crime is, in fact, being felt all over the world. In the US, the Organized Crime Control Act was enacted in 1970.

Provisions of the UPCOCA Bill

The UPCOCA Bill has 28 provisions in addition to the Gangsters Act, the existing law against organised crime in U.P.

- ▶ The accused booked under the UPCOCA will not be able to secure bail before six months of their arrest.
- ▶ The proposed bill has a provision for prolonged police remand of 30 days for an accused, apart from his closed-door interrogation. This also won't allow those taken into custody, on the basis of doubts, to get bail early.
- ▶ The convicts would face a minimum jail term of three years and a maximum of life imprisonment or even death sentence. It also levies a fine of 5 lakh to 25 lakhs and extends the period of filing a charge sheet from 90 days to 180 days.
- ▶ Bill has shifted the burden of proof from the prosecution to the accused, violating the basic principle of the criminal law that says everyone is innocent until proven guilty.
- ▶ The confessional statements made before the police will be the final. This contradicts CrPC, under which only a statement made before a magistrate will be admissible as confession and only when they are made voluntarily.
- ▶ Instead of organising identification parade, the police will get the accused identified through videos and photos that can easily be tampered with.
- ▶ The provisions of the UPCOCA states that those arrested under the Act will be lodged in the high-security area of the jail. Only after the permission of the district magistrate, their relatives or associates will be able to meet them in the jail and only after the approval of the medical board, the accused will be granted permission to stay in the hospital for more than 36 hours.
- ▶ The UPCOCA law would give special powers to the police to arrest accused and members of the crime syndicates. Under the proposed Bill, the state would be empowered to seize the property of such people after taking the consent of a special court constituted to hear the cases.
- ▶ The new Bill will allow the state to confiscate such assets after the conviction. It empowers the police to intercept wire, electronic or oral communications and present them before a court as evidence against the accused.
- ▶ One of the provisions of the proposed Bill requires journalists to take permission from competent authorities before publishing anything on organised crime.

Loopholes in Bill

- ▶ Shifting the burden of proof from the prosecution to the accused to prove his or her innocence makes the proposed bill draconian like TADA and POTA.
- ▶ Bill gives special powers to the police to arrest accused, so it can be misused as to suppress the voice of opposition, against the interest of the common man, voices of dissent and target religious minorities.
- ▶ The clause of requirement of permission to journalists before publishing anything on organised crime is in direct conflict with freedom of speech and expression.
- ▶ According to NHRC “It is not good for a civilized society to develop an atmosphere of fear, emerging out of certain policies adopted by the State, which may result into violation of their right to life and equality before the law”.

Way Forward

- ▶ The Second Administrative Reforms Commission headed by Veerappa Moily (2007) noted that the incidents of organised crime in India were on the increase and warned that if not checked, “these crimes have the potential of threatening national peace and security”.
- ▶ So enacting such type of acts is becoming need of hour. But such acts should not violate the ethos of Constitution.
- ▶ Globalisation of the economy has enabled the crime syndicates to spread their wings across the borders, so the law enforcement agencies require additional powers to deal with these new formats of crime, which are deadlier in their impact and more expansive in their reach.

Conclusion

- ▶ Although UPCOCA can be useful to some extent in curbing organised crime, but several provisions under this Act are more stringent than the existing anti-terrorism law and can be misused. This things needs to be addressed in democratic manner.

ECONOMIC ISSUES

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Strategic Debt Restructuring Scheme



With mounting NPAs, Reserve Bank of India had introduced Strategic Debt Restructuring (SDR) scheme, to let banks recover their loans from the ailing companies.

RBI has introduced guidelines for "Framework for Revitalising Distressed Assets in the Economy - Guidelines on Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP)".

Recently, Reliance Communications (RCom) chairman Anil Ambani announced that the telco has arrived at a debt resolution plan that involves its exit from the strategic debt restructuring (SDR) scheme without conversion of any debt into equity by the lenders.

Hereby, discussing about the Strategic Debt Restructuring (SDR) scheme of RBI.

Introduction

Banks have taken recourse to the Strategic Debt Restructuring (SDR) scheme, wherein a consortium of lenders converts a part of their loan in an ailing company into equity, **with the consortium owning at least 51 per cent stake**. The SDR scheme provides banks significant relaxation from the RBI rules for 18 months.

Loans restructured under the scheme are **NOT** treated as non-performing assets (NPAs) and banks have to make low provisions of 5 per cent in most cases. The scheme allows banks to recognise interest accrued, but not due/paid as income. This enables banks to report lower NPAs and higher profits for 18 months.

Joint Lenders' Forum (JLF) JLF is a committee of bankers who have given loans to a stressed borrower. JLF can be constituted if the borrower has not paid any money in the last 60 days (Special Mention Account).

The JLF have the following options when a loan is restructured: Transfer equity of the company by promoters to the lenders to compensate for their sacrifices. Infuse more equity into the companies. Transfer the holdings of the promoters' to a security or an escrow arrangement till turnaround of company.

Implementation of SDR scheme

- ▶ No loans will be restructured without conforming to the terms specified in the Strategic Debt Restructuring Scheme.
- ▶ At the time of initial restructuring, Joint Lender Forums will incorporate, in the terms and conditions attached to the restructured loan/s agreed with the borrower, an option to convert the entire loan, or part thereof, into shares in the company in the event the borrower is not able to achieve the viability milestones.

- ▶ The bank during initial restructuring will require the borrower to provide the necessary approvals/authorizations to enable the lenders to exercise the transfer of equity option effectively, if required.
- ▶ The decision to convert the whole or part of the loan into equity shares should be well documented and approved by the majority of the JLF members.
- ▶ On effecting change in ownership under the Strategic Debt Restructuring Scheme, the lenders would collectively become the majority shareholder by conversion of their dues from the borrower into equity.
- ▶ Hence, post the conversion, all lenders under the JLF will collectively hold 51% or more of the equity shares issued by the company.
- ▶ All banks will include the covenants to exercise the Strategic Debt Restructuring Scheme in all loan agreements, including restructuring, supported by necessary approvals/authorizations.

Features of Strategic Debt Restructuring (SDR) Scheme

- ▶ Under this scheme, banks are made as majority owners and they will replace the existing management of the ailing company. It gives banks the power to turnaround the ailing company into a financially viable one and recovers their dues by selling the company to a new promoter.
- ▶ JLF would be responsible for taking a decision on invoking SDR by converting whole/part of the loan into equity shares. The decision made has to be approved by the majority of the JLF members.
- ▶ JLF should hold at least 51% of the equity shares of the ailing company.
- ▶ If the banks adopt SDR scheme for recovering bad loans then they claim significant relaxation from the RBI rules for 18 months. For instance, they can report lower NPAs and higher profits for 18 months.
- ▶ Loans restructured under the SDR scheme will not be treated as a non-performing asset (NPA).
- ▶ Under this scheme, banks can recognise the interest accrued but not due/paid as income.
- ▶ If the banks are not able to sell the company to a new promoter within 18 months, then all the regulatory relaxations will cease to apply and the loan will be treated as an NPA. This would significantly impact the profitability of the banks.

Advantages for Bankers under the SDR Scheme

- ▶ On conversion of debt to equity as approved under SDR Scheme, the existing asset classification of the account, as on the reference date will continue for a period of 18 months from the reference date.
- ▶ Acquisition of shares due to the execution of strategic debt restructuring scheme will be exempted from regulatory ceilings or restrictions on capital market exposures, investment in para-banking activities and intra-group exposure.
- ▶ Equity shares acquired and held by banks under the SDR scheme will be exempt from the requirement of periodic mark-to-market.
- ▶ Conversion of debt into equity in an enterprise by a bank may result in the bank holding more than 20% of voting power, which will normally result in an investor-associate relationship under applicable accounting standards. However, as the lender acquires such voting power in the borrower entity in satisfaction of its advances under the SDR, and the rights exercised by the lenders are more

protective in nature and not participative, such investment may not be treated as investment in associate.

- ▶ On divestment of banks' holding in favour of a 'new promoter', the asset classification of the account may be upgraded to 'Standard'. Further, at the time of divestment of their holdings to a 'new promoter', banks may refinance the existing debt of the company considering the changed risk profile of the company without treating the exercise as 'restructuring' subject to banks making provision for any diminution in fair value of the existing debt on account of the refinance.

Criticisms of the scheme

- ▶ A section of experts criticize that the scheme is *not effective in recovering the bad loans*. This is mainly due to the inability of the lenders to sell their stakes in the ailing companies within the 18 month time period. Either they are not able to sell or they are made to sell at steep losses. It has said that it expects more SDR to fail and has deferred an estimated Rs 1.5 lakh crore of NPA formation to later years. The skepticism stems from the fact that most of the SDR cases are already stressed for last two years.
- ▶ When banks proceed to sell their stakes at the *end of 18 month* window, the debt of companies would have already increased. This coupled with crash in commodity prices and weak private investment makes the prospect of attracting new promoter difficult for the banks.
- ▶ *Most SDR cases falls in risky sectors such as metals, power and capital goods*. Expecting a promoter to buy 51% stake in an ailing company belonging to this sector is not realistic.
- ▶ *Time span of 18 months is too short for the banks* to wrap up the entire process of initiating, running the business and finding a buyer.
- ▶ *Unless banks are sure of a sale, they cannot take the SDR route*. For some reasons if the banks fail to find a buyer, then it has to provide for the asset over the past 3-4 years in a single quarter. This would adversely affect the profitability of the banks.
- ▶ *SDR rules do not allow partial stake sale and mandates that the banks have to sell their entire stake in the company to the new buyer*. However, in some cases banks hold more than 51% stake (example IVRCL-78%). In such cases finding buyers to buy such a large stake will be difficult.
- ▶ Most of the cases banks are currently using the existing managements to run the company. They just do external monitoring and oversight. This has not yielded any significant improvement in the finances of the company and partially results in the failure of the SDR scheme.

Way forward

In order to make SDR mechanism successful, **SEBI needs to be persuaded to give exemption for the new promoter from open offer**. As per the SEBI rules, the new promoter after acquiring 51% stake from the banks have to make an *open offer* for a further 25% stake. If the open offer is fully subscribed, then the holding of the buyer will be above 75%. In such cases, the new promoter has to delist the company. This needs to be changed.

Conclusion

The basic purpose of SDR is to ensure more stakes of promoters in reviving stressed accounts and providing banks with enhanced capabilities to initiate change of ownership, where necessary, in accounts which fail to achieve the agreed critical conditions and viability milestones. SDR cannot be used for any other reason.

Capital Infusion in Banks: Benefits and Challenges

Context

Recently, the Centre has pumped in capital of Rs.7,577 crore in various weak public sector banks. The government has released Rs.2,257 crore to Bank of India, which was recently placed under prompt corrective action by the Reserve Bank of India. The other big beneficiary of the latest capital infusion round is IDBI Bank, which has received Rs.2,729 crore.

While Central Bank of India has got capital support of Rs.323 crore, Dena Bank has got capital support of Rs.243 crore from the government.

UCO Bank, another weak public sector bank, has got capital support of Rs.1,375 crore. Bank of Maharashtra has received capital support of Rs.650 crore.

Hereby, discussing the benefits and challenges associated with it.

Introduction

In the case of *Public Sector banks*, recapitalization is injection of capital mainly through equity investment by the government to financially strengthen them. Since the government is the majority shareholder of PSBs, the responsibility of adding capital to them falls on the shoulders of the government.

Recapitalization of PSBs: The Process

The department of financial services (DFS) of the finance ministry is the administrative authority for PSBs. Every year, DFS reviews the performance of each PSB on the basis of a number of parameters. It has also been reviewing their capital requirements.

Taking into account the credit growth and risk profile of the assets, and assessment of internal accruals and other sources of capital generation, PSBs seek capital from the government. The DFS verifies and determines the capital requirement on a “need-based approach” in consultation with the finance ministry and recommends them to the cabinet committee on economic affairs (CCEA).

In the context of Basel II norms, the need-based approach needs to be understood in the broader perspective of helping the PSBs achieve minimum capital requirements (of both Tier I and Tier II) as per the regulatory framework, including maintaining 2.5% additional capital buffer, and planning and strategizing for future growth as well. Keeping in view the budgetary constraints, the cabinet considers the overall budgetary support required; it also decides on apportioning capital support to various PSBs. After this, it sends its approval to the ministry of finance for timely and appropriate rollout.

Ideally, such a process of capitalization should have been based on a long-term plan and a well thought-out policy and strategy. However, in reality, between 2008-09 and 2014-15, all decisions to infuse various amounts of capital into PSBs seemed to be based on ad-hoc considerations, varying from year to year. These were decided only through the annual budgetary process by the finance ministry.

However, government has come up with the recapitalisation plan as banks have caught in a situation where their liabilities are comparatively higher than their assets. The liquidity with banks is a liability as it is the money deposited by customers, which needs to be paid sooner or later. Due to this, their balance-sheet weakens and banks find it difficult to raise capital from the open market. The government, which is also the biggest shareholder, can infuse capital in banks by either buying new shares or by issuing bonds.

Benefits of Recapitalization

- ▶ Recapitalization was necessary because the PSBs are facing financial problems and they need money in the context of rising bad debts.
- ▶ They need funds to meet the higher capital requirements under Basel III norms.
- ▶ There are following three reasons for recapitalization of PSBs.
 - Rising volume of bad assets has led to erosion of capital.
 - The Basel III capital norms require higher capital in banks.
 - Expanding credit needs in the economy can be made only with higher capital.
- ▶ The compelling need for large scale recapitalization is the first factor, i.e., rising volume of bad debts. Higher NPAs and very low asset quality including the problem of lost asset requires replacing such funds by using money from the capital base.
- ▶ As per the 2017-18 trend, PSBs account for nearly 90 per cent of Gross Non-Performing Assets (GNPAs) of the entire banking sector. According to the CAG Report, GNPAs of PSBs increased from Rs 2.27 lakh crore to Rs 6.83 lakh crore. So, the main thrust of government's recapitalization effort is to tide over the bad debt problem of PSBs.

Issues/Challenges related with Recapitalization

There are three important issues that need to be dealt with -

- ▶ *First, the recapitalization deals with the stock of toxic assets that now fester in the balance sheets of most banks.* In other words, it deals with the stock rather than the flow. The challenge will be to ensure that the manic lending spree to influential industrial groups that took place on both sides of the global financial crisis is not repeated. Giving banks extra capital was only one of the seven grand themes of the Indradhanush programme announced in 2015. The reform of the Indian banking sector—and especially the privatization of banks—should be the next step.
- ▶ *Second, every bank recapitalization of this sort naturally brings in its wake fears of moral hazard.* Banks will not take adequate precautions while lending when they know that the government will step in to help if the loans turn sour. The government should be selective about which banks get the additional capital on offer. A statement by Reserve Bank of India Governor Urjit Patel suggests that the banks which have worked harder to deal with their problem loans will get priority in access to fresh capital. Such market discipline is needed. The weaker banks should be given capital only to maintain their current operations, maybe by asking them to use incremental deposits only for investment in

government securities. Meanwhile, the larger borrowers who have defaulted on loans should face the heat of the new insolvency law, rather than be allowed to free ride on the recapitalization.

- ▶ Third, *the government needs to decide what proportion of the fresh capital will go for provisions against existing bad loans and how much is to be allocated for new loans.* That may not seem a crying matter right now, given the weak demand for loans, but it is possible that companies will seek to borrow after a few quarters if the investment cycle does indeed turn in fiscal year 2019. Brokerage house Motilal Oswal believes that of the Rs.2.11 trillion, around Rs.1.3 trillion will be used to make provisions while the rest will be used for meeting Basel III norms as well as future loan growth.

Criticism on Recapitalization

- ▶ It is **labeled as inefficient and incompetent.** If banks would have recovered these loans, their interest revenue would have been more; and they would have generated capital internally out of the profit.
- ▶ The proposed recapitalization bonds are likely to add to the **fiscal deficit.**
- ▶ **Too Little:** This money is not enough according to analysts. After all, the bad loans are close to Rs10 lakh crore. Of the package, Rs18,000 crore has already been allocated under the Indradhanush scheme.
- ▶ **Tiny Amount of Fresh Capital:** While the scheme will encourage some amount of lending, it is not clear whether the government will promptly reinvest the money from bonds into the banks and in what form. If the capital injection by the government is too little, too late, banks would be worse off, after being drained of the liquidity. Even if the capital injection happens, the banks do not get any fresh capital (except the Rs58,000 crore they will raise from the market).
- ▶ **Low Borrowers' Appetite:** It is not clear, given the systemic shocks unleashed by demonetisation, the shoddy implementation of Goods and Services Tax and lack of any improvement in ease of doing business, what kind of risk appetite is there among businesses to borrow more at this time. Remember, apart from loans, many cash-strapped businesses need equity capital as well.
- ▶ **Redemption Unclear:** The government has not clarified how the Rs1.35 lakh crore bonds will be redeemed.
- ▶ **No Governance Strings:** The scheme does not make the PSB boards and top management accountable in any form. PSBs are in the current position because of rampant corruption. The NDA government has been attempting to fix PSBs through several half-hearted moves over the past three years.

Way forward

Although resorting to recapitalization bonds is not a desired outcome, it is perhaps the best that the government could have done in the given circumstances. It is important to note that India is predominantly a bank-financed economy and would find it difficult to grow at a higher rate without the necessary support from the banking system. Infusion of capital will fast-track the resolution of non-performing assets and will help economic revival with the restoration of flow of credit to small and medium enterprises.

Conclusion

The government should back bank recapitalization with reforms in the financial sector—and in public sector banks in particular. The fact that recapitalization bonds can be used for capital infusion should not become an alternative for better governance.

Lessons on NPA from Global Banks



From last few years Indian Banking industry is seriously affected by Non-Performing Assets. NPA is the manifestation of failure of bad loan recovery by Indian banks. According to CARE Ratings, India's NPAs are growing rapidly and the country is at fifth spot in terms of high NPAs across the world. This situation clearly shows that there is large gap between global banks and Indian banks.

However, government is taking steps to improve the bad loan recovery procedures. Hereby, discussing the steps taken under 3Rs - Revealing, Recognising and Resolving.

Reasons for Poor Performance and Recovery by Indian banks

- ▶ The culture of ignorance by borrowers: At the time of requirement of loan, borrowers project themselves needy. But at the time of payment of interest and repayment of loan they just ignore the deadlines as per their convenience.
- ▶ Political Interference: India's banking sector is dominated by more than two-dozen state-run lenders, has been hobbled by its highest bad-loan ratio in a decade as slower economic expansion hurt companies' ability to service debt. While the pace of additions to bad loans has started slowing for most banks, higher provisioning is hurting their profits. State-run lenders also account for a majority of the sector's bad loans.
- ▶ Many large Indian projects are gold-plated; indeed, many seem to have spent more money than needed due to cost overrun, delay in completion, etc. This increases the unnecessary burden on banking sector.
- ▶ There is also lack of a speedy and decisive bankruptcy process which became an unfair advantage for large borrowers. It is probably the most important reason for poor performance. Bad loan recovery will not improve immediately; some companies going bankrupt now, first defaulted 15 years ago, so recoveries should be compared to zero.

The 3 R's strategy (revealing, recognizing and resolving) to enable higher future recovery rates, modify entrepreneurial behavior and lower future incidence of bad loans.

Resolving: The Insolvency and Bankruptcy Code (IBC), a competent Insolvency and Bankruptcy Board of India and Bank IBC filings mean that 3 lakh crore loans are under resolution. The IBBI has constituted a Committee to review the suggestions received from various stakeholders for improvements in the processes prescribed in the Insolvency and Bankruptcy Code, 2016.

Moreover, more than 300 cases being admitted for resolution by the National Company Law Tribunal.

Recognizing: India is one of the 160 countries to sign up a new international accounting standard (IFRS 9) born of the policy feeling that banks recognized bad loans too little and too late in the global financial crisis.

Previously, loans to risky borrowers with higher interest rates meant higher bank income but no provision if creditworthiness declined.

Revealing: Banks improve recovery rates by “calling” loans (all future payments become due) immediately after the disclosure of payment misses or lower-case defaults means violations around information, ownership, liquidity or operational covenants.

Revealing defaults forces open lines of communication, enables good faith negotiation between borrowers and lenders, and shrinks the extended bankruptcy periods that destroy value.

A good bankruptcy regime does not aim for liquidation but motivates a speedy renegotiation of financial viability if there is operational viability; this needs immediate, automatic and universal disclosure.

Suggestions to tackle the challenges and minimize the gap between global banks and Indian banks

- ▶ **Basel II implementation:** It is widely acknowledged as a significant challenge faced by both banks and the regulators internationally, but it is true that Basel II implementation may be seen as a compliance challenge. Basel II implementation has offers considerable opportunities to banks like refinement of risk management systems; and improvement in capital efficiency.
- ▶ Under Basel I banks were focused on credit and market risks. Basel II has brought into focus a larger number of risks requiring banks to focus on a larger canvas. Besides the increase in the number of risks, banks are now beginning to focus on their inter-linkages with a view to achieve a more comprehensive risk management framework. Basel II implementation, therefore, is being increasingly seen as a medium through which banks constantly endeavor to upgrade the risk management systems to address the changing environment.
- ▶ **Enhancing corporate governance:** A good “governance culture” is crucial for financial stability but since it is an intangible rules may not be able to capture its essence effectively. Therefore, banks may have to cultivate a good governance culture building in appropriate checks and balances in their operations.
- ▶ **Compliance with international accounting standards:** Accounting standards are important part of the standards that have been identified by the Financial Stability Forum as conducive to a robust financial infrastructure. Financial reporting and prudential supervision have slightly different perspectives.
- ▶ **Application of advanced technology:** Technology is a key driver in the banking industry, which creates new business models and processes and also revolutionizes distribution channels. Adoption of technology also enhances the quality of risk-management systems in banks. Recognizing the benefits of modernizing their technology infrastructure banks are taking the right initiatives. Ex. NPCI, BHIM App, etc.

Conclusion

- ▶ The global challenges are faced by Indian banks especially banks which aims to be a part of a globalized banking system. And to overcome these challenges banks are expected to not only stand them in good stead during difficult times but also needs of the banking system to which they belong and also equip them to launch themselves as a global bank.

Year of Reform for Real Estate Sector



Government has introduced key reforms in the real estate sector in 2017. Key policy reforms such as introduction of GST, the Real Estate (Regulation and Development) Act, 2016 (RERA) and the Union Budget putting development of affordable housing on priority has initiated reform in Real Estate sector. Hereby, analyzing the reforms and its impacts.

Real Estate Sector

The real estate sector comprises of four sub sectors - housing, retail, hospitality, and commercial. The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP). Real estate is the second largest employer after agriculture. In short it is a major sector in terms of direct, indirect and induced effects in all sectors of the economy.

In order to unlock true potential of this sector following regulatory issues need to be addressed to improve ease of doing business in this sector.

The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP).

In the period FY2008-2020, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Initiatives taken in last one year

► Real Estate Regulation and Development (RERA) Act, 2016

The Real Estate Regulation and Development (RERA) Act, 2016 is considered as one of the landmark legislations passed by the Government of India. Its objective is to reform the real estate sector in India, encouraging greater transparency, citizen centricity, accountability and financial discipline. This is in line with the vast and growing economy of India as in future many people will be investing in real estate sector.

The Real Estate Act makes it mandatory for each state and union territory, to form its own regulator and frame the rules that will govern the functioning of the regulator.

RERA will serve as a major deterrent against malpractices by developers as it has put heavy cost (in terms of penalty and imprisonment) to cheating by developers. Under the new regulation, if the project promoter fails to deliver home as per agreed deadline, they are bound to return the entire money invested by the buyers along with pre-

agreed interest rate mentioned in the contract. But if the buyer does not want to give up home, the builder will have to pay interest on each delay month to the buyer till the final delivery of the dwelling unit. Earlier, developers were paying meagre interest on delay in home delivery while they were charging hefty interest from buyers in case they defaulted on payments. But RERA will put an end to this malpractice. Besides, delayed delivery, developers will be punished for other violations, including poor quality of construction. Aggrieved buyers can get redressal within 6 months through fast track court under RERA.

► **Amendment to the Benami Transactions Act**

The Benami Transactions (Prohibition) Amendment Act, 2016 lays down stringent rules and penalties associated with dealings related to 'benami' transactions. It establishes a regulatory mechanism to deal with disputes arising from such transactions and levying penalties to increase the institution-investor participation and regulating the sector to make India an attractive investment destination.

The Act shall bring much needed clarity in ownership of property and will result in increased investor confidence.

► **Demonetisation**

Demonetisation has particularly boosted foreign funding. The transparency brought in by demonetisation, aided by RERA, GST reforms and liberalisation of FDI norms, has boosted the confidence of foreign investors, which is clearly evident from the spurt in foreign investments, particularly from pension funds.

This will inject much needed liquidity in the sector starved of funds. Targeting consumers, the government under the Pradhan Mantri Awas Yojana (PMAY), is providing substantial interest subsidy to home buyers. The clampdown on floating cash in the system has contributed significantly in curbing inflation which, in turn, helped RBI in cutting interest rates, thereby boosting home buying.

The proposed measures to liberalise FSI norms and rationalise stamp duty, will give further fillip to the residential sector, particularly affordable housing.

Demonetisation had a salutary impact on property prices by curbing cash transactions and checking speculative pricing, in turn increasing affordability, which is a key to achieve the government's flagship mission of 'Housing for All'.

► **New PPP Policy for Affordable Housing**

Affordable housing in India is finally set to get the much-coveted infrastructure status. One crore houses are to be built in rural India by 2019, and this vital segment will now see cheaper sources of finance - including external commercial borrowings (ECBs). Re-financing of housing loans by National Housing Banks (NHBs) can give a further boost to the sector.

The six models using government lands are:

- **DBT Model:** Under this option, private builders can design, build and transfer houses built on government lands to public authorities. Government land is to be allocated based on the least cost of construction. Payments to builders will be made by the public authority based on progress of project as per agreed upon milestones and buyers will pay to the Government.
- **Mixed Development Cross -subsidized Housing:** Government land to be allotted based on number of affordable houses to be built on the plot offered to private builders, cross subsidizing this segment from revenues from high end house building or commercial development.

- ▶ **Annuity Based Subsidized Housing:** Builders will invest against deferred annuity payments by the Government. Land allocation to builders is based on unit cost of construction.
- ▶ **Annuity-cum-Capital Grant Based Affordable Housing:** Besides annuity payments, builders could be paid a share of project cost as upfront payment.
- ▶ **Direct Relationship Ownership Housing:** As against government mediated payments to builders and transfer of houses to beneficiaries in the above four models, under this option, promoters will directly deal with buyers and recover costs. Allocation of public land is based on unit cost of construction.
- ▶ **Direct Relationship Rental Housing:** Recovery of the costs by builders is through rental incomes from the houses built on government lands.

The two PPP models for private investments in affordable housing on private lands include extending central assistance of about Rs.2.50 lakh on each house as interest subsidy on bank loans as upfront payment under the Credit Linked Subsidy Component (CLSS) component of Pradhan Mantri Awas Yojana (Urban). Under the second option, central assistance of Rs.1.50 lakh on each house to be built on private lands would be provided, in case the beneficiaries do not intend to take bank loans.

Benefits of Reforms

- ▶ This would improve the **affordability** and make this sector more efficient.
- ▶ Help in achieving **‘Housing for all by 2022’**.
- ▶ **Smart city** development would be positively impacted by efficient Realty sector.
- ▶ Improve the **employment prospects** and overall growth.
- ▶ Boost other upstream and downstream industries both related directly and indirectly.

Conclusion

The recent trend in the decline of new project launches has impacted the market, and is expected to gradually find some equilibrium with demand, and prices subsequently picking up pace.

Regulatory reforms brought through the Real Estate Regulatory Act (RERA) and transparency brought about by Goods and Services Tax (GST) will effect consolidation in the real estate sector.

“The consolidation will see larger players peak in strength, and smaller ones getting eroded or aligned with the established ones.

SCIENCE, ENVIRONMENTAL & DISASTER MANAGEMENT ISSUES

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2017 Wetland Rules: Critical Analysis



Wetlands are the other major water-based ecosystem apart from rivers, are at a moment of policy transition in the country. The Ministry of Environment, Forests and Climate Change has recently notified the Wetlands (Conservation and Management) Rules, 2017. It aims to prohibit range of activities in wetlands. The new rules will replace earlier rules notified in 2010.

The Supreme Court has also passed an order directing States to identify wetlands in the country within a stipulated timeframe.

Hereby, critically analyzing the new wetland provisions.

About Wetlands

- ▶ Wetland is transitional land between terrestrial and aquatic eco-systems where water table is usually at or near surface or it may be land covered by shallow water.
- ▶ Wetlands are vital parts of the hydrological cycle, are highly productive ecosystems which support rich biodiversity and provide a wide range of ecosystem services such as water storage, water purification, flood mitigation, erosion control, aquifer recharge, micro-climate regulation, aesthetic enhancement of landscapes. It also supports many significant recreational, social and cultural activities, being part of our rich cultural heritage.

Various Attempts in Past to Protect Wetlands

- ▶ **Article 51A of the Constitution:** It stipulates that it shall be the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures.
- ▶ **The Environment (Protection) Act, 1986:** Gives a comprehensive legislation to provide protection and improvement of the environment, including inter-alia, wetlands, and for matters connected therewith.
- ▶ **National Environment Policy, 2006:** It recognizes the ecosystem services provided by wetlands and emphasizes on the need to set up a regulatory mechanism for all wetlands so as to maintain their ecological character, and ultimately support their integrated management.
- ▶ **India is also signatory to the Ramsar Convention on Wetlands** and is committed to conservation and wise use of all wetlands within its territory. There are 115 wetlands officially identified by Central Government and of those 26 are identified as wetlands of international importance under Ramsar Convention.

- ▶ Central Government has published the Wetlands (Conservation and Management) Rules, 2010.

Wetlands are threatened by reclamation and degradation due to activities like drainage and landfill, pollution, hydrological alteration, over-exploitation of natural resources resulting in loss of biodiversity and disruption in ecosystem services provided by them.

Wetland (Conservation and Management) Rules, 2017

Following are important provisions in new rules 2017:

- ▶ **State Wetlands Authority (SWA):** New rules decentralize wetlands management by giving states powers to not only identify and notify wetlands within their jurisdictions but also keep a watch on prohibited activities. It stipulates setting up of SWA in each State/UTs headed by State's environment minister and include range of government officials. State government will also nominate one expert each in fields of wetland ecology, hydrology, fisheries, landscape planning and socio-economics.
- ▶ SWA will develop comprehensive list of activities to be regulated and permitted within notified wetlands and their zone of influence. It will also recommend additional prohibited activities for specific wetlands, define strategies for wise use of wetlands and its conservation and undertake measures to enhance awareness within stakeholders and local communities on values and functions of wetlands.
- ▶ It also indirectly widens the ambit of permitted activities by inserting the 'wise use' principle, giving powers to state-level wetland authorities to decide what can be allowed in larger interest.
- ▶ The new rules prohibit activities like conversion of wetland for non-wetland uses including encroachment of any kind, setting up and expansion of industries, waste dumping and discharge of untreated wastes and effluents from industries, cities, towns, villages and other human settlements.
- ▶ It makes mandatory for state authorities to prepare list of all wetlands and list of wetlands to be notified within six months. Based on it, a comprehensive digital inventory of all wetlands will be created and will be updated every ten years.
- ▶ **It seeking to protect over 2 lakh wetlands across the country**, the Centre has come out with rules to identify and manage these ecologically fragile areas which play an important role in flood control, groundwater recharge, preserving plant varieties, supporting migratory birds and protecting coastlines.
- ▶ The rules stipulates for setting up of *NWC*, headed by *MoEFCC Secretary*, to monitor implementation of these rules and oversee work carried out by States. *NWC* will also advise Central Government on appropriate policies and action programmes for conservation and wise use of wetlands, recommend designation of wetlands of international importance under Ramsar Convention, advice on collaboration with international agencies on issues related to wetlands etc.
- ▶ The Centre's role under the Wetlands (Conservation and Management) Rules, 2017, will be restricted to monitoring its implementation by states/UTs, recommending trans-boundary wetlands for notification and reviewing integrated management of selected wetlands under the Ramsar Convention.

Limitations and Criticism of New Rules

- ▶ Activities like solid waste dumping, storing of hazardous material, setting up of new industries, discharge of untreated waste and effluents is prohibited in wetlands

are covered under the 2010 rules. But new draft rules of 2017 do not spell out the list of activities prohibited.

- ▶ There is no time limit been set by MoEFCC in the Rules wherein a state shall set up the said Wetlands Authority.
- ▶ 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.
- ▶ Salt pans as ‘wetlands’ have been omitted from the new Rules. They were identified as wetlands in the 2010 Rules, as they are often important sites of migratory birds and other forms of biodiversity.
- ▶ The new draft has also omitted some types of wetlands that were protected in the 2010 version. Wetlands located within a UNESCO world heritage sites such as the mountain chain of Western Ghats and high altitude wetlands that were protected under 2010 Rules find no mention in the new draft.
- ▶ New rules are non-comprehensive as it does not consider the river channels, paddy fields, man-made wetland, wetlands under forest, coastal regulation zones and the zone of direct influence on wetlands.

Way ahead

- ▶ Given all the modern uses of wetlands, or the use of the wetland only for its land, looking at traditional cartography may be one way to understand catchments of wetlands.
- ▶ There are challenges ahead in identifying wetlands, multiple and competing use is just one of them. Understanding the historic spread and ecological character will be an important bulwark for the way forward.
- ▶ The National Wetland Commission needs to strengthen its regulation over the decision of SWA effectively to not interfere with genuine working but addressing any adverse decision by the SWAs.
- ▶ Setting clear governance systems would be the next. Without it, we are looking at a complete dilution of wetlands in the country. It is a way of restoring some modicum of ecological character, identity or ‘rights’ to wetlands.
- ▶ Multiple interests around wetlands also have governance needs, and this makes it absolutely necessary to identify and map these multiple uses. For this it is crucial to identify ecological criteria so that the wetlands’ character can be maintained.

Conclusion

The decentralization approach of the new wetland rules can help benefit the wetlands with effective and fast actions. So new rules are laudable in its intentions but they need to be revised to get rid of the problem areas so that India can effectively conserve its wetlands and fulfill both its domestic and international obligations.

Importance of Genetic Testing



Context

Genetic testing has become extremely popular in the past decade. People have begun making use of the wide variety of resources at hand to test their susceptibility to disease, ancestry, even their athletic ability. As the science of genetic testing continues to develop and provide us with new information about our DNA, certain ethical questions regarding the proper use of these tests come into question.

Hereby, discussing how with the genetic analysis, a person can benefit from timely interventions and gene-targeted treatments.

Introduction

Most diseases involve complex interactions of the involved genes, in addition to environmental stimuli. It is possible that a healthy-born individual runs a high risk of acquiring a deadly disease. This is known as genetic predisposition or susceptibility. Even though genetically predisposed individuals may lead a healthy lifestyle, they have an inherent risk of contracting a disease, independent of environmental factor, unless the risk factors are properly addressed. Advancement in genetic research and testing have aided our understanding and helped us in mapping the disease at the molecular level through genetic associations.

Genetic testing is a type of medical test that identifies changes in chromosomes, genes, or proteins. The results of a genetic test can confirm or rule out a suspected genetic condition or help determine a person's chance of developing or passing on a genetic disorder. More than 1,000 genetic tests are currently in use, and more are being developed.

Methods can be used for Genetic testing

- ▶ Molecular genetic tests (or gene tests) study single genes or short lengths of DNA to identify variations or mutations that lead to a genetic disorder.
- ▶ Chromosomal genetic tests analyze whole chromosomes or long lengths of DNA to see if there are large genetic changes, such as an extra copy of a chromosome, that cause a genetic condition.
- ▶ Biochemical genetic tests study the amount or activity level of proteins; abnormalities in either can indicate changes to the DNA that result in a genetic disorder.

Types of Genetic tests and significance

Genetic testing can provide information about a person's genes and chromosomes. Available types of testing include:

- ▶ **Newborn screening:**
 - Newborn screening is used just after birth to identify genetic disorders that can be treated early in life. Millions of babies are tested each year in the United States.
 - All states currently test infants for phenylketonuria (a genetic disorder that causes intellectual disability if left untreated) and congenital hypothyroidism (a disorder of the thyroid gland). Most states also test for other genetic disorders.
- ▶ **Diagnostic testing:**
 - Diagnostic testing is used to identify or rule out a specific genetic or chromosomal condition. In many cases, genetic testing is used to confirm a diagnosis when a particular condition is suspected based on physical signs and symptoms.
 - Diagnostic testing can be performed before birth or at any time during a person's life, but is not available for all genes or all genetic conditions. The results of a diagnostic test can influence a person's choices about health care and the management of the disorder.
- ▶ **Carrier testing:**
 - Carrier testing is used to identify people who carry one copy of a gene mutation that, when present in two copies, causes a genetic disorder.
 - This type of testing is offered to individuals who have a family history of a genetic disorder and to people in certain ethnic groups with an increased risk of specific genetic conditions. If both parents are tested, the test can provide information about a couple's risk of having a child with a genetic condition.
- ▶ **Prenatal testing:**
 - Prenatal testing is used to detect changes in a fetus's genes or chromosomes before birth. This type of testing is offered during pregnancy if there is an increased risk that the baby will have a genetic or chromosomal disorder.
 - In some cases, prenatal testing can lessen a couple's uncertainty or help them make decisions about a pregnancy. It cannot identify all possible inherited disorders and birth defects, however.
- ▶ **Preimplantation testing:**
 - Preimplantation testing, also called Preimplantation Genetic Diagnosis (PGD), is a specialized technique that can reduce the risk of having a child with a particular genetic or chromosomal disorder.
 - It is used to detect genetic changes in embryos that were created using assisted reproductive techniques such as in-vitro fertilization.
 - To perform preimplantation testing, a small number of cells are taken from these embryos and tested for certain genetic changes. Only embryos without these changes are implanted in the uterus to initiate a pregnancy.
- ▶ **Predictive and Presymptomatic testing:**
 - Predictive and presymptomatic types of testing are used to detect gene mutations associated with disorders that appear after birth, often later in life.
 - These tests can be helpful to people who have a family member with a genetic disorder.

- ▣ Predictive testing can identify mutations that increase a person's risk of developing disorders with a genetic basis, such as certain types of cancer.
- ▶ **Forensic testing:**
 - ▣ Forensic testing uses DNA sequences to identify an individual for legal purposes.
 - ▣ Unlike the tests described above, forensic testing is not used to detect gene mutations associated with disease.
 - ▣ This type of testing can identify crime or catastrophe victims, rule out or implicate a crime suspect, or establish biological relationships between people (for example, paternity).

The Importance of Genetic Testing

Genetic testing has potential benefits whether the results are positive or negative for a gene mutation. Test results can provide a sense of relief from uncertainty and help people make informed decisions about managing their health care.

- ▶ “Genetic testing has potential benefits whether the results are positive or negative for a gene mutation. Test results can provide a sense of relief from uncertainty and help people make informed decisions about managing their health care. A negative result can eliminate the need for unnecessary checkups and screening tests in some cases. A positive result can direct a person toward available prevention, monitoring, and treatment options.
- ▶ Genetic mapping has proved to be effective in disease-risk prediction. It is a stepping stone to advanced diagnostics and targeted treatments.
- ▶ **Epigenetic changes are responsible for normal development and health, and many diseases, too.** Epigenetics is the study of the effect of environmental factors on the modification of gene expression and the subsequent changes in organisms. It describes the factors controlling genetic expression, apart from an individual's DNA sequence. Genetic testing helps in its identification.
- ▶ Genetic test results can also help people make decisions about having children. Newborn screening can identify genetic disorders early in life so treatment can be started as early as possible.
- ▶ Genetic testing can provide important information for diagnosing, treating and preventing illness, with limitations. For example, if you're a healthy person, a positive result from genetic testing doesn't always mean that you will not develop a disease.
- ▶ The result of a genetic test uniquely identifies an individual. As a result, there are many criminal cases that can be solved by placing the subject at the crime scene. First, forensic investigators get samples of blood, hair or tissue from the crime scene. Secondly, laboratory technicians can easily verify the identity of the person who is involved in the crime.

Risks and Limitations Associated with Genetic Testing

- ▶ The physical risks associated with most genetic tests are very small, particularly for those tests that require only a blood sample or buccal smear (a procedure that samples cells from the inside surface of the cheek).
- ▶ The procedures used for prenatal testing carry a small but non-negligible risk of losing the pregnancy (miscarriage) because they require a sample of amniotic fluid or tissue from around the fetus.

- ▶ Many of the risks associated with genetic testing involve the emotional, social, or financial consequences of the test results. People may feel angry, depressed, anxious, or guilty about their results.
- ▶ The potential negative impact of genetic testing has led to an increasing recognition of a “right not to know”. In some cases, genetic testing creates tension within a family because the results can reveal information about other family members in addition to the person who is tested.
- ▶ Some individuals avoid genetic testing out of fear that it will affect their ability to purchase insurance or find a job.
- ▶ Genetic testing can provide only limited information about an inherited condition. The test often can’t determine if a person will show symptoms of a disorder, how severe the symptoms will be, or whether the disorder will progress over time.
- ▶ Another major limitation is the lack of treatment strategies for many genetic disorders once they are diagnosed.
- ▶ Another limitation to genetic testing for a hereditary linked cancer, is the variants of unknown clinical significance. Because the human genome has over 22,000 genes, there are 3.5 million variants in the average person’s genome. These variants of unknown clinical significance means there is a change in the DNA sequence, however the increase for cancer is unclear because it is unknown if the change affects the gene’s function.
- ▶ For some conditions, even though a changed gene or chromosome is found, it is not possible to tell how severely a person will be affected.

Conclusion

Numerous disease conditions still cannot be properly diagnosed with contemporary methods. With genetic analysis, a person can benefit from timely interventions and gene-targeted treatments. Precision medicine is also emerging to provide better and effective treatment. Further, reducing the trial-and-error in lifestyle choices—nutrition plans and fitness regimes—are among the key benefits of genetic assessments.

Mobile Radiation Effects on Health

Context

Mobile phones emit radio frequency energy, a form of non-ionizing electromagnetic radiation, which can be absorbed by tissues close to the phone. The amount of radio frequency energy a mobile phone user is exposed depend on many factors as the technology of the phone, the distance between the phone and the user, the extent and type of mobile phone use and the user's distance from cell phone towers.

Hereby, discussing the risks and possible effects of mobile phone use on human beings.

Introduction

In recent years, mobile telecommunication systems have grown significantly, to the point where more than a sixth of the world's population use mobile phones. Technology has made our lives easier in countless ways. And there's no denying the fact that mobile phones and computers offer many conveniences. But for many people, the comfort and conveniences of cellular phones and computers have outweighed the hidden dangers of these devices.

The problem is that mobile phones and other on-the-go technology emit electromagnetic field (EMF) radiation, which can be toxic to body's cells. Hence, being overly connected can cause a number of problems both physically and mentally.

In recent years, public fears over the radiation emitted from cell phones have led to several theories about the health conditions this radiation might engender.

Radiation and Mobile Phones

- ▶ The type of radiation emitted from mobile phones is **electromagnetic radiation**. It is present in mobiles because they use radio frequency (RF) waves to make and receive calls.
- ▶ Mobile phone radiation doses are considered to be very small as the emissions are low power (short range).
- ▶ Radiation is a combination of electrical and magnetic energy that travels through space at the speed of light. It is also referred to as electromagnetic radiation (EMR).
- ▶ Radiation is classified into two broad groups:
 - **Ionising radiation (IR):** Which is capable of causing changes in atoms or molecules in the body that, can result in tissue damage such as cancer. Examples of IR include x-rays and gamma rays.

- ❑ **Non-ionising radiation (NIR):** Which doesn't cause these changes, but can prompt molecules to vibrate. This can lead to rises in temperature, as well as other effects. Examples of NIR include ultraviolet radiation in sunlight, visible light, light bulbs, infrared radiation, microwave energy and radio frequency energy.
- ❑ **Mobile phone radiation is classified as non-ionizing.** This means that mobile phone radiation only excites matter into another form of energy. It does not ionize molecules which can cause more harmful radiation effects.

How the Mobile Phone System Works?

- ▶ The mobile phone system works like a two-way radio, and includes the individual handset and the base stations. Base station antennae are mounted high off the ground (on a tower or roof) to get the widest coverage. A mobile phone has a radio receiver and a transmitter.
- ▶ When we make a call, phone uses radio frequency (RF) radiation via its antenna to 'talk' to a nearby base station. Once the base station has received signal, the call is directed through the landline phone system.
- ▶ Mobile phone base stations emit relatively constant levels of RF radiation. The handsets emit levels of RF radiation that vary depending on three things:
 - ❑ How long we use the phone?
 - ❑ How close we hold the phone to our body?
 - ❑ How close we are to the base station. If the link to the base station is weak, the handset increases its radiation level to compensate?
- ▶ The levels of RF radiation from the handset, to which head is exposed, are around 100 to 1,000 times more intense than exposure from base stations.

Impacts

- ▶ **Impacts on Human Health:**
 - ❑ **Studies have shown that exposure to the RF waves emitted from mobiles can cause:**
 - Slightly raised blood pressure at the time of use, pressure returning to normal when use is stopped (to put this into perspective, our blood pressure changes regularly throughout the day and is even affected by tasks such as speaking).
 - Mild fatigue after prolonged use.
 - Direct brain warming after prolonged use, which disperses as soon as we stop using the phone and causes no harm.
 - Tumours-glioma, meningioma, or non-central nervous system tumours.
 - Cancer- Researchers are still not clear whether radio frequency radiation might be able to cause cancer. But tissue damage through heat radiation can promote the cellular mutations and increase your long-term risk of developing cancer.
 - ❑ **Toxic Impact on Humans:**
 - The environmental hazards posed by discarded cell phone components where electronic waste finally comes to rest. Lead taken into the body

through the air, through contaminated groundwater or lead-contaminated food can accumulate in human bones.

- It can adversely affect the nervous system, kidney function, immune system, reproductive and developmental systems, and the cardiovascular system.
- It can cause significant risk to young children even at low levels; exposure to infants and young children can contribute to learning deficits and lowered IQ.

■ **Mobile phone use can also have other indirect health effects. For example:**

- **Electronic equipment** – it is possible for RF radiation to interfere with medical electronic equipment if the equipment is vulnerable to the field. Handsets should be turned off in hospital buildings.

► **Impacts on Wildlife/Environment:**

■ **Effect on Insects:**

- Butterflies and locusts migrate great distances using their antennae to sense air currents and earth's electromagnetic fields. Moths are drawn to light frequencies. Ants, with the help of their antennas are adept at electrical transmission and found to respond to frequencies as low as 9 MHz. Flying ants are very sensitive to electromagnetic fields.

■ **Effect on Plants:**

- Tops of trees tend to dry up when they directly face the cell tower antennas and they seem to be most vulnerable if they have their roots close to the water. Some studies have found both growth stimulation and dieback.
- In an observational study, it was found that the output of most fruit-bearing trees reduced drastically from 100% to 5% after 2.5 years of cell tower installation in a farm facing four cell towers in Gurgaon-Delhi Toll Naka.

■ **Disappearance of Sparrows:**

- The electromagnetic fields and radiation created by mobile towers are known to affect sparrows. The effects range from damage to the immune and nervous system of sparrows to interference with their navigating sensors.
- For example: Disappearance of sparrows in Delhi.

Solutions

- Moving phone 20 cm away from head reduces radiation doses by about 98%. So instead of placing it under pillow when going to bed, leave the phone at a bedside table.
- Hands free headsets dramatically reduce radiation emissions into the brain.
- Trying not to chat for hours or, if must, getting a hands free kit.
- There are a few devices on the market that can fit to mobile phone that reduce the emissions of radiation or allow the body to neutralise the effects, but beware of over-hyped promotions by these manufacturers using scare tactics to market their products.

- ▶ As per the World Health Organisation (WHO), the intensity of radio frequency radiation from cell phones decreases exponentially the further the device is held away from the body. Simple precautions that can be taken to reduce the levels of radiation you absorb from using your devices may include:
 - Keeping your cell phone as far away from your ear and body as possible at all times.
 - Avoiding Bluetooth headsets - these pose serious radiation hazards because they act as mini wireless antennas and blast EMFs directly into your ear and head.
 - Keeping laptops off your lap and away from your body as much as possible.
 - Not sleeping with devices next to the head.
- ▶ It is said that EMF-emitting devices like laptop computers are exceptionally more harmful when plugged in, as opposed to when they are operating on battery alone.

Conclusion

There is no question that mobile phones offer many conveniences and have made our lives easier in countless ways. But by becoming aware of the sources and dangers of cell phone radiation we can take steps to minimize exposure.

Cold Wave Disaster



A cold wave is a weather phenomenon that is distinguished by marked cooling of the air, or the invasion of very cold air, over a large area. It can also be prolonged period of excessively cold weather, which may be accompanied by high winds that cause excessive wind chills, leading to weather that seems even colder than it is. Cold waves can be preceded or accompanied by significant winter weather events, such as blizzards or ice storms.

Cold weather continued to grip parts of north India and a blanket of fog enveloped several areas of the region affecting road and rail traffic.

Hereby, discussing the Cold wave disaster, its impact and steps needed for disaster management.

Introduction

The term 'cold' describes an unusual fall in temperature that is triggered by the transport of cold air masses into a specific area. The "wave" in cold wave is apparent in the upper-air flow (the jet stream), which is usually amplified into a strong ridge-trough pattern during a major cold outbreak. Cold waves affect much larger areas than blizzards, ice storms, and other winter hazards. A cold wave is a rapid fall in temperature within a 24-hour period requiring substantially increased protection to agriculture, industry, commerce, and social activities.

- ▶ Cold wave/frost is a localised seasonal phenomenon prevalent in the country except in Southern India.
- ▶ In 2012, after three consecutive intense winters took hundreds of lives across North India, the Indian government decided to officially recognise "cold wave/frost" as a "natural calamity". This made affected populations eligible for financial assistance from national and state disaster funds.

Formation of Cold Waves

The cold wave that establishes over northern India is a temporary phenomenon but can remain active for a number of days. The main reasons for this cold wave are:

- ▶ Southward movement of Inter Tropical Convergence Zone (ITCZ) due to apparent southward movement of sun: The southward movement of sun causes fall in temperature over north western and northern India. This causes formation of high pressure area in this region.
- ▶ Bifurcation of circum polar whirl by Himalayas and establishment of anti-cyclonic conditions over Multan and Karachi area of Pakistan. The anti-cyclonic wind circulation in upper atmosphere due to southern branch of circumpolar whirl intensifies the subsidence of air in this area.

- ▶ Formation of temperate cyclones in area around Mediterranean sea and their movement towards east under influence of westerly jet stream called as western disturbances. The temperate cyclones which are brought by jet stream to this area do not get chance to rise upward due to subsiding air and further decrease the temperature of the area causing cold wave.

Most affected areas of country due to the cold waves include the western and north-western regions and also Bihar, UP directly affected by the western disturbances.

Impact of Cold Waves

- ▶ **Impact on People:**
 - ❑ Cold spells are associated with increased mortality rates in populations.
 - ❑ Both cold waves and heat waves cause deaths, though different groups of people may be susceptible to different weather events. More people die of cold weather than hot weather, due to the rise in diseases like cold, flu, and pneumonia.
 - ❑ Exposure to extreme and especially unexpected cold can lead to hypothermia and frostbite, which can cause death and injury.
 - ❑ Fatal accidents can occur if people fail to adapt their driving to road conditions.
- ▶ **Impact on Crops:**
 - ❑ Cold waves that bring unexpected freezes and frosts during the growing season can kill plants during the early and most vulnerable stages of growth, resulting in crop failure as plants are killed before they can be harvested economically.
- ▶ **Impacts on Wildlife:**
 - ❑ A cold wave can cause death and injury to livestock and wildlife.
 - ❑ Exposure to cold mandates greater caloric intake for all animals and if a cold wave is accompanied by heavy and persistent snow, grazing animals may be unable to reach to the needed food and die of hypothermia or starvation.
- ▶ **Other:**
 - ❑ Fires become even more of a hazard during extreme cold. Water mains may break and water supplies may become unreliable, making fire fighting more difficult.
 - ❑ The air during a cold wave is typically denser and thus contains more oxygen, so when air that a fire draws in becomes unusually cold it is likely to cause a more intense fire.
 - ❑ The cold wave can negatively impact the safety of aviation operations.
 - ❑ Ice rain can cause ice fractures in trees and telephone wires.

Solutions

- ▶ **Shelter homes to homeless people:**
 - ❑ The homeless may be arrested and taken to shelters, only to be released when the hazard abates.
 - ❑ Hospitals can prepare for the admission of victims of frostbite and hypothermia; schools and other public buildings can be converted into shelters.

- ▶ **General:**
 - People can stock up on food, water, and other necessities before a cold wave. Some may even choose to migrate to places of milder climates, at least during the winter.
 - Suitable stocks of forage can be secured before cold waves for livestock, and livestock in vulnerable areas might be shipped from affected areas.
- ▶ **Help to Farmers:**
 - Farmers are to provide light irrigation as per need, immediately prune damaged tips of branches or shoot, burn leave/waste material to create smoke and manage rejuvenation of damaged crops through pruning of dead material, application of extra doses of fertilizer through foliar sprays.
 - Vulnerable crops may be sprayed with water that will paradoxically protect the plants by freezing and absorbing the cold from surrounding air.
- ▶ **Government measure:**
 - Department of Agriculture & Cooperation, Ministry of Agriculture closely monitors cold wave situation in consultation with India Meteorological Department (IMD) and State Governments.
 - In case of cold wave/frost situation, States needs to initiate location specific measures as outlined in District Crop Contingency Plans and in consultation with respective State Agricultural Universities to minimise its impact.
 - As Cold Wave/Frost is a localised disaster event, location specific mitigation plans are to be drawn up by the concerned State Governments instead of a National level plan.
- ▶ **Forecasting:**
 - Cold waves can be forecast by modern weather forecasting. The weather forecasts can disseminate useful warnings to prevent traffic accidents.

INTERNATIONAL ISSUES

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Rohingya Crisis and Role of China



The issue of Rohingya Crisis erupted since the military intensified crackdown against alleged militant outfits of Rohingya Muslims. Due to Myanmar's violence in Rakhine state about 6 lakh Rohingya Muslims have fled to neighboring Bangladesh. Today, it has become a major cause of dispute, snowballed into a humanitarian crisis and a war of words between Myanmar and Bangladesh.

Recently, China has announced that Bangladesh and Myanmar have accepted its mediatory role and agreed to implement three-stage solution proposed to resolve Rohingya refugee crisis.

Hereby, analyzing the role of China in Rohingya Crisis.

About Rohingya Crisis

Finding safe haven in Bangladesh

Hundreds of thousands of Rohingya have left their ethnic homeland of Rakhine State for the district of Cox's Bazar in Chittagong, Bangladesh.



- ▶ Rohingya is ethnic Muslim minority group in Myanmar and living primarily in western Rakhine state. They practice Sufi-inflected Islam which is different from Myanmar's dominant Buddhist groups religiously, ethnically and linguistically.
- ▶ Despite fact that they have resided in Rakhine province for centuries, Myanmar government considers Rohingyas as illegal Bengali immigrants just because they speak Bengali dialect, as opposed to commonly spoken Burmese language in Myanmar.
- ▶ Myanmar government refuses to grant them citizenship status, and as result they do not have any legal documentation, effectively making them stateless. They are also restricted from freedom of movement, state education and civil service jobs. UN has often described Rohingya as one of most persecuted minorities in the world.

Recently, China has announced that Bangladesh and Myanmar have accepted its mediatory role and agreed to implement **three-stage solution** proposed to resolve Rohingya refugee crisis.

China's Concern

- ▶ China has good relations with both countries Bangladesh and Myanmar. Also China has emerged as a major investor in both Bangladesh and Myanmar.
- ▶ China is building a \$7.3 billion deep-water port in the Rakhine province and has invested \$2.45 billion to build an oil and gas pipeline connecting coastal Rakhine to Yunnan (Chinese Province). As well as Rakhine is an important link in China's Belt and Road Initiative. China sees the Rohingya crisis as an economic problem. So, it is important for China to ensure peace and stability in this region.
- ▶ China sees that its solution is centered on development therefore economic development of this region is important. China has also put pressure on Myanmar because conflict in Rakhine will be against its economic interests.

Three-Stage solution

- ▶ **In first stage:** Myanmar should impose ceasefire and stop persecuted Rohingyas from fleeing into Bangladesh.
- ▶ **In second stage:** The international community should encourage Myanmar and Bangladesh to keep communication in a bid to strengthen exchanges and find the feasible solution to the issue on the basis of equality. And the two countries have reached an initial agreement on repatriation of refugees fleeing to Bangladesh from Myanmar.
- ▶ **In third stage:** It aims to find a long-term solution. That is, China will provide economic assistance to help in developing the backward Rakhine state and poverty alleviation of Rohingyas in Myanmar and asking International community for the same.

This three-phased solution won the "acknowledgement" from Bangladesh and Myanmar.

Balancing the global oversight and military machoism, China has apparently begun to redeem its leverage on the Burmese Generals. The Burmese military's countless offensives on its ethnic Kachin, Ta'ang and Kokang groups have caused thousands of civilians to flee into China. Eventually, such attacks will dent its magnum opus belt and road initiative and the proposed China-Myanmar economic corridor.

Beijing has been supporting inclusive nationwide ceasefires in Myanmar with \$3 million incentives for the peace process between the Generals and the rebels.

Challenges for Agreement

- ▶ An immediate ceasefire in Rakhine to halt further displacement as mentioned in the agreement hasn't been declared yet.
- ▶ Details of the agreement, including the number of Rohingya who will be sent back, and the timeline, have not been revealed. And there is no indication so far, that a resettlement plan is taking shape.
- ▶ It is not clear whether the refugees themselves want to go back to a place they had fled in such unsafe circumstances. It is also not clear where they will be resettled.

India's interests in Myanmar:

- ▶ Both Myanmar and Bangladesh are neighbor of India. So has wide and large interest (Political and Economic) to protect. Ex: India's construction of a deepwater port at Sittwe, Kaladan multimodal transport project.
- ▶ The peace and development in the North-eastern region directly depends on the relations of India with these countries.
- ▶ For India, Myanmar act as gate way to South-East Asia. So friendly relations with Myanmar is necessary for Look East and Act East policies of India.
- ▶ Due to Rohingya crisis some of Rohingyas are also coming as illegal migrants to India. 16500 Rohingya refugees in India holds United Nations High Commissioner for Refugees (UNHCR)'s identity card and India consider it as irrelevant, and as far as they are illegal immigrants to India, which leads to create the political instability in country.

Way Forward

- ▶ With immediate effect, Myanmar should roll back the institutional barriers that render Rohingya as second-class people. So that further eruption of violence will be stopped.
- ▶ The UN should play key role by providing platform for negotiations because the real problem is political and there needs to be a political solution.
- ▶ The economic assistance is essential and which can be possible with the help of neighbors (India and China) and other international communities.
- ▶ As a long-term solution Rohingya must be accepted as equal citizens of Myanmar.

Conclusion

- ▶ To end the refugee crises, their root causes should be addressed. Ending conflicts and widespread human rights abuses are objectives that states should pursue. The individual states and the international community as a whole must recognize that they can lessen the devastating consequences of the refugee crisis on people. For this, a global approach to the problem is needed.

UN Experts Urged Sri Lanka to Repeal Prevention of Terror Act



The UN Working Group on Arbitrary Detention has identified significant challenges to the enjoyment of the right to personal liberty in Sri Lanka, resulting in arbitrary detention across the country.

Thus, UN experts urged the Sri Lanka government to repeal the Prevention of Terrorism Act (PTA) reiterating a long-pending demand from human rights activists and some politicians.

UN experts say statute enables arbitrary detention.

Prevention of Terrorism Act (Sri Lanka)

- ▶ The Prevention of Terrorism Act of 1978 is a law in Sri Lanka.
- ▶ It provides the police with broad powers to search, arrest, and detain suspects.
- ▶ It was first enacted as a temporary law in 1979 under J. R. Jayewardene presidency, and then made permanent in 1982.
- ▶ **Elements of the Act:**
 - Under the PTA of Sri Lanka, a person can be detained for period up to 18 months (renewable by order every three months) if the Minister has reason to believe or suspect that any person is connected with or concerned in any unlawful activity. Unlawful activity includes even pasting posters on walls, and is punishable with death.
 - Offences not known to ordinary laws of the country were also introduced.
 - For example, if a person knows the whereabouts of terrorist (terrorist not defined in the Act) and if such person fails to inform the Police he commits an offence punishable with a minimum 5-year jail term.
 - If the “terrorist” stays with any person for a night such person is guilty of harbouring, punishable with a maximum of twenty years’ jail.

There has been ridiculous instances when Judges of Courts have ordered detenus taken to remand prison, their names entered in Prison Registers and then the provisions of the PTA invoked and the detenus brought for torture to Army Camps.

The UN Working Group on Arbitrary Detention has identified significant challenges to the enjoyment of the right to personal liberty in Sri Lanka, resulting in arbitrary

detention across the country. The Prevention of Terrorism Act (Sri Lanka) of 1979, they observed, was one of the key enablers of arbitrary detention for over four decades.

While the Sri Lankan government maintains that no arrests have been made under the PTA after 2015, the UN Working Group said it was “gravely concerned about the numerous severe restrictions to fair trial guarantees that the application of the PTA entails”.

For the operation under this Act normally army camps were used for detention and they were notorious for their “torture cells”. In one Army camp they had even built in rings and other implements for torture.

To this day, the act continues to be in operation in the North and East by which the state continues to oppress the Tamil population in the country.

Operation and Treatment of Tamils

- ▶ Although the Prevention of Terrorism Act refers to the whole of Sri Lanka, its application has been reserved for the Tamils and particularly the Tamil youth.
- ▶ Ever since its enactment in 1979, scores of Tamil civilians from students to humanitarian workers have been brutally oppressed and systematically tortured under the act, and many of them have also been killed.

Findings of the UN Three-member Delegation

- ▶ The right to personal liberty has yet to be respected by law enforcement, security forces, judicial and other authorities.
- ▶ A suspect cannot access legal assistance until the court proceedings commence. “In practice, this means that any statements, including confessions, which normally form an essential part of the prosecution under the PTA, are given in the absence of lawyers.
- ▶ Court proceedings were affected by excessive and unjustified delays, while suspects remained in detention indefinitely adding that the rights to the presumption of innocence and due process were yet to be fully recognized.
- ▶ The current powers to deprive individuals of their liberty extended across a range of facilities, including police stations, prisons, open work camps, centres for juveniles and the elderly, mental health institutions and rehabilitation camps for former combatants, as well as those for drug addicts and people in vulnerable situations.
- ▶ Persons convicted under the PTA had allegedly been subjected to harassment, intimidation, threats and torture to extract confessions.
- ▶ Detainees in general did not enjoy some of the most fundamental guarantees of due process, such as immediate access to legal assistance from the moment of the arrest and before their initial statement was recorded.
- ▶ The fact that the detainees are interrogated by the authorities without a lawyer, in particular at police stations, is of great concern.
- ▶ Deprivation of liberty of those in situations of vulnerability, such as children, women, elderly people, those with psychosocial disabilities, and those living in poverty.
- ▶ Successive governments have used the PTA against Tamils in the north and east during the war and after, at times arresting large groups of people by surrounding villages.
- ▶ In the south, the government used it in the late 1980s, during the second armed insurrection led by the leftist JVP, in an apparent attempt to curb dissent.

Way Forward

Urgent reforms are needed to address the problems including the excessive use of remand, a lack of effective alternatives to detention, an outdated legal framework and reliance on confessions, often extracted under torture or duress and there is an urgent need to strengthen mechanisms for independent monitoring and oversight.

Government of Sri Lanka should repeal the Prevention of Terrorism Act of 1979, as one of the key enablers of arbitrary detention for over four decades. Any new legislation must be in accordance with international anti-terrorism standards reflected in relevant United Nations instruments and comparative constitutional practice.

Such legislation must meet the requirements of anti-terrorism powers that are necessary, legitimate and proportionate to the aims of a democratic society and which must be subject to comprehensive judicial review.

UN Working Group

- ▶ The Working Groups are part of what is known as the Special Procedures of the Human Rights Council.
- ▶ Special Procedures, the largest body of independent experts in the UN Human Rights system, is the general name of the Council's independent fact-finding and monitoring mechanisms.
- ▶ Special Procedures mandate-holders are independent human rights experts appointed by the Human Rights Council to address either specific country situations or thematic issues in all parts of the world.
- ▶ They are not UN staff and are independent from any government or organization. They serve in their individual capacity and do not receive a salary for their work.

World Inequality Report 2018



World Inequality Report is a report by the World Inequality Lab at the Paris School of Economics that provides estimates of global income and wealth inequality based on the most recent findings compiled by the World Wealth and Income Database (WID).

Recently, World Inequality Report 2018 has been released. Hereby, providing the gist of the report.

Introduction

Economic inequality is widespread and to some extent inevitable. It is our belief, however, that where rising inequality is not properly addressed, it leads to all manner of political and social catastrophes. Avoiding these begins with careful monitoring.

In all societies, human beings care deeply about inequality. Changes in inequality levels have concrete consequences for people's living conditions, and they challenge our most basic and cherished notions of justice and fairness. Are different social groups getting all they deserve? Is the economic system treating different categories of labor-income earners and property owners in a balanced and equitable manner, both locally and globally? Across the world, people hold strong and often contradictory views on what constitutes acceptable and unacceptable inequality.

Findings of the Report

- ▶ Inequality within world regions varies greatly. In 2016, the share of total national income accounted for by just that nation's top 10% earners (top 10% income share) was 37% in Europe, 41% in China, 46% in Russia, 47% in US-Canada, and around 55% in sub-Saharan Africa, Brazil, and India. In the Middle East, the world's most unequal region according to our estimates, the top 10% capture 61% of national income.
- ▶ Since 1980, income inequality has increased rapidly in North America, China, India, and Russia. Inequality has grown moderately in Europe. From a broad historical perspective, this increase in inequality marks the end of a post-war egalitarian regime which took different forms in these regions.
- ▶ Since 1980, income inequality has increased rapidly in North America and Asia, grown moderately in Europe, and stabilized at an extremely high level in the Middle East, sub-Saharan Africa, and Brazil.
- ▶ The poorest half of the global population has seen its income grow significantly thanks to high growth in Asia (particularly in China and India). However, because of high and rising inequality within countries, the top 1% richest individuals in the world captured twice as much growth as the bottom 50% individuals since 1980.
- ▶ Income growth has been sluggish or even nil for individuals between the global bottom 50% and top 1%. This includes North American and European lower- and middle-income groups.

- ▶ The rise of global inequality has not been steady. While the global top 1% income share increased from 16% in 1980 to 22% in 2000, it declined slightly thereafter to 20%. The trend break after 2000 is due to a reduction in between-country average income inequality, as within-country inequality has continued to increase.
- ▶ When measured using market exchange rates, the top 10% share reaches 60% today, instead of 53% when using purchasing power parity (PPP) exchange rates.
- ▶ The rise in wealth inequality has nonetheless been very large in the United States, where the top 1% wealth share rose from 22% in 1980 to 39% in 2014. Most of that increase in inequality was due to the rise of the top 0.1% wealth owners. The increase in top-wealth shares in France and the UK was more moderate over the past forty years, in part due to the dampening effect of the rising housing Wealth of the middle class, and a lower level of income inequality than the United States.

Income Inequality in India

- ▶ Income inequality in India has reached historically high levels. In 2014, the share of national income accruing to India's top 1% of earners was 22%, while the share of the top 10% was around 56%.
- ▶ Inequality has risen substantially from the 1980s onwards, following profound transformations in the economy that centered on the implementation of deregulation and opening-up reforms.
- ▶ Since the beginning of deregulation policies in the 1980s, the top 0.1% earners have captured more growth than all of those in the bottom 50% combined. The middle 40% have also seen relatively little growth in their incomes.
- ▶ This rising inequality trend is in contrast to the thirty years that followed the country's independence in 1947, when income inequality was widely reduced and the incomes of the bottom 50% grew at a faster rate than the national average.
- ▶ The temporary end to the publication of tax statistics between 2000–2010 highlights the need for more transparency on income and wealth statistics that track the long-run evolution of inequality. This would allow for a more informed democratic debate on inequality and inclusive growth in India.

Recommendations Provided in the Report

- ▶ **For Tackling Economic in Inequality**
 - The future of global income inequality is likely to be shaped by both convergence forces (rapid growth in emerging countries) and divergence forces (rising inequality within countries).
 - However, report show that if within-country inequality continues to rise as it has since 1980, then global income inequality will rise steeply, even under fairly optimistic assumptions regarding growth in emerging countries. The global top 1% income share could increase from nearly 20% of today to more than 24% in 2050, while the global bottom 50% share would fall from 10% to less than 9%.
 - If all countries were to follow the high inequality growth trajectory followed by the United States since 1980, the global top 1% income share would rise even more, to around 28% by 2050. This rise would largely be made at the expense of the global bottom 50%, whose income share would fall to 6%.
 - Conversely, if all countries were to follow the relatively low inequality growth trajectory followed by Europe since 1980, the global top 1% income share would decrease to 19% by 2050, while the bottom 50% income share would increase to 13%.

- Differences between high and low inequality growth trajectories within countries have an enormous impact on incomes of the bottom half of the global population. Under the US-style, high inequality growth scenario, the bottom half of the world population earns €4,500 per adult per year in 2050, versus €9,100 in the EU-style, low inequality growth scenario (for a given global average income per adult of €35,500 in 2050 in both scenarios).
- ▶ **For Tackling Rising Inequality at the Top: The role of Progressive Taxation**
 - There has been a rise global top shares, but different countries have experienced widely different inequality trajectories. Institutional and policy changes implemented since the 1980 stand as the most powerful explanations for the different inequality trajectories.
 - Income tax progressivity is a proven tool to combat rising income and wealth inequality at the top. Tax progressivity does not only reduce post-tax inequality; it also impacts pre-tax inequality, by discouraging top earners to capture a higher share of growth via aggressive bargaining for higher pay.
 - Tax progressivity was sharply reduced in rich countries from the 1970s to the mid-2000s. During this period, the top marginal income tax rate in rich countries was brought from 70% to 42% on average. Since the global financial crisis of 2008, the downward trend has been halted and reversed in certain countries. Future evolutions remain, however, uncertain.
 - Progressive taxation of wealth and inheritances is also a key component of redistribution. In some of the most unequal nations of the world (Brazil, South Africa, India, Russia, and the Middle East), inheritance tax is almost inexistent while the poor often face high tax rates on the basic goods they purchase.

More generally, tax systems are highly regressive in large emerging countries. Evidence from recent inequality trends (for example, Brazil between 2000 and 2015) suggests that progressive tax reform should be given a higher priority in the future.
- ▶ **The need for more Equal Access to Education and Good Paying Jobs**
 - More equal access to education and good paying jobs is key to countering the stagnation and sluggish income growth rates of the bottom half of the population. Recent research shows that there can be enormous gaps between the beliefs evinced in public discourses about equal opportunity and the realities of unequal access to education.
 - In the United States, for instance, out of one hundred children whose parents are among the bottom 10% income earners, only thirty go to college. The figure reaches ninety when parents are within the top 10% earners.
 - On the positive side, research shows that elite colleges in the United States may improve openness to students from poor backgrounds without compromising with their outcomes.
 - In rich or emerging countries, it might be necessary to set transparent and verifiable objectives—together with changes in the financing and admission systems—in order to equalize access to education.

Minimum wage, fair wage, and corporate governance

Educational policies promoting social mobility and equality of opportunity are certainly key to reducing income inequality and widening access to good jobs. They remain, however, limited in their ability to

provide decent incomes to all. Policy tools potentially useful for increasing workers' pay include the minimum wage, and more democratic corporate governance.

It is, in this respect, noteworthy to mention that wage inequality and employment precariousness remain of crucial importance, and have been increasing in a range of countries. According to the International Labour Organization, the share of labor in aggregate income has continued its long-run decline in the past five years, and still, 80% of workers are paid less than the average wage of the firm in which they work—a fact that skills-related characteristics fail dramatically to explain. Whether countries record high rates of average income growth or not, if individuals can only expect a declining share of it, equality-of-opportunity policies in education alone will fall short of meeting their demands.

Minimum wages can therefore usefully help in compressing wage disparities, and notably differences in earnings between men and women, given that women are overrepresented among the low-paid in both developed and developing countries.

To reduce wage inequality and improve the overall quality of jobs would surely require deep changes in the way the power of different stakeholders is determined and organized. Some Nordic and German-speaking countries have already undergone changes in this direction by promoting “codetermination.” For instance, employees' representatives hold half the seats in executive boards of major German firms, which ensures better consideration of workers' interests in companies' strategic choices or decisions over executive or workers' pay. These examples suggest that while being crucial, educational policies cannot suffice on their own to tackle the extreme inequality levels observed in certain countries.

Conclusion

Report stressed the need for governments to invest more in the future both to address current income and wealth inequality levels and to prevent further increases. This is particularly difficult given that governments have become poor and heavily indebted in rich countries over the past decades. Reducing public debt is by no means an easy task, but several options exist for accomplishing it (including taxation, debt relief, and inflation), all of which have been used across history. Finding the proper combination of solutions will require serious public debate, which must be grounded in sound economic, social, and historical analysis.

SOCIAL ISSUES

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2. **Education Helps in Increasing Income and Reducing Inequality**
3. **Ending Unsafe Abortions**
4. **Rise in Population and Urbanisation**

The Gap in the Mental Healthcare Act



The National Institute of Mental health and Neurosciences (NIMHANS) and Ministry of Health and Family Welfare conducted survey in 12 States and revealed that over 13% of the population in these states is suffering from some mental health disorders ranging from familiar ailments like depression and anxiety to severe illnesses that include bipolar disorders.

According to WHO, by 2030 depression will be the leading illness worldwide if it is not addressed immediately. So in response to this situation the central government has recently introduced the Mental Health Care Bill 2016.

Hereby, providing the critical analysis of the Mental Healthcare Act.

Introduction

India is signatory to UN Convention on Rights of Persons with Disabilities adopted in 2006. So, it is necessary to align and harmonize our existing laws with the said Convention and the mental healthcare act is a major step in this direction.

Important Provisions of Act

- ▶ **Rights Based Approach:**
 - The Act guarantees every person the right to access mental health care and treatment from mental health services funded by government. It is meant to ensure mental health services of affordable cost, of good quality, of sufficient quantity, are geographically accessible and are provided without discrimination.
- ▶ **Advance Directive:**
 - The Act states that every person would have the right to specify how he would like to be treated for mental illness in the event of a mental health situation. An individual will also specify who will be the person responsible for taking decisions with regard to the treatment, his admission into a hospital, etc.
- ▶ **Decriminalization of Suicide:**
 - Someone attempting suicide shall be presumed to be suffering from mental illness at that time and will not be punished under the Indian Penal Code unlike before.
 - The government shall have a duty to provide care, treatment and rehabilitation to a person, having severe stress and who attempted to commit suicide, to reduce the risk of recurrence of attempt to commit suicide.

- ▶ **Mental Health Authority (MHA):**
 - The Act mandates the government at central and state level to set-up Mental Health Authority.
 - These administrative bodies are required to register, supervise and maintain a register of all mental health establishments, develop quality and service provision norms for such establishments, train law enforcement officials and mental health professionals on the provisions of the Act, advise the government on matters relating to mental health, etc.
- ▶ **Mental Health Review Commission and Board:**
 - It will be a quasi-judicial body that will periodically review the use of and the procedure for making advance directives and advice the government on protection of the rights of mentally ill persons.

But various mental health experts and NGO's initiated public debates and raised the lacunae in the draft rules and regulations with the ministry of health and family welfare.

- ▶ Prevention and promotion of mental well-being at social level is missing. Act recognizes mental illness as a clinical issue which can only be treated by medicines and clinical procedures and medical interventions occur at an advanced stage.
The mental illness can mainly cause by one's social setting and preliminary treatment can be provided by qualified psychotherapists, counselors and psychoanalysts.
- ▶ Mental healthcare initiatives also miss out on another important dimension of mental healthcare, that is, psychiatric pluralism or the availability of various traditional and religious resources.
Data from other countries suggest that a partnership between psychiatrists and traditional healers could prove beneficial for patients. So, without taking into account cultural explanations for mental illness and psychiatric pluralism, mental health initiatives cannot be successful in addressing the treatment gap.
- ▶ The Act consist provision for an 'advance medical directive' through which individuals can dictate how they wish to be treated and can nominate a member who can make decisions on their behalf should they lose their mental capacity. But it is unable to provide a clear procedure for preparing it.
- ▶ The Act provides for the constitution of an expert committee for periodic review and effective implementation of the Act. Such an important body should be more transparent and subject to public scrutiny, but neither Act nor the rules define the constitution, procedure and terms of reference of the committee.
- ▶ Belief in supernatural, social stigma, non-medical explanations of mental illness and the easy accessibility of traditional healing resources are important reasons for not seeking medical help for mental illnesses in India. Act does not address this issue properly.
- ▶ The economic burden of mental illness contributes significantly to the treatment gap in India. The costs of long-term treatment, including consultation and medication costs, travelling costs to treatment centers and the stay in hospital all contribute substantially to the economic burden of mental illness.

Way forward

- ▶ **The World Health Organization's Mental Health Gap Action Programme (MH GAP)** provides a clear and coherent strategy for closing the treatment gap between what is urgently needed, and what is currently available, to reduce the

occurrence of mental illnesses worldwide. It makes 10 recommendations to reduce the treatment gap in mental healthcare.

- ❑ Make mental health treatment accessible in primary care.
 - ❑ Make psychotropic drugs readily available.
 - ❑ Shift care away from institutions and towards community care.
 - ❑ Educate the public.
 - ❑ Involve family, communities, and consumers.
 - ❑ Establish national mental health programmes.
 - ❑ Increase and improve training of mental health professionals.
 - ❑ Increase links with other governmental and non-governmental institutions.
 - ❑ Provide monitoring of the mental health system with quality indicators.
 - ❑ Support more research.
- ▶ There is need to focus on providing information for better decisions, integrating policies, developing services, advocating against stigma and discrimination, and enhancing research capacity.
 - ▶ There is a need for innovation and capacity building to develop and implement locally relevant, feasible, and effective mental healthcare.
 - ▶ The treatment gap can be addressed by utilizing locally available resources, combining biomedical resources with locally relevant and feasible resources, and targeting primary and secondary care.

Conclusion

- ▶ India is socio-culturally diverse and populous nation, so we must adopt the models that fit well with the local contexts, needs, and conceptualizations of mental health. A partnership between psychiatrists, local healers (especially religious healers), psychiatric social workers, anthropologists, NGOs, and local volunteers could play an important role in making mental health services effective and accessible to a larger population.

Education Helps in Increasing Income and Reducing Inequality



The World Inequality Report 2018 released by the World Inequality Lab says that income inequality in India has increased since economic liberalization. In this context, it is imperative to understand role of education in increasing income and reducing inequality.

Introduction

The persistence of high and, in many countries, rising income inequality over recent decades is a growing concern for policy makers worldwide, and has received increasing attention both from economists and in public debate. Rising inequality has been attributed to a range of factors, including the globalization and liberalization of factor and product markets; skill-biased technological change; increases in labor force participation by low-skilled workers (i.e., Education).

Relationship between Education expansion and Income inequality

- ▶ Expansion of education is often seen as an important policy instrument for combating rising income inequality.
- ▶ Not only is education expansion viewed as being important for promoting economic growth, but it can also help to break the intergenerational transmission of poverty and reduce inequality of opportunity which in turn reduces future income inequality.
- ▶ Reducing income inequality through education expansion would also reduce the need for fiscal redistribution through distortionary fiscal policies such as progressive income taxes or means-tested transfers.
- ▶ So, from this perspective, education expansion has a "win-win" potential to simultaneously achieve both efficiency and equity objective.
- ▶ With the simulated increase in educational attainment, the report found that awarding a bachelor's degree to one in 10 men between the ages of 25 through 64, who did not previously have one, would in fact increase their likelihood of being employed and boost their earnings.
- ▶ The increase in education resulted in significant changes for those at bottom half of the earnings spectrum.
- ▶ For less-skilled workers and those who earn a lower wage, additional education can still be especially important.

To measure Inequality Gini Coefficient is used

Gini Coefficient: Inequality of income, wealth and other assets, such as land, has been historically measured by the Gini coefficient, named after the Italian statistician Corrado Gini. This is a measure of inequality where a rating of 0 represents total equality, with everyone taking an equal share, and a rating of 1 (or sometimes 100) would mean that one person has everything.

The Indian Experience

- ▶ The report, titled Inclusive Growth and Development Report 2015, ranked India 37th out of 38 lower middle-income countries in fiscal transfers.
- ▶ Education has for long been the key to moving up the economic and social ladder. There can be no equality of opportunity without access to quality education.
- ▶ Educational enrollment rates are relatively low across all levels, and quality varies greatly, leading to notable differences in educational performance among students from different socio-economic backgrounds.
- ▶ While unemployment is not as high as in some other countries, the labor force participation rate is low, the informal economy is large, and many workers are in vulnerable employment situations with little room for social mobility.
- ▶ India under-exploits the use of fiscal transfers. Its income tax is regressive and social spending remains low, which limits accessibility of healthcare and other basic services. Sanitation continues to be a problem across the board.

Government Steps

- ▶ **Labour Reforms:** Some states have begun to loosen rules for hiring of labour. Evidences shows easing of market regulations and technological progress reduce the chances of the less-educated labour force rising in life. Labour market policies should attempt to avoid both excessive regulation and extreme disregard for labor conditions.
- ▶ **Skill Development:** Skill India, Make in India, Padhe Bharat Badhe Bharat are some steps. Improving education quality, eliminating financial barriers to higher education, and providing support for apprenticeship programmes are all key to boosting skill levels in both tradable and non-tradable sectors. These policies can also help improve income prospects of future generations as educated individuals are better able to cope with technological and other changes.

Way Forward

- ▶ Community based education programme to be implemented.
- ▶ Social audit to bring in education system too.
- ▶ Modest injections of capital and resources can produce significant improvements in education quality and output.
- ▶ With the given resource limitations, a case can be made to focus on low capital-intensive skill-based education. For example in Korea, the best students enter the teaching profession because the social status of a teacher is very high. We need such a system in India.
- ▶ The government must help students with more scholarships. But, a student should be in a position to avail of the scholarship irrespective of whether he attends a government or private institution.

Conclusion

According to Melissa Kearney, a senior fellow at the Brookings Institution-

“Increasing education isn't going to do anything to bring down or up the wages of those who are on top.

To address rising inequality we should not focused on the top 1 percent-but it is what's needed to increase the position of those at the bottom.”

Ending Unsafe Abortions

Context

A research paper recently published in The Lancet Global Health said that a total of 15.6 million abortions were carried out in India in 2015. Of these, 11.5 million abortions were medication abortions done outside of health facilities.

Hereby, analysing the issue of Abortions and laws related to it in India.

Introduction

Abortion is the ending of pregnancy by removing a foetus or embryo before it can survive outside the uterus. An abortion that occurs spontaneously is also known as a miscarriage. An abortion may be caused purposely and is then called an induced abortion, or less frequently, "induced miscarriage". The word abortion is often used to mean only induced abortions.

Unsafe Abortions

Abortions are safe if they are done with a method recommended by WHO that is appropriate to the pregnancy duration and if the person providing or supporting the abortion is trained. Such abortions can be done using tablets (medical abortion) or a simple outpatient procedure.

Unsafe abortion occurs when a pregnancy is terminated either by persons lacking the necessary skills or in an environment that does not conform to minimal medical standards, or both. They are less safe, when done using outdated methods like sharp curettage even if the provider is trained or if women using tablets do not have access to proper information or to a trained person if they need help.

Abortions are dangerous or least safe when they involve ingestion of caustic substances or untrained persons use dangerous methods such as insertion of foreign bodies, or use of traditional methods.

Abortion in India

- ▶ Abortion has been **legal in India since 1971**, when the Medical Termination of Pregnancy Act was passed. The law is quite liberal, as it aims to reduce illegal abortion and maternal mortality.
- ▶ An abortion can be performed in India until the **20th week of pregnancy**. The opinion of a second doctor is required if the pregnancy passes its **12th week**.
- ▶ The Medical Termination of Pregnancy Act was amended in 2002 and 2003 to allow doctors to provide mifepristone and misoprostol (also known as the "morning-after pill") on prescription up until the seventh week of pregnancy. **An abortion is permitted in the following cases:**

- ❑ A woman has a serious disease and the pregnancy could endanger her life.
 - ❑ A woman's physical or mental health is endangered by the pregnancy.
 - ❑ The foetus has a substantial risk of physical or mental handicap.
 - ❑ A woman contracts rubella (German measles) during the first three months of pregnancy.
 - ❑ Any of a woman's previous children had congenital abnormalities.
 - ❑ The foetus is suffering from RH disease.
 - ❑ The foetus has been exposed to irradiation.
 - ❑ The pregnancy is the result of rape.
 - ❑ A woman's socio-economic status may hamper a healthy pregnancy.
 - ❑ A contraceptive device failed.
- ▶ The Ministry of Health and Family Welfare proposed amendments to the Medical Termination of Pregnancy Bill in 2014. The proposed changes would allow healthcare providers to perform an abortion between 20 and 24 weeks under certain conditions.

Causes of the Unsafe Abortions

- ▶ **Poor availability of services:**
- ❑ While close to 70 percent of high-case-load facilities in the public sector in major states are reportedly offering comprehensive abortion care (CAC) services, only 30 percent of primary health care centres which are the first contact point for rural women are offering services.
 - ❑ Even where abortion care is available, many people are not aware that it is legal, nor do they know where to seek safe abortion care.
 - ❑ Unsafe abortions account for at least 8% of maternal mortality in India.
 - ❑ Abortion by medication is one of the safest ways to terminate first-trimester pregnancies but public sector health centres in most states don't offer medical abortion pills.
- ▶ **Stigma/Social Causes:**
- ❑ Many barriers force women to seek unsafe abortion. For many women, simply getting to a health center can be a challenge. And getting there also doesn't guarantee of a safe abortion.
 - ❑ Attitudes and stigma toward women particularly young, unmarried women seeking abortion also contribute to the number of unsafe abortions.
 - ❑ Some providers refuse to perform abortions for these women or demand that they bring their parents to the health center, which forces many young women to turn to clandestine and unsafe options.
 - ❑ While the law requires the consent of only the woman if she is over the age of 18 years, in practice many providers also ask for consent from the spouse or another relative.
 - ❑ All of these factors combined with few accessible and trained providers, lack of knowledge about safe services, and stigma lead many women to seek care from more convenient, but unskilled, providers who use unsafe abortion methods.

- The fear of discrimination drives many women to try unsafe and medically unsubstantiated methods at home to induce an abortion, which can prove fatal.

Consequences of the Unsafe Abortions

- ▶ Deaths and injuries are higher when unsafe abortion is performed later in pregnancy.
- ▶ The major life-threatening complications resulting from the least safe abortions are haemorrhage, infection, and injury to the genital tract and internal organs.
- ▶ Economic impact: In addition to the deaths and disabilities caused by unsafe abortion, there are major social and financial costs to women, families, communities, and health systems.

Government Measures

According to the Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Amendment Act, 2002 the following are cognisable, non-bailable and non-compoundable offences:

- ▶ Conducting or associating or helping to conduct Pre-Natal Diagnostic tests for determining the sex of the foetus.
- ▶ Sex selection on a woman or a man or both on any tissue, embryo, conceptus fluid or gametes derived from either or both of them.
- ▶ Advertisement or communication in any form in print, by electronic media or internet by units, medical professionals or companies on the availability of sex determination and sex selection in the form of services, medicines, or any kind of techniques.
- ▶ Providers are punishable by three years imprisonment and a Rs. 10,000 fine (five years imprisonment and a Rs. 50,000 fine for subsequent offence); those who seek aid are punishable with a term that may extend to three years and a fine that may extend to Rs 50,000 for the first offence and for any subsequent offence with imprisonment which may extend to five years and with fine which may increase to Rs. 100,000.

Solutions

- ▶ **Abortion Service Centre:**
 - Providing women better access to health centers that perform abortions is imperative.
 - Practitioners need to become better trained in safer abortion methods and be able to transfer patients to a medical facility that is capable of providing emergency care when a complication arises.
 - Irrespective of the marital status of women, access to safe abortion services and quality post-abortion care, including counselling, need to be guaranteed.
 - Deaths and disability from unsafe abortion can be reduced through the timely provision of emergency treatment of complications.
 - WHO strongly advises that all health facilities that treat women with incomplete abortions have the appropriate equipment and trained staff needed to ensure that care is consistently available and provided at a reasonable cost.
- ▶ **Increasing Awareness:**
 - Preventing unintended pregnancy should be a priority for all nations.

- Comprehensive sexuality education: Educating women regarding their reproductive health should be incorporated in schools.
- Increasing contraceptive services is necessary; this includes providing accurate information choices and proper use of contraceptive methods.
- Post-abortion family planning counselling needs to be an integral part of the service.
- ▶ **Provision of safe, legal abortion:**
 - Governments and non-governmental organizations need to find effective ways to overcome cultural and social misconceptions that restrict women from receiving necessary health care.
 - The restrictive abortion laws should be liberalised paralleling societal changes.
 - A strong recognition of women's right to freely exercise their reproductive and sexual rights, including the right to abortion, should be there.
 - A progressive law cannot be suppressed with the excuse that sex-selection abortions will happen more often. Preventing the misuse of law cannot happen with the suppression of another's right.
- ▶ **Signs and symptoms:** Complications of unsafe abortion can be difficult to diagnose. It is essential, therefore, for health-care personnel to be prepared to make referrals and arrange transport to a facility where a definitive diagnosis can be made and appropriate care can be delivered quickly.
- ▶ **Treatment and care:** Complications arising from unsafe abortions and their treatments include:
 - Haemorrhage: timely treatment of heavy blood loss is critical, as delays can be fatal.
 - Infection: treatment with antibiotics along with evacuation of any remaining pregnancy tissue from the uterus as soon as possible.
 - Injury to the genital tract and/or internal organs: if this is suspected, early referral to an appropriate level of health care is essential.

Conclusion:

Despite a liberal law that governs abortion in India, women continue to face mortality and morbidity as a result of unsafe abortion. Access to safe abortion services needs to be recognized and advocated in the light of reproductive rights of women, ensuring that no woman is subjected to the morbidity and mortality arising out of unsafe abortion practices. There is an urgent need to address this situation to make sure that these women whose well-being is central to their families, their communities and to India's health and stability are not forgotten.

Rise in Population and Urbanisation

Context

China plans to limit the population of Shanghai – a global financial hub and the most populous city in the world – to 25 million by 2035. For perspective, the city's population was less than a million shy of that target back in 2014. And in September, the government had decided that Beijing's population shouldn't exceed 23 million by 2020; in 2014, the city's inhabitants numbered 21.5 million.

Hereby, analyzing the linkage of population and urbanization, positive and negative effects of it.

Introduction

In general Urbanization refers to the population shift from rural to urban areas, "the gradual increase in the proportion of people living in urban areas", and the ways in which each society adapts to the change.

Urbanization in India began to accelerate after independence, due to the country's adoption of a mixed economy, which gave rise to the development of the private sector. Urbanisation is taking place at a faster rate in India. Population residing in urban areas in India, according to 1901 census, was 11.4%. This count increased to 28.53% according to 2001 census, and crossing 30% as per 2011 census, standing at 31.16%. According to a survey by *UN State of the World Population report in 2007*, by 2030, 40.76% of country's population is expected to reside in urban areas.

Linkages between Urbanisation and Population Growth

In 1951 India's population was 36 crore, in 2018 Indian population is 134 crore. Multifold increase in population has following linkages between population and urbanisation.

- ▶ **Industrialization:** Through industrial revolution, more people have been attracted to move from rural to urban areas on the account of improved employment opportunities. Industrialization has increased employment opportunities by giving people the chance to work in modern sectors in job categories that aids to stir economic developments.
- ▶ **Commercialization:** Commerce and trade play a major role in urbanization. The distribution of goods and services and commercial transactions in the modern era has developed modern marketing institutions and exchange methods that have tremendously given rise to the growth of towns and cities. Commercialization and trade comes with the general perception that the towns and cities offer better commercial opportunities and returns compared to the rural areas.

- ▶ **Employment opportunities:** In cities and towns, there are ample job opportunities that continually draw people from the rural areas to seek better livelihood. Therefore, the majority of people frequently migrate into urban areas to access well-paying jobs as urban areas have countless employment opportunities in all developmental sectors such as public health, education, transport, sports and recreation, industries, and business enterprises. Services and industries generate and increase higher value-added jobs, and this leads to more employment opportunities.
- ▶ **Modernization and changes in the mode of living:** Modernization plays a very important role in the process of urbanization. As urban areas become more technology savvy together with highly sophisticated communication, infrastructure, medical facilities, dressing code, enlightenment, liberalization, and other social amenities availability, people believe that they can lead a happy life in cities. In urban areas, people also embrace changes in the modes of living namely residential habits, attitudes, dressing, food, and beliefs. As a result, people migrate to cities and the cities grow by absorbing the growing number of people day after day.
- ▶ **Rural urban transformation:** As localities become more fruitful and prosperous due to the discovery of minerals, resource exploitation, or agricultural activities, cities start emerging as the rural areas transform to urbanism. The increase in productivity leads to economic growth and higher value-added employment opportunities.

Effects of Urbanisation

It can be categorized into positive and negative effects

Positive effects

- ▶ Some of the positive implications of urbanization include creation of employment opportunities, technological and infrastructural advancements, improved transportation and communication, quality educational and medical facilities, and improved standards of living.
- ▶ Employment opportunities in urban centers, Transport and communication facilities, Educational facilities, Increase in the standard of living.

Adverse effects

- ▶ **Housing problems:** Urbanization attracts people to cities and towns which lead to high population increase. With the increase in the number of people living in urban centers, there is continued scarcity of houses. This is due to insufficient expansion space for housing and public utilities, poverty, unemployment, and costly building materials which can only be afforded by few individuals.
- ▶ **Unemployment:** The problem of joblessness is highest in urban areas and it is even higher among the educated people. It is estimated that more than half of unemployed youths around the globe live in metropolitan cities. And, as much as income in urban areas is high, the costs of living make the incomes seem horribly low. The increasing relocation of people from rural or developing areas to urban areas is the leading cause of urban unemployment.
- ▶ **Overcrowding:** This form of congestion in urban areas is consistent because of overpopulation and it is an aspect that increases day by day as more people and immigrants move into cities and towns in search of better life. Most people from rural or undeveloped areas always have the urge of migrating into the city that normally leads to congestion of people within a small area.

- ▶ **Development of slums:** The cost of living in urban areas is very high. When this is combined with random and unexpected growth as well as unemployment, there is the spread of unlawful resident settlements represented by slums and squatters. The growth of slums and squatters in urban areas is even further exacerbated by fast-paced industrialization, lack of developed land for housing, large influx of rural immigrants to the cities in search of better life, and the elevated prices of land beyond the reach of the urban poor.

Environmental Impact

- ▶ **Pollution:** The national capital is currently witnessing the worst air quality in recent times. Yearly increase in pollution levels is largely attributed to vehicular pollution due to increased population.
- ▶ **Soil:** Owing to an increasing intensity of soil use, soil conditions appear to have deteriorated in most city regions around the world, namely their filter and runoff regulating functions are impaired by land surfacing.
- ▶ **Energy consumption:** There is high electricity consumption in urban areas. Due to it there is greater load on electric power generation.
- ▶ **Impact on the river water quality:** Climate change and urbanisation are key factors affecting the future of water quality and quantity in urbanized catchments and are associated with significant uncertainty.
- ▶ **On coastal habitats:** Most of the urban coast is polluted, there is substantial loss of Biodiversity.

Health

- ▶ **Poor health and spread of diseases:** The social, economic and living conditions in congested urban areas affects access and utilization of public health care services. Slum areas in particular experience poor sanitation and insufficient water supply which generally make slum populations susceptible to communicable diseases. The environmental problems such as urban pollution also cause many health problems namely allergies, asthma, infertility, food poisoning, cancer and even premature deaths.
- ▶ **Stress:** Urban life is characterised by stress which may even strain family relations. In cities employment of women is almost inevitable to meet the increasing cost of living. Changing role of women in the family creates stress in the family which may result in divorce or strained relations.
- ▶ **Traffic congestion:** When more people move to towns and cities, one of the major challenges posed is in the transport system. More people means increased number of vehicles which leads to traffic congestion and vehicular pollution. Many people in urban areas drive to work and this creates a severe traffic problem, especially during the rush hours. Also as the cities grow in dimension, people will move to shop and access other social needs/wants which often cause traffic congestion and blockage.
- ▶ **Urban crime:** Issues of lack of resources, overcrowding, unemployment, poverty, and lack of social services and education habitually leads to many social problems including violence, drug abuse, and crime. Most of the crimes such as murder, rape, kidnapping, riots, assault, theft, robbery, and hijacking are reported to be more prominent in the urban vicinities. Besides, poverty related crimes are the highest in fast-growing urban regions. These acts of urban crime normally upset the peace and tranquility of cities/towns.

Solutions of Urbanization

Building sustainable and environmentally friendly cities

Governments should pass laws that plan and provide environmentally sound cities and smart growth techniques, considering that people should not reside in unsafe and polluted areas. The objective here is to build sustainable cities that embrace improved environmental conditions and safe habitats for all urban populations. Governments should also encourage sustainable use of urban resources and support an economy based on sustainable environment such as investment in green infrastructure, sustainable industries, recycling and environmental campaigns, pollution management, renewable energy, green public transportation, and water recycling and reclamation.

Provision of essential services

Urban stakeholders must ensure all populations within the urban areas have access to adequate essential social services namely education, health, sanitation and clean water, technology, electricity, and food. The objective here is to provide and implement employment opportunities and wealth creation activities so that people can earn a living to pay for the maintenance of the services. Subsidies can also be availed by the government to lower the costs of basic healthcare, basic education, energy, higher education, public transportation, communication systems and technology.

Creation of more jobs

To lessen the negative effects of rapid urbanization while at the same time conserving natural ecosystems, private investments should be encouraged so as to utilize natural resources and create more job opportunities. Tourism promotion and the sustainable exploitation of natural resources can create more jobs for the urban populations. Subsidies and grants may as well be provided to foreign and private investment in environmentally friendly development projects that encourage job creation.

Population control

Key stakeholders in urban areas must provide campaigns and counseling for effective medical health clinics and family planning to help reduce the high rates of population growth. Medical health clinics oriented towards family planning options must be made accessible across the entire urban area with the objective of controlling diseases and population growth.

Conclusion

As the population continues to grow and urbanize at unprecedented rates, new urbanism and smart growth techniques will create a successful transition into developing environmentally, economically, and socially sustainable cities. Smart Growth and New Urbanism's principles include walkability, mixed-use development, comfortable high-density design, land conservation, social equity, and economic diversity. Mixed-use communities work to fight gentrification with affordable housing to promote social equity, decrease automobile dependency to lower use of fossil fuels, and promote a localized economy.

GOVERNANCE ISSUES

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Bill Amendment: Easier to Acquire Land for National Security



The Lok Sabha has passed Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 to make it easier for government to acquire immovable property for "national security and defence purpose". The Bill amends the Requisitioning and Acquisition of Immovable Property Act, 1952 and changes rules for payment of compensation.

Land acquisition

Land acquisition in India refers to the process by which the union or a state government in India acquires private land for the purpose of industrialization, development of infrastructural facilities or urbanization, and provides compensation to the affected land owners and their rehabilitation and resettlement.

Purpose of Land Acquisition

The union or state governments can acquire lands for its own use, hold and control, including for public sector undertakings and for "public purpose", and shall include the following purposes:

- ▶ For strategic purposes relating to naval, military, air force, and armed forces of the Union, including central paramilitary forces or any work vital to national security or defence of India or State police, safety of the people;
- ▶ For infrastructure projects as defined under the Act;
- ▶ Project for project affected families;
- ▶ Project for housing for such income groups, as may be specified from time to time by the appropriate Government;
- ▶ Project for planned development or the improvement of village sites or any site in the urban areas or provision of land for residential purposes for the weaker sections in rural and urban areas; and
- ▶ Project for residential purposes to the poor or landless or to persons residing in areas affected by natural calamities, or to persons displaced or affected by reason of the implementation of any scheme undertaken by the Government, any local authority or a corporation owned or controlled by the State.

Requisitioning and Acquisition of Immovable Property Act, 1952:

The Requisitioning and Acquisition of Immovable Property Act empowers the central government to requisition any immovable property and also to acquire them under certain specified conditions. The Act came into force in March 1952.

- ▶ The Act provides for central government to requisition immovable property or land for any public purpose such as defence, central government offices and residences.
- ▶ Once the purpose for which property was requisitioned is over, central government must return it back to owner in good condition as it was when possession was taken.
- ▶ The central government may acquire such requisitioned property in two cases:
 - Firstly, in case central government has constructed any work at such property and right to use such work is with government.
 - Secondly, in case cost of restoring requisitioned property to original condition is excessive and owner refuses to accept property without being compensated for restoring property.

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 was introduced in Lok Sabha. The Bill amends the Requisitioning and Acquisition of Immovable Property Act, 1952.

Key features of the Bill include:

Retrospective application:

- ▶ The Bill will be deemed to have come into force on March 14, 1952, the date of the enactment of the Act.

Re-issue of notice for acquisition:

- ▶ Under the Act, when acquiring a requisitioned property, the central government has to issue a notification with regard to such an acquisition. Before issuing such notice, the government has to provide the property owner (or any person claiming compensation on the property) an opportunity to be heard. The property owner at such hearing will have to provide reasons for why the property should not be acquired.
- ▶ The Bill provides that the government may re-issue the acquisition notice to the property owner (or a person interested in the property) to give them adequate opportunity for a hearing. This would be irrespective of any past court orders or judgments setting aside any past notices for acquisition.
- ▶ However, the re-issue of notice will not apply to cases where the compensation has already been awarded and accepted by the claimants.

Interest payable on compensation:

- ▶ In cases where a notice has been re-issued, the property owner (or a person interested in the property) will be entitled to an interest on the compensation payable to them. The interest will be calculated for the period from when the first notice was issued till the date of the final payment of compensation.
- ▶ This interest will be the same as the annual rate of interest, prevalent at any relevant time, on the domestic fixed deposit offered by the State Bank of India.

Applicability of enhanced compensation: The Bill provides that such enhanced compensation will be awarded only if:

- ▶ The acquisition notice has been re-issued, and
- ▶ The land is being acquired for the purpose of national security and defence.

Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015: This Bill amends the principal Act passed in 2013.

- ▶ The Bill enables the government to exempt five categories of projects from the requirements of:
 - ▣ Social impact assessment,
 - ▣ Restrictions on acquisition of multi-cropped land, and
 - ▣ Consent for private projects and public private partnerships (PPPs) projects.
- ▶ The five categories of projects are:
 - ▣ Defence,
 - ▣ Rural infrastructure,
 - ▣ Affordable housing,
 - ▣ Industrial corridors, and
 - ▣ Infrastructure including PPPs where government owns the land.
- ▶ The Act would apply retrospectively, if an award had been made five years earlier and compensation had not been paid or possession not taken. The Bill exempts any period when a court has given a stay on the acquisition while computing the five year period.
- ▶ The Act deemed the head of a government department guilty for an offence by the department. The Bill removes this, and adds the requirement of prior sanction to prosecute a government employee.

Issues associated with Bill:

- ▶ The five types of projects being exempt from the provisions of social impact assessment, restrictions in case of multi-cropped land and consent are broad and may cover many public purpose projects.
- ▶ The Act requires consent of 70% of landholders for PPP projects, and 80% for private projects. Acquisition, being different from purchase, implies that land owners were unwilling to part with the land. Requiring consent from them may be impractical. Also, it is not clear why the consent requirement depends on who owns the project.
- ▶ The amendments in the Bill propose to expedite the process of acquisition. However, the changes in the Bill will reduce the time for acquisition from 50 months to 42 months.
- ▶ The removal of the provision that deemed the head of department guilty, and addition of a new requirement of prior sanction to prosecute government employees may raise the bar to hold them accountable.
- ▶ The change in the retrospective provision may be ineffective in cases instituted until 2014 in light of a recent Supreme Court judgment.

Conclusion

One of the alternative proposals to land acquisition is leasing the land from landowners for a certain lease period. Proponents cite how land acquisition policies by Governments unwittingly encourage rampant land speculation making the projects expensive since huge portion of investment would need to be allocated for land acquisition costs. According to them, policies of land acquisition gave way to political cronyism where land is acquired cheaply by securing favors from local governments and sold to industries at steep markup prices.

Municipal Reforms for Sustainable Development of Cities



The Union ministry of housing and urban affairs has prepared a comprehensive road map for municipal reforms. The reforms operate at multiple levels-from setting specific checkpoints to giving local governments freedom to innovate. Hereby, discussing the needed municipal reforms for sustainable development of cities.

Introduction

With increasing urban population, the need for providing better infrastructure and services in cities is increasing. The government has introduced several schemes to address different urban issues. These include the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission, Heritage City Development and Augmentation Yojana (HRIDAY), Pradhan Mantri Awas Yojana – Housing for All (Urban) (PMAY-U), and Swachh Bharat Mission (Urban).

But for the implementation of schemes at ground level, reforms at municipal level is must.

Urban reforms are decisive and play an important role in systematizing and overcoming procedural glitches in urban governance. Urban reforms assist in improving transparency accountability, financial status and credit worthiness and can provide the necessary platform for private investment in urban infrastructure and services.

Challenges in Municipal Governance

- ▶ **Financial Paucity:** Generally, their source of income is inadequate as compared to their functions. Their chief sources of income are the varied types of taxes. However, most of the income generating taxes is levied by the union and state governments and, the taxes collected by the urban bodies are not sufficient to cover the expenses of the services provided.
- ▶ **Excessive State Control:** Although the Act ensures more autonomy than the pre-1992 situation, but the actual relationship-control over urban local bodies has not changed substantively except in case of corporations. The state director of local bodies and the department of local government of every state have not taken much initiative for devolution of powers or relaxation of control in this regard.
- ▶ **Low Effectiveness:** In view of inadequate finances, the local bodies have not been able to fulfill their obligatory functions.

- ▶ **Substandard Personnel:** Urban government increasingly needs professional services of experts. The municipal employees and officials are an immensely disgruntled lot, undisciplined and untrained to serve the people.

Thus, the Union ministry of Housing and Urban Affairs has prepared a comprehensive road map for municipal reforms. The road map consists of three tiers of reforms.

The Roadmap for Reforms

- ▶ **Tier-1 Reforms:** The purpose is to accelerate ongoing key financial and service delivery reforms. There are three sets of reforms:
 - Cities have to submit **financial year audited accounts** for the two years preceding the one in which the municipality seeks to claim the performance grant.
 - Cities have to show an **increase in their revenue** over the preceding year, as reflected in the audited accounts. Specifically, urban local bodies have to recover more than 70% of their revenue expenditure from their own revenue receipts.
 - Cities have to **measure and publish service levels** for coverage of water supply, reduction of non-revenue water, 24x7 water supply and scientific processing of solid waste.

Once these conditions are met, cities get the performance grant (Rs.18, 000 crore in five years) set down by the Fourteenth Finance Commission.

- ▶ **Tier-2 Reforms:** It consists of five transformative reforms:
 - Formulating and implementing **value-capture financing policy**.
 - Ensuring that all urban local bodies undergo **credit rating** and cities with investible grade rating issue municipal bonds.
 - **Professionalize** municipal cadres by creating five of them, filling up posts and allowing lateral entry of professionals.
 - Implementing the **trust and verify model**.
 - Enacting and implementing a **land-titling law** with a focus on using information technology.

‘Trust and verify model’, will have 40 per cent weightage, ‘Professionalization of municipal cadre’ (25 per cent), ‘Land titling law’ (15 per cent), and ‘Credit rating’ and ‘Value capture finance’ (10 per cent each).

Tier-2 Reforms Critereon

- ▶ **Value Capture Financing Policy:**
 - Value Capture as practiced widely in the world is based on the principle that private land and buildings benefit from public investments in infrastructure and policy decisions of Governments (e.g. change of land use).
 - Appropriate VCF tools can be deployed to capture a part of the increment in value of land and buildings.
 - In turn, these can be used to fund projects being set up for the public by the Central/State Governments and ULBs.
 - This generates a virtuous cycle in which value is created, realized and captured, and used again for project investment.

- ▶ **Credit Rating:**
 - ❑ Credit ratings are necessary for issuing Municipal Bonds for mobilization of resources.
 - ❑ Credit Ratings are assigned based on assets and liabilities of Urban Local Bodies, revenue streams, resources available for capital investments, Double Entry Accounting practice and other governance practices.
- ▶ **Professionalize Municipal Cadres:**
 - ❑ It will improve governance and service delivery by putting in place proper staffing norm, filling vacancies, setting norms for recruitment and even allowing lateral entry of experts and professionals for different tasks.
- ▶ **The Trust and Verify Model:**
 - ❑ It is a paradigm shift from the current process for municipal permissions.
 - ❑ While granting building permissions, cities generally inspect first and give approvals later. This is the verify and trust model. The process of inspection results in time delays and cost overruns, and opens up opportunities for rent seeking.
 - ❑ Inverting this process gives the trust and verify process in which permission is issued first and inspection taken up later. The assumption is that citizens can be trusted and will furnish correct information. Applications are submitted online with required attachments (documents), machine-checked for accuracy and completeness and building permissions issued. Inspections are only carried out after permission is issued.
- ▶ **Land Titling Law:**
 - ❑ In urban areas this is another area of concern. A 2001 McKinsey study has reported that most, over 90% by one estimate, of the land titles in India are 'unclear' and land market distortions and unclear land titles cost India around 1.3% of gross domestic product.
 - ❑ Even though the law provides that transfers of title and interest in property should be registered, this only provides limited assurance.
 - ❑ Transfers can be challenged in several ways from family members who may claim title through inheritance to unknown third parties who try to assert their right to specific performance.

Changes

- ❑ There is need to devise a mechanism by which transfers cannot be set aside.
 - ❑ One way is to formulate a land-titling law.
 - ❑ The Rajasthan government, for instance, has passed the Urban Land (Certification of Titles) Bill, 2016 to issue certificate of ownership to state residents living in urban areas.
 - ❑ The new reform agenda incentivises all states to enact similar legislation.
- ▶ **Tier-3 Reforms:** The focus of tier 3 is rapid and even more transformational reforms along three main avenues: governance, planning and finance.

The emphasis is on:

- ❑ Deepening **decentralization** and strengthening urban local bodies through greater devolution of funds, functions and functionaries.

- Own source revenue mobilization for **self-reliance**.
- Flexibility in urban planning, particularly aligning master plans to changing socio-economic conditions in cities.

These involve reforms that can be pushed for enhancing **downstream accountability mechanisms**, like making local ward committees responsible for operation and maintenance of projects, etc.

Way Forward

States and cities compete against each other and the incentive is given based on competition. They have the flexibility to define their reform paths and innovate. The Centre is also increasingly looking at impact-oriented urban programmes where States and ULBs take more responsibility for implementation and sustaining urban infrastructure. So, traditional grant-based programmes are being embedded with impact and outcome milestones.

History shows that reforms succeed when stakeholders take the ownership. Cities are needed to be entrusted with responsibilities, empowered with resources, and encumbered by accountability to transform into vehicles of competitive federalism.

Social Audit Law



Meghalaya has become the first state in India to operationalise a law that makes social audit of government programmes and schemes a part of government practice. The legislation will be applicable to 11 departments and 21 schemes. Hereby, discussing the concept of Social Audit law and its benefits.

Introduction

Social Audit or Public Audit is a process in which, details of the resource, both financial and non-financial, used by public agencies for development initiatives are shared with the people, often through a public platform. Social Audit allows people to enforce accountability and transparency, providing the ultimate users an opportunity to scrutinize development initiatives. The principal issue in this article however is as to what are the essential prerequisites of the process of social audit and whether the instrument of social audit is serving its functionalities, as expected, on the ground and what could be done to make this instrument of enforcing accountability on public functionaries sharper.

Guiding principles for social audit

- ▶ **Multi Perspective/Polyvocal:** Aims to reflect the views (voices) of all those people (stakeholders) involved with or affected by the organisation/department/programme.
- ▶ **Comprehensive:** Aims to (eventually) report on all aspects of the organisation's work and performance.
- ▶ **Participatory:** Encourages participation of stakeholders and sharing of their values.
- ▶ **Multidirectional:** Stakeholders share and give feedback on multiple aspects.
- ▶ **Regular:** Aims to produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.
- ▶ **Comparative:** Provides a means, whereby, the organisation can compare its own performance each year and against appropriate external norms or benchmarks; and provide for comparisons with organisations doing similar work and reporting in similar fashion.
- ▶ **Verification:** Ensures that the social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.
- ▶ **Disclosure:** Ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

The Social Audit process is intended as a means for social engagement, transparency and communication of information, leading to greater accountability of decision makers, representatives, managers and officials.

Provisions related to it

- ▶ In India, social audits were first made statutory in a 2005 Rural Employment Act and government also issued the Social Audit Rules in 2011 under the MGNREGA Act.
- ▶ Social audits are generally supervised by autonomous bodies consisting of government and nongovernment representatives.
- ▶ The 73rd Amendment of the Constitution empowered the Gram Sabhas to conduct Social Audits in addition to other functions. These are implied powers indirectly empowering Gram Sabhas to carry out social audits in addition to other functions.
- ▶ There is no central policy or regulation making accounting audit and social audit mandatory.

Meghalaya has become the first state in India to operationalise a law that makes social audit of government programmes and schemes a part of government practice. The legislation will be applicable to 11 departments and 21 schemes.

A social audit facilitator will be appointed to conduct the audit directly with the people. He will present findings to the Gram Sabha, who will add inputs and the result will finally go to the auditors.

It will make it easier to correct course as the scheme is rolling along. It gives people a direct say in how money will be spent and fills an information gap for officers as they are directly in touch with the ground.

Applications of Social Audit

Social Audit can be used to provide specific inputs for the following:

- ▶ To monitor social and ethical impact and performance of the organisation;
- ▶ To provide a basis for shaping management strategy in a socially responsible and accountable way and to design strategies;
- ▶ To facilitate organisational learning on how to improve social performance;
- ▶ To facilitate the strategic management of institutions (including concern for their influence and social impact on organisations and communities);
- ▶ To inform the community, public, other organisations and institutions about the allocation of their resources (time and money); this refers to issues of accountability, ethics (e.g., ethical investment) etc.

Benefits of Social audit**Implementation of Social Audit leads to:**

- ▶ **Empowerment of people:** Social audit is most effective when the actual beneficiaries of an activity are involved in it. However, people can only get involved in the process when they are given appropriate authority and rights. To this end, the 73rd amendment of the constitution has empowered the Gram Sabha to conduct social audit. This is relevant only in the villages. In the cities, the Right to Information Act empowers the people to inspect public records.
- ▶ **Proper Documentation:** Everything right from the requirement gathering to planning to implementation must be properly documented. Some of the documents that should be made mandatory are:
 - Applications, tenders, and proposals
 - Financial statements, income-expense statements.

- Registers of workers
- Inspection reports.
- ▶ **Accessibility of Documents:** Merely generating documents is useless if they are not easily accessible. In this information age, all the documents must be put on line.
- ▶ **Punitive Action:** The final and most important provision, about which nothing is being done yet, is to have punitive actions for non-conformance of the process of social audit. Unless there is legal punishment, there will be no incentive for the people in authority to implement the processes in a fair manner.

Comparison of social audit with other mechanism

Financial Audit	Operational Audit	Social Audit
Directed towards recording, processing, summarising and reporting of financial data.	Establishing standards of operation, measuring performance against standards, examining and analysing deviations, taking corrective actions and reappraising standards based on experience are the main focus.	Social Audit provides an assessment of the impact of a department’s non-financial objectives through systematic and regular monitoring on the basis of the views of its stakeholders.

Role of Gram Sabha

The most appropriate institutional level for social audit is the *Gram Sabha*, which has been given ‘watchdog’ powers and responsibilities by the *Panchayati Raj Acts* in most States to supervise and monitor the functioning of *panchayat* elected representatives and government functionaries, and examine the annual statement of accounts and audit reports. These are implied powers indirectly empowering *Gram Sabhas* to carry out social audits in addition to other functions. Members of the *Gram Sabha* and the *village panchayat*, *intermediate panchayat* and *district panchayat* through their representatives, can raise issues of social concern and public interest and demand an explanation.

The *Gram Sabha* should have the mandate to: inspect all public documents related to budget allocations, list of beneficiaries, assistance under each scheme, muster rolls, bills, vouchers, accounts, etc., for scrutiny; examine annual statements of accounts and audit reports; discuss the report on the local administration of the preceding year; review local development for the year or any new activity programme; establish accountability of functionaries found guilty of violating established norms/rules; suggest measures for promoting transparency in identifying, planning, implementing, monitoring and evaluating relevant local development programmes; and ensure opportunity for rural poor to voice their concerns while participating in social audit meetings.

What are the Challenges on the Ground?

Institutionalisation on the ground has been inadequate, and has faced great resistance from the establishment. The lack of adequate administrative and political will in institutionalising social audit to deter corruption has meant that social audits in many parts of the country are not independent from the influence of implementing agencies. Social audit units, including village social audit facilitators, continue to face resistance and intimidation and find it difficult to even access primary records for verification.

Conclusion

To sum up, the following proposals can be made to make social audit a regular and effective institution to promote the culture of transparency and accountability through the *Gram Sabha*.

- ▶ States should enhance *Gram Sabha* powers to make them effective instruments of participatory decision-making and ensuring accountability of PRIs in local development planning.
- ▶ An agency like the Ombudsman can be set up to look into complaints of local maladministration.
- ▶ Development functionaries found guilty of violating established norms for local development planning should be punished.
- ▶ It is important to ensure that rural poor are given due protection when they wish to stand up to speak against any misconduct.

The National Medical Commission Bill, 2017



The National Medical Commission Bill aims to overhaul medical education and replace the Medical Council of India which has faced allegations of corruption. Hereby, critically analyzing the Bill.

Introduction

With an objective of ensuring transparency, the Union Cabinet gave approval for the draft National Medical Commission Bill, 2017, which would replace the existing apex medical education regulator Medical Council of India (MCI) with a new body.

The move is based on recommendations of the Ranjit Roychowdhury Committee and a Parliamentary standing committee.

Lacunas in the present structure

Ranjit Roychowdhury Committee and a Parliamentary standing committee stated following issues in the present structure and recommended for its overhauling to make the system more transparent and accountable.

The committees studied MCI's functioning, and identified problems such as the failure to produce doctors, including specialists and super specialists; shortage of teachers in medical colleges; poor regulation of undergraduate and postgraduate medical education; opacity and alleged corruption in the functioning of the regulator and its lack of accountability and failure to discharge mandated responsibilities; and the prevalence of capitation fees in private medical colleges in violation of the law.

The issues discussed are as follows:

- ▶ **Separation of regulatory powers:** Over the years, the MCI has been criticised for its slow and unwieldy functioning owing to the concentration and centralisation of all regulatory functions in one single body. This is because the Council regulates medical education as well as medical practice. In this context, there have been recommendations that all professional councils like the MCI, should be divested of their academic functions, which should be subsumed under an apex body for higher education to be called the National Commission for Higher Education and Research. This way there would be a separation between the regulation of medical education from regulation of medical practice.

An Expert Committee led by Prof. Ranjit Roy Chaudhury (2015), recommended structurally reconfiguring the MCI's functions and suggested the formation of a National Medical Commission through a new Act.

The National Medical Commission would be an umbrella body for supervision of medical education and oversight of medical practice. It will have four segregated verticals under it to look at: (i) under-graduate medical education, (ii) post-graduate

medical education, (iii) accreditation of medical institutions, and (iv) the registration of doctors.

The 2017 Bill also creates four separate autonomous bodies for similar functions.

- ▶ **Fee Regulation:** The NITI Aayog Committee (2016) recommended that a medical regulatory authority, such as the MCI, should not engage in fee regulation of private colleges. Such regulation of fee by regulatory authorities may encourage an underground economy for medical education seats with capitation fees (any payment in excess of the regular fee), in regulated private colleges. Further, the Committee stated that having a fee cap may discourage the entry of private colleges limiting the expansion of medical education in the country.
- ▶ **Professional conduct:** The Standing Committee on Health (2016) observed that the present focus of the MCI is only on licensing of medical colleges. There is no emphasis given to the enforcement of medical ethics in education and on instances of corruption noted within the MCI. In light of this, the Committee recommended that the areas of medical education and medical practice should be separated in terms of enforcement of the appropriate ethics for each of these stages.
- ▶ **Functioning Failure:** MCI had failed to create a curriculum that produces doctors suitable for Indian context, especially in poor areas. MCI has failed to maintain uniform standards of medical education across the country.
- ▶ **Corruption:** Registration and approvals of colleges and courses by the MCI is ridden with corruption and graft. There is poor regulation of graduate and post-graduate education. There is a shortage of quality teachers.

Thus, government has introduced the National Medical Commission Bill to improve the functioning in health sector.

Salient Features of the Bill

- ▶ The Bill seeks to replace the Medical Council of India with National Medical Commission as top regulator of medical education in India.
- ▶ The Bill also seeks to put in place a common entrance exam and licentiate exam, which all medical graduates will have to clear to get practising licences.
- ▶ It would also put in place a four-tier structure for the regulation of medical education. The 20 members National Medical Commission will be at the top of this structure.
- ▶ NMC will be a 20 member body comprising a Chairperson, a member secretary, eight ex-officio members and 10 part-time members.
- ▶ Out of the 8 ex-officio members, four shall be presidents of the boards constituted under the act and remaining four shall be nominees from three ministries viz. Health, Pharmaceuticals, HRD and one from Director General of Health Services.
- ▶ The Bill also has a provision for a common entrance exam and licentiate (exit) exam that medical graduates have to pass before practising or pursuing PG courses. For MBBS, students have to clear NEET, and before they step into practice, they must pass the exit exam.
- ▶ The NMC can permit a medical professional to perform surgery or practise medicine without qualifying the National Licentiate Examination, in circumstances that may be specified in regulations.
- ▶ According to the NMC Bill, the Ethics and Medical Registration Board can maintain a separate national register that would have the names of licensed

AYUSH practitioners. The names of graduates of Bachelor of Ayurvedic Medicine and Surgery and Bachelor of Homeopathic Medicine and Surgery are already registered with their respective councils and on taking the bridge course they would be incorporated in a separate register maintained by the NMC, resulting in dual registration with two councils, which is neither open nor permissible.

- ▶ The government, under the National Medical Commission (NMC), can dictate guidelines for fees up to 40% of seats in private medical colleges. This is aimed at giving students relief from the exorbitant fees charged by these colleges and is a standout feature of the Bill.

Critical Analysis of the Bill

- ▶ The NMC will operate through four boards regulating undergraduate and postgraduate education, accreditation and rating, ethics and medical registration. For the huge mandate of the boards, having just three members in each is grossly inadequate. At least five members are needed. The NMC is to be “advised” by a 67-member Medical Advisory Council (MAC) which provides representation to states and Union Territories but is strangely packed with all 25 members of the NMC, with a common chairman. With a specified quorum of only 15, there is danger of the MAC becoming an echo chamber of the NMC.
- ▶ Undergraduate education will be positioned between two gates: A National Eligibility-cum-Entrance Examination (NEET) at entry and a National Licentiate Examination (NLE) which controls the permission to practise and screens for selection to postgraduate courses. Countrywide variations in schooling may disadvantage students educated in regional languages with a curriculum that deviates from those of the central boards.
- ▶ The Bill also overreaches in assigning functions to the NMC, which is expected to “regulate” medical research and prepare a roadmap for “healthcare infrastructure”. While the former ignores the role of the Department of Health Research, Indian Council of Medical Research and many other agencies, the latter appears to take over the mandate of state and Central health ministries.
- ▶ The NMC Bill seems to have paved the way for the back door entry of practitioners of traditional medicine into the domain of allopathic doctors via the Bridge Course. Instead of popularizing traditional medicines, this move encourages many traditional practitioners to gravitate towards allopathy.

Conclusion

There is an urgent need to beef-up the public health system. For long, the public health system has languished and the space abdicated by the government has been occupied by private players. We need to realize that the quality of care delivered in the public system is far from desirable. The government should increase the budget spent on health care which at the current moment is so sparse, so that fewer people are dependent on private facilities. If public primary care is good, there will be less need for tertiary care centers.