

Topical Analysis

Inter-State WATER DISPUTE

Contemporary Issues

Governance Issues

- ▶ AADHAR Challenge - 'New Law cannot Cure Past Data Breach'
- ▶ People Centric Governance
- ▶ Swachh Bharat Waste Management Problem
- ▶ Witness Protection in India is Vexed

Science & Environment Issues

- ▶ Concept of Environmental Impact Assessment (EIA)
- ▶ Adoption of Blockchain Technology to Stop Bank Frauds

Social Issues

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- ▶ Role of Cooperative Societies in Women Empowerment
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- ▶ Critical Analysis of Banks Board Bureau
- ▶ Inequality between Large Business Houses and Smaller Businesses
- ▶ Implication of Changes in MSME Definition
- ▶ Fugitive Economic Offenders Bill

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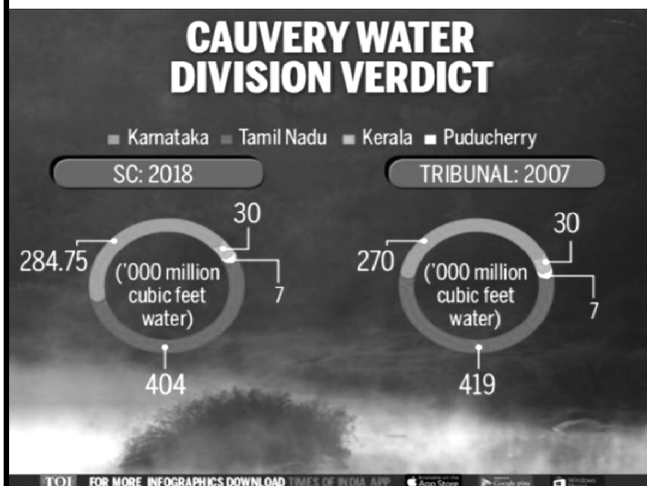
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HEAT ON ECONOMIC ABSCONDERS

■ **Bill name:** Fugitive Economic Offenders Bill

■ **Purpose:** Catch alleged absconders. Nirav Modi, his uncle Mehul Choksi have been charged of defrauding PNB and leaving the country. Also Vijay Mallya

■ **What will govt do:** Try to put bill before Parliament as early as second part of budget session starting next month

Bill highlights

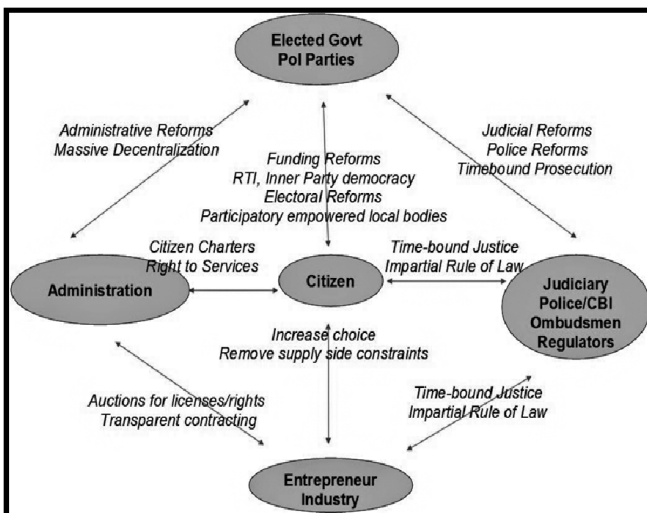
■ ED to start proceedings in special court by first issuing notice to 'fugitive economic offender'

■ If offender appears in six weeks, notice will be terminated

■ Prosecution starts if he chooses to stay away from country and sends counsel

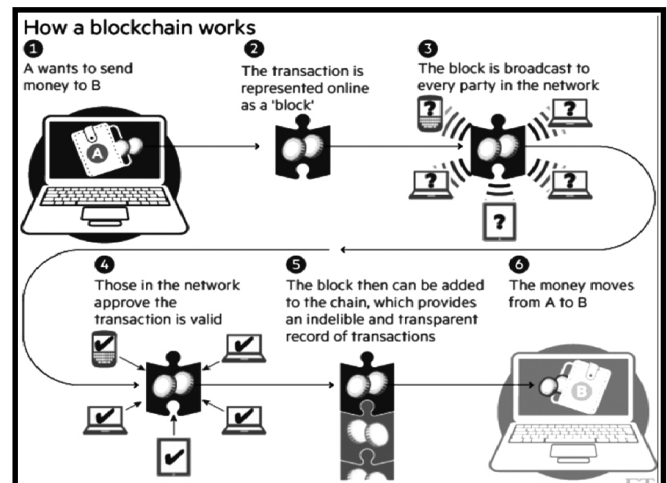
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COVER STORY

Inter State Water Dispute



India is a diverse country where most of the principle Rivers, their tributaries and sub tributaries run connecting two or more states and most of them are swamped with inter-state disputes. The disputes mainly originate regarding usage, control or distribution of such river waters.

In several cases, the water disputes have divided people, with standoffs between states over sharing water from rivers.

Recently, the Supreme Court has given verdict related to Cauvery Dispute. The Supreme Court pronounced its verdict on the decades-old Cauvery water dispute between riparian states of Tamil Nadu, Karnataka, Puducherry and Kerala.

The court has directed Karnataka to provide Tamil Nadu with 177 tmcft of Cauvery water. It also added that Karnataka will get 14.75 tmcft additional water.

Introduction

- ▶ Water disputes in India are not a new phenomenon, and dates back to pre-independence era and subsequently the legislation to resolve the disputes.
- ▶ There is a huge debate on development/growth versus environment as well. Problems are also related with the storage of water such as big dams, using it for production of electricity etc. which lead to disputes.
- ▶ Besides, the nature of India's messy federal polity and its colonial legacy has set the stage for non-compliance wherein state governments have sometimes rejected tribunal's awards. For example, the Punjab government played truant in the case of the Ravi-Beas tribunal.

Water Disputes and Associated States

- ▶ As of today, more than ten disputes are going on regarding sharing of river water among states across various rivers of India. Following are the disputes and associated states:
 - ▣ **Narmada Water Dispute:** Gujarat, Maharashtra, Madhya Pradesh and Rajasthan.
 - ▣ **Mahi River Dispute:** Gujarat, Rajasthan and Madhya Pradesh.
 - ▣ **Ravi and Beas Water Dispute:** Punjab, Haryana, Himachal Pradesh, Rajasthan, Jammu & Kashmir, and Delhi.
 - ▣ **Satluj-Yamuna Link Canal Dispute:** Punjab, Haryana and Rajasthan.
 - ▣ **Yamuna River Water Dispute:** Uttar Pradesh, Haryana, Himachal Pradesh, Punjab, Rajasthan, Madhya Pradesh and Delhi.

- ❑ **Karmnasa River Water Dispute:** Uttar Pradesh and Bihar.
- ❑ **Barak River Water Dispute:** Assam and Manipur.
- ❑ **Cauvery Water Dispute:** Tamil Nadu, Kerala, Puduchery and Karnataka.
- ❑ **Krishna Water Dispute:** Maharashtra, Karnataka and Andhra Pradesh.
- ❑ **Tungabhadra Water Dispute:** Andhra Pradesh and Karnataka.
- ❑ **Aliyar and Bhivani River Water Dispute:** Tamil Nadu and Kerala.
- ❑ **Godavari River Water Dispute:** Andhra Pradesh, Odisha, Chattisgarh, Karnataka and Madhya Pradesh.

Causes of Inter-State Water Disputes

- ▶ Increased population subsequently increased the demand of water for agriculture, industrial and daily human needs which are further added by rapidly growing urbanization and changing lifestyle of populace.
- ▶ Fresh water is a scarce resource and out of total fresh water less than 1% is available for usage. The scarcity in one region due to natural or anthropogenic factors aggravates water dispute among different states and between centre and state(s).
- ▶ The moment upper state(s) (in the river flow) accumulate water at large scale; it generates threat for the lower state and give rise to dispute where commissions come into play and this goes on. This is also more of a political issue because when these disputes are used as emotive issues, all parties jump in, several vested interest are created which leads to further problems like bandhs and strikes.

Constitutional and Legal Provisions regarding Water Dispute Resolution

- ▶ It should be noted here that water is a state subject (Entry 17 of State List) but the “regulation and development of inter-state rivers and river valleys in the public interest” is on the Union list.
- ▶ The Constitution of India under Article 262 talks about establishing tribunal in order to resolve the arising water disputes among or between states. So far, many tribunals have been constituted under the provision but the result remains unsatisfactory barring few. At present Eight (8) such tribunals exist.
- ▶ States being quasi-sovereign bodies (since many princely states joined with pre-conditions), they cannot be treated as ordinary entities involved in property disputes. This is perhaps the rationale for the Article 262, enabling the Parliament to make separate laws for adjudication of water disputes between states.
- ▶ Parliament enacted two laws based on the Article 262:
 - ❑ **River Board Act – 1956:** In pursuance of the power provided under Entry 56 of Union List of 7th schedule, the Parliament passed the River Boards Act in the year 1956. It enables Union to create Boards for Inter-state Rivers and River valleys in consultation with State Government(s). The objective of Boards is to advise on the inter-state basin to prepare development scheme and to prevent the emergence of conflicts.
 - ❑ **Inter-states Water Dispute Act 1956:** It enables states to approach the centre for the constitution of the tribunal in order to resolve the matter. The tribunal’s award is final and binding and the Supreme Court has no jurisdiction over decisions of tribunal. SC shall not question the award or formula given by tribunal but can question about their functions.

The Cauvery Case

- ▶ Among all the disputes, the dispute over Cauvery water is the oldest one and more complex in nature. The main issue of the Cauvery dispute case is related to the re-sharing of waters that are already being fully utilized. The origin of this case can be traced back to two agreements of 1892 and 1924, between Karnataka (old Mysore) and Madras government.
- ▶ The Cauvery case is important, because for the first time it paved the way for the involvement of the SC in inter-state water disputes despite Article 262 barring SC to do so.
- ▶ The issue of water sharing became a national problem after the re-organisation of the states in 1956. Post the division of states, there has been protests in both the states regarding the same. In the late 20th century, Tamil Nadu was opposed to the construction of dams on the river by Karnataka.
- ▶ It is claimed by the Karnataka Government that because of the agreement, the state do not get its due share of water and because of this reason the state is of the opinion to re-enact the agreement which should be based on “equitable sharing”.
- ▶ Contrary to this, Tamil Nadu government contends that since it had already developed plans in furtherance of the agreement and any change in the agreement pattern will greatly affect many of its developmental plans.
- ▶ Karnataka’s argument was that the 50-year time period for the 1924 agreement had ended in 1974, thus it was not obliged to stick to the regulations, especially since the river originated in the state. This caused a huge problem for Tamil Nadu as the state is completely dependent on Cauvery.
- ▶ In 1990, Cauvery Water Disputes Tribunal was set up by an order of the SC. In 2007 after holding many discussion and debates for almost 17 years, the tribunal declared its final award, in which it said Tamil Nadu should receive 419 tmcft (thousand million cubic feet) of water more than double the amount mentioned in the interim order of 1991.
- ▶ Two new bodies were set up by the government in the year 1997, namely ‘**Cauvery River Authority**’ and ‘**Cauvery Monitoring Committee**’ which were vested with the duty to ensure the implementation of the Interim Order to release 205 tmcft of water. The order was accepted by the Tamil Nadu and Puduchery but it lead to massive protests in Karnataka due to dissatisfaction of government and people.
- ▶ In August 2016, Tamil Nadu government said that there was a deficit of 50.0052 tmcft of water released from Karnataka. The Karnataka government said it wouldn’t be able to release any more Cauvery water due to low rainfall. Tamil Nadu then sought Supreme Court’s intervention.
- ▶ On September 2017, the SC ordered Karnataka government to release 15,000 cusecs of water a day for 10 days to Tamil Nadu. This led to widespread protests and bandhs in Karnataka. After several modifications of the order, as of Oct 2017, Karnataka government has been directed by the SC to release 2,000 cusecs of water per day to Tamil Nadu till further orders.
- ▶ Considering the water scarcity in Bengaluru, the apex court on Feb 2018 gave its final verdict saying that Karnataka will get additional 14.75 tmcft of the river water and Tamil Nadu will get 177.25 instead of 192 tmcft water warning that no state should deviance the order.

Lessons Learnt from Different Tribunal Verdicts

- ▶ The Cauvery water sharing dispute has been a bone of contention between Karnataka and Tamil Nadu since the time of the British Raj.
- ▶ The time lost in delays due to wrangling of both before and during tribunal proceedings is very costly, in terms of loss of production, loss of farmers' income growth and the rising cost of constructing irrigation systems.
- ▶ Increasingly, States are becoming resistant to compliance with Awards of Tribunals in spite of express provisions in the Constitution regarding the finality of such awards.
- ▶ Another lesson is that a long time is taken to constitute tribunals and giving awards and in pronouncements of interim Awards have led to further complications. After an Award is given, there are problems of interpretation and implementation and there is no mechanism to enforce the binding character of such Awards.
- ▶ Courts are barred from reviewing the Awards of the tribunals, but matters are still taken to the Supreme Court on related issues. The questions raised before the Supreme Court are usually not so much on the subject of allocation of waters, but on questions of its sharing during years of poor rainfall and on those relating to environmental aspects, displacement and rehabilitation of people and human rights in the context of specific projects. Such references delay the settlement of disputes and implementation of projects for years.
- ▶ Further there is an institutional vacuum for implementing tribunal awards. The law entrusts the Central government with the responsibility of framing institutions for implementing tribunal awards. The government is at a loss as there are no proven institutional models for inter-state coordination. When tribunal recommends such mechanisms, states object to these arrangements, as it happened in the Cauvery and Krishna disputes.
- ▶ There is an absence of transparent information gathering and sharing, it also becomes an operational challenge.
- ▶ Thus, the Government has proposed **Single Tribunal for Inter-state Water Dispute.**

Single Tribunal for Inter-state Water Dispute

Inter-state river water disputes are on the rise on account of increase in water demands by the States. The Inter State Water Dispute Act, 1956 which provides the legal framework to address such disputes, suffers from many drawbacks. Under this Act, a separate Tribunal has to be established for each Inter State River Water Dispute. The Inter-State River Water Disputes (Amendment) Bill, 2017 proposes to streamline the adjudication of inter-state river water disputes and make the present legal and institutional architecture robust.

Features of the Proposed Amendment

- ▶ **Setting up of Disputes Redressal Committee**
 - Under the Act, when a complaint is received from a state government regarding a water dispute, the central government may ask the affected states to undertake negotiations to settle the dispute. If the dispute cannot be settled through negotiations, the central government has to set up a Water Disputes Tribunal within a year of receiving such a complaint.

- The Bill replaces this provision and requires the central government to set up a Disputes Resolution Committee (DRC), for resolving any inter-state water dispute amicably. The DRC will get a period of one year, extendable by six months, to submit its report to the central government.
- ▶ **Formation of Single Tribunal for dispute settlement**
 - The Bill proposes to set up an Inter-State River Water Disputes Tribunal, for adjudication of water disputes, if a dispute is not resolved through the DRC. This tribunal can have multiple benches.
 - All existing tribunals will be dissolved and the water disputes pending adjudication before such existing tribunals will be transferred to this newly formed tribunal.
 - The tribunal shall consist of a Chairperson, Vice-Chairperson, and not more than six nominated members (judges of the Supreme Court or of a High Court), nominated by the Chief Justice of India. The central government may appoint two experts serving in the Central Water Engineering Service, not below the rank of Chief Engineer, as assessors to advise the bench in its proceedings.
 - Under the Bill, the proposed tribunal has to give its decision on a dispute within a period of two years. This period is extendable by a maximum of one year.
- ▶ **Setting up of National Water Commission**
 - The government has proposed a new National Water Commission (NWC) in place of the existing Central Water Commission (CWC) and Central Ground Water Board (CGWB).
 - One of the departments of the NWC is supposed to act as a comprehensive and specialized water data bank.
 - It's an agency to collect and maintain all relevant water data, like rainfall, water flow and irrigation area, in each of the river basins of the country.
 - Collection of data is usually the first exercise in resolution of water disputes.
 - A specialized agency like NWC would ensure that this kind of data is always available, in updated form, and does not need to be collected after a dispute has arisen.

Conclusion

- ▶ Since fresh water continue to remain scarce, the disputes arising due to water sharing are only going to rise, which will further be added by rapid modernization.
- ▶ Today's inter-state water disputes are highly politicized and are no longer just about the water allocation. For example: the recent eruption of the Cauvery dispute, framed as an ethnic identity issue between Tamilians and Kannadigas.
- ▶ The existing mechanisms of setting up tribunals for each case are time consuming and not working properly as per expectations. It has been recommended by the Sarkaria Commission that the tribunal's awards should be equated with the status of the decree of the Supreme Court. However, appeals to the court in large number reflect the failure of the government in handling the water related disputes.
- ▶ Public opinion and public participation is an important mechanism in order to bring widespread acceptance among masses about the judgement. Without cooperative approach, India's water dispute resolution is unlikely to have much improvement.

- ▶ The centre generally takes the back seat as water comes under the state list. In order to provide union and state, proper control, there is need to bring subject water in concurrent list to avoid states domination.
- ▶ A sound and robust institutional framework ensuring transparency to ease state and public buy-in is quite necessary. The government's recent plan for setting up of Permanent, over arching tribunal to adjudicate all such disputes looks appealing.
- ▶ And at last, there is a need to spread awareness about efficient and sustainable use of water resource in cropping pattern, irrigation system and demand management in order to prevent its unnecessary loss.

POLITY AND GOVERNANCE ISSUES

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AADHAR Challenge - 'New Law cannot Cure Past Data Breach'



Unique Identification Authority of India (UIDAI), a statutory authority was established in January 2009 by the government of India, under the jurisdiction of the Ministry of Electronics and Information Technology, and from then data collection was started.

7 years of data collection and incidents of data breach has put in front question of data privacy.

With respect to the issue of Right to Privacy, on March 2016, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016 was passed.

Hereby, discussing the issue in detail.

Supreme Court Verdict

- ▶ The Aadhaar project is the world's largest identification number project and is creating a database of biometric (photographs, fingerprints and iris scans) and demographic (name, date of birth and address) information.
- ▶ In 2009, the Congress-led UPA government created the Unique Identification Authority of India (UIDAI), a central agency to implement Aadhaar, a project with an estimated budget of Rs. 6678.32 crore (\$990 million). In 2010, Manmohan Singh-led government introduced the National Identification Authority of India Bill in order to provide statutory backing for the UIDAI and to give legal effect to Aadhaar. The Bill did not become a law because the parliamentary standing committee on finance, led by the BJP's Yashwant Sinha, rejected it. Ostensibly, the Bill was rejected because of the project's high cost and concerns regarding national security, privacy and duplication of the National Population Register's activities. Purportedly, the Aadhaar project's ambition to enroll every "resident" of the country, rather than every "citizen" was also a concern.
- ▶ Further Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act was passed.
- ▶ Thus on the petition filed for the Privacy issues related to the Aadhaar, Constitution Bench led by Chief Justice Dipak Misra was setup to hear on case of mass collection of personal data from citizens during the pre-Aadhaar Act years from 2009 to 2016.
- ▶ In this regards Justice D.Y. Chandrachud observed that absence of a law can be cured by subsequently enacting one with a retroactive effect, *but this new law cannot cure "breaches" that occurred prior to it.*

Brief about Aadhar Act

- ▶ Aadhaar Act provides statutory backing to Aadhaar number possessed by citizens, through which the government plans for targeted delivery of subsidies and services.
- ▶ The Aadhaar will help in better targeting of subsidies as leakage through impersonation and duplication of identities can be eliminated.
- ▶ It is now obligatory for a person to possess Aadhaar to receive various forms of subsidies and assistance. However, if a person does not have an Aadhaar number, the government will insist to apply for it, and in the meanwhile, provide alternative means of identification.
- ▶ Authentication of Aadhaar number with the consent of an individual is given to UID. The entity should use the disclosed information only for such purpose for which the individual has consented. The disclosure of a person's finger print, iris scan and other biological attributes are not permitted.
- ▶ The UID authority shall maintain a record of entities requesting verification of a person's credentials, the time of the request and the response given by the UID authority to such a request. The UID shall respond with a positive, negative or other appropriate response. However, the purpose for which an entity needs verification of credentials will not be maintained.

Contentious Provisions of Aadhar Act

Following are some of the provisions in this act which are considered contentious.

- ▶ ***Aadhaar to be used by private agencies:*** The act allows the private agencies/ persons to use Aadhaar as a proof of identity for any purpose (clause 7) contradicts the statement of objects and reasons of the Act.

Data Breach Case

UIDAI Deputy Director B. M. Patnaik in January 2018 has reported-input was received from *The Tribune (newspaper)* that a service being offered by anonymous sellers over WhatsApp that provided unrestricted access to details of any of the more than 1 billion Aadhaar numbers created in India. However government had denied any data breach. But matter of fact that, data leakage cannot be denied.

- ▶ ***Collection of additional personal information:*** The current enrolment form has some fields asking for mobile number, bank account number etc. Although these fields are termed as optional, the need for collection of such additional details is ambiguous.
- ▶ ***Possible misuse of discretionary powers:*** The UID authority is empowered to specify the demographic information that may be collected. Authority is free to additional personal information without the prior approval of the Parliament. Over empowerment of agency may lead to misuse of power.
- ▶ ***Profiling of individuals:*** The data collected may be used by law enforcement and intelligence agencies to recognize the patterns of behavior. Maintenance of records for a prolonged period of time may also lead to profiling an individual's behaviour.
- ▶ ***Sharing of information:*** It is contested with the sharing of information collected under Aadhaar; it has violated the right to privacy of an individual.

Aadhar is against Right to Privacy

The Supreme Court recently pronounced its verdict upholding right to privacy as a fundamental right.

Privacy can be defined as a human right enjoyed by every human being by virtue of his or her existence. Privacy can also extend to other aspects, including bodily integrity, personal autonomy, informational

self-determination, protection from state surveillance, dignity, confidentiality, compelled speech and freedom to dissent or move or think.

Privacy enjoys a robust legal framework internationally.

- ▶ Article 12 of the Universal Declaration of Human Rights, 1948 and Article 17 of the International Covenant on Civil and Political Rights (ICCPR), 1966, legally protect persons against “arbitrary interference” with one’s privacy, family, home, correspondence, honor and reputation.
- ▶ India signed and ratified the ICCPR on April 10, 1979, without reservation.
- ▶ Article 7 and 8 of the Charter of Fundamental Rights of the European Union, 2012, recognises the respect for private and family life, home and communications.
- ▶ Article 8 mandates protection of personal data and its collection for a specified legitimate purpose.

Conclusion

There are a number of ways in which such information can be misused – terrorists could utilise the biometric information to gain access to India’s high security military information or masquerade as an Indian when placing bombs in another country.

In France, in 2012 the Conseil Constitutionnel, the highest authority on the French constitution, evaluated a similar project and ruled the key provisions of the Identity Protection Act unconstitutional on the basis of privacy and inadequacy of security measures. The French legislation had interesting similarities to the Indian Act: it allow certain authorities to have access to the database for the purpose of criminal investigations and offered the convenience of allowing citizens who “consented” to be able to affix electronic signature and communicate their information electronically to third parties. The Conseil Constitutionnel held that the relevant article did “not specify either the nature of the “Data” through which these functions may be implemented or the guarantees ensuring the integrity or confidentiality of this data; that they do not define in any greater detail the conditions under which the persons implementing these functions are to be authenticated,...that accordingly, Parliament acted in excess of its powers; that accordingly Article 3 must be held unconstitutional.”

Digital technology has transformed the world in which we live, work and play today. Hence, the question confronting governments today is: what are the steps the government is initiating to protect its citizens’ data from being stolen including by other foreign nations or nationals as Aadhaar affects identities, access to scholarships, minimum wage jobs, distribution of food-grains, cooking gas, bank accounts.

People Centric Governance

Context

People Centric Governance is the essence of any vibrant democracy and is inextricably linked to good governance. In order to serve the people better even to the last mile population, and utilize the benefits of its demographic dividend, government should and must focus on people centric governance model, where people should be made participatory and vigilant in the process of governance.

Hereby, discussing the concept of People-Centric governance and its benefits.

Introduction

- ▶ The UNDP defines Governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels.” Such exercise of authority is considered to be successful if every activity equally benefits even to individual person along with more number of people. Such approach of governance by the authority is considered as people centric governance.
- ▶ In modern days where each country wants to be a welfare state in order to serve their people better, the government must involve people in the process of governance and provide satisfactory service delivery to the common man which is the pre-requisite of people centric governance.
- ▶ Measures like RTI, Citizens Charter, inviting public opinion through mygov.nic.in, putting draft bills and guidelines for public opinion etc are part of people centric governance.

What is People Centric Governance?

- ▶ People centric governance aims towards welfare state. It is the exercise of governance functions by the authority keeping the public in centre. It also involves peoples’ participation in governing process.
- ▶ When Governance touches each and every individual and each and every individual’s problems are solved and everyone’s grievances are heard, such system of governance is referred to as People Centric Governance.
- ▶ ‘People’ in the ‘people centric governance’ is a micro concept which includes the wellbeing of even individual persons living in society along with entire members of the society. Here the concept is that no one is left behind and each one participate & benefit in governing process.

Difference between People Centric Governance and Citizen Centric Governance

- ▶ Both are the basic components of Good Governance and hence the difference is very narrow. Citizen centric governance model focuses on citizen, i.e. the entire population of a country where the model of governance aims towards greater welfare.

- ▶ On the other hand People Centric Governance model focuses even on the individual persons along with other population or citizens. For example: developing health infrastructure and education infrastructure in a particular backward village with the aim of providing the benefits even to the last person. Other example can be the Jan Dhan Yojana, where the government takes banking to the unbanked. Programmes targeting women, handicapped, child, old age etc. can be included in People centric approach.
- ▶ Out of both the components people centric governance model needs more focuses and monitoring along with higher budgetary allocation as well as more number of manpower.

Components of People Centric Governance

- ▶ **Responsive Governance:**
 - ▣ Public services consistent with citizen preferences
 - ▣ Direct possibly interactive democracy
 - ▣ Safety of life, liberty and property
 - ▣ Peace, order, rule of law
 - ▣ Freedom of choice and expression
 - ▣ Improvements in economic and social outcomes
 - ▣ Improvements in quantity, quality and access of public services
 - ▣ Improvements in quality of life
- ▶ **Fair Governance:**
 - ▣ Fulfillment of citizens' values and expectations in relation to participation, social justice, and due process
 - ▣ Access of the poor, minorities and disadvantaged groups to basic public services
 - ▣ Non-discriminatory laws and enforcement
 - ▣ Egalitarian income distribution
 - ▣ Equal opportunity for all
- ▶ **Responsible Governance:**
 - ▣ Open, transparent and prudent economic, fiscal and financial management
 - ▣ Working better and costing less
 - ▣ Ensuring integrity of its operations
 - ▣ Earning trust
 - ▣ Managing risks
 - ▣ Competitive service delivery
 - ▣ Focus on results
- ▶ **Accountable Governance:**
 - ▣ Justiciable rights and due process
 - ▣ Access to justice, information
 - ▣ Judicial integrity and independence

- Effective legislature and civil society oversight
- Recall of officials and rollbacks of program possible
- Effective limits to government intervention
- Effective restraints to special interest capture

Benefits of People Centric Governance

- ▶ Fastest delivery of government services without any hurdles is the prime expectation of citizens from the government. When programmes and policies are framed keeping in mind the common public and their day to day problems, the ultimate benefits reaches to the nation along with the people itself.
- ▶ People being at the focal point, their welfare and satisfaction holds priorities which leads revamping of administration to facilitate easier access to government schemes and policies and peoples' grievance redressal.
- ▶ People centric governance gains importance in the context of achieving the ideals of a true participatory democracy, which is centered on welfare as well as right based approach to governance. It paves the way for inclusive, transparent and people centric administration.
- ▶ Additionally, People Centric Governance is important for a informed citizenry, a robust rule of law, equity and participation, a targeted public delivery system and an efficient and effective government in place to carry out the governance. For example: Sevottam.

Obstacles to People Centric Governance

- ▶ **Indifferent attitude of public servants:** Lack of sympathy, empathy, sensitivity etc. while dealing with the public.
- ▶ **Lack of accountability among public servants:** Accountability gives responsibility towards work done and lack of which generates corruption and self interests.
- ▶ **Red Tapism:** Hindrances in the speedy delivery of services. This is nothing but stockpiling of the files by the public servants and not proceeding the work further. This also keeps the general masses aloof about the proceeding of their works.
- ▶ **Low level of awareness of the rights and duties of citizens:** Unawareness or low level of awareness due to illiteracy and inefficiency keeps citizen devoid of their rights.
- ▶ **Ineffective implementation of laws and rules:** Some of the laws are made and implemented on the papers only and not on the ground due to self interest of either public servants or politicians and/or lack of effective demand for implementation. This breaks the promise of responsive governance.

Conclusion

- ▶ Citizen expects good governance and high quality of performance from government. Good governance brings prosperity. Instead bad governance brings conflict as it restricts opportunities of its citizen which make them frustrated.
- ▶ The government should focus more on making institutions vibrant, responsive and accountable, ensure active citizens' participation – decentralization and delegation, ensure transparency in governance functioning, bring civil service reforms, inculcate ethics in governance process with compulsory reforms and periodic and independent evaluation of the quality of governance.

Swachh Bharat Waste Management Problem



India generates over 150,000 tonnes of Municipal Solid Waste (MSW) per day, with Mumbai being the world's fifth most wasteful city. Yet, only 83% of waste is collected and less than 30% is treated. According to the World Bank, India's daily waste generation will reach 377,000 tonnes by 2025.

West Bengal's model for waste garbage disposal has been in news recently. West Bengal Government has used the 100 Days' Work Scheme (NREGA) in the service of garbage disposal by the Panchayats which has become a role model for the country.

Hereby, discussing how West Bengal Model can be beneficial for management of waste management.

Introduction

Solid Waste Management (SWM) is one among the basic essential services provided by municipal authorities in the country to keep urban centres clean. However, almost all municipal authorities deposit solid waste at a dumpyard within or outside the city haphazardly. Experts believe that India is following a flawed system of waste disposal and management.

Waste management rules in India are based on the principles of “**sustainable development**”, “**precaution**” and “**polluter pays**”. These principles mandate municipalities and commercial establishments to act in an environmentally accountable and responsible manner—restoring balance, if their actions disrupt it. The increase in waste generation as a by-product of economic development has led to various subordinate legislations for regulating the manner of disposal and dealing with generated waste under the umbrella law of Environment Protection Act, 1986 (EPA). Specific forms of waste are the subject matter of separate rules and require separate compliances, mostly in the nature of authorisations, maintenance of records and adequate disposal mechanisms.

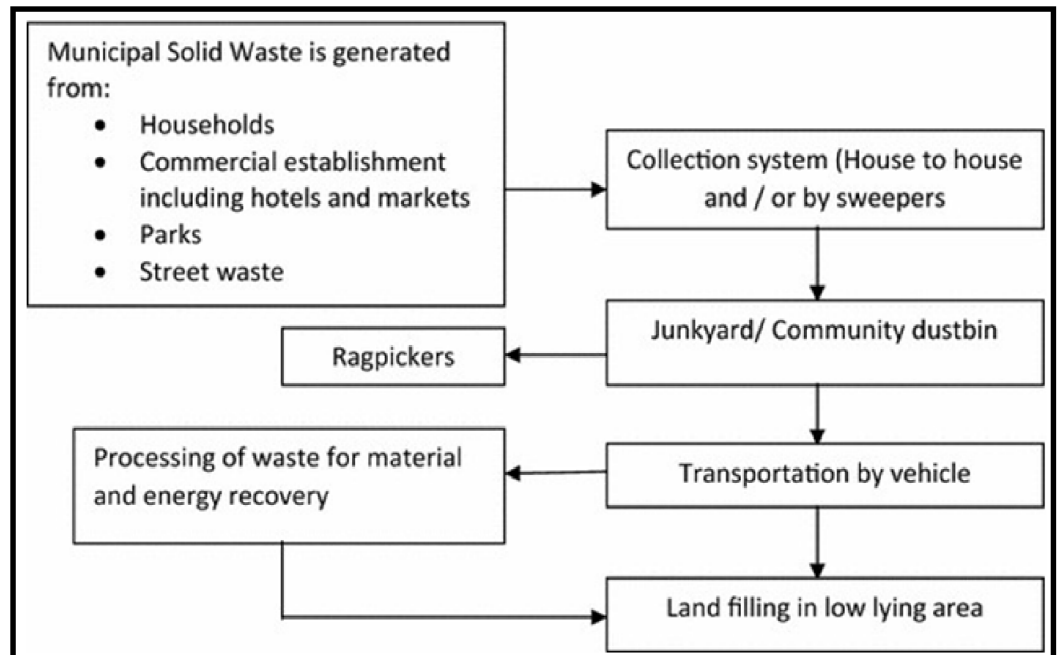
In lieu of it Government of India has launched **Swachh Bharat Mission**.

The SBM has two sub-missions, the **Swachh Bharat Mission (Gramin)** and the **Swachh Bharat Mission (Urban)**.

The **SBM (Gramin)** aims at improving the levels of cleanliness in rural areas through Solid and Liquid Waste Management activities and making Gram Panchayats Open Defecation Free (ODF), clean and sanitised.

In this regards, West Bengal Government's model to use 100 Days' Work Scheme (NREGA) in the service of garbage disposal by the Panchayats has been commendable.

Waste Management System in India.



However, there are few challenges in this regards.

Challenges for Waste Management in India

Awareness to enhance segregation:

- ▶ Ecological awareness and citizen participation to *segregate waste at source*, door-to-door collection, and disposal in appropriate collecting bin are few problems.
- ▶ In India, the present scenario reveals that there is almost no segregation of garbage at-source which leads to various environmental problems and it becomes very difficult to segregate waste at transfer station or in landfill or treatment site.
- ▶ Community bins are not located in the close vicinity and the number of employees is not adequate as per population residing in that area.

Characterization of municipal solid waste:

- ▶ India is a vast country divided into different climatic zone, different food habits, and different living standard thereby producing waste of different types.
- ▶ No comprehensive studies have been conducted to cover almost all cities and towns of India to characterize the waste generated and disposed on landfill.

Lack of appropriate level funding:

- ▶ Most of the landfill sites are running beyond their capacity. Inadequate financial support to cater to waste management problem aggravates it.

Implementation of rules at ground level:

- ▶ There is a need to create dedicated group of officers and skilled staff for ULBs with specialization in MSWM. Adequate training and hands-on experiments would enable them to identify bottlenecks at implementation level and take appropriate action.

Appropriate technological solution, Outsourcing and PPP:

- ▶ Environmentally benign practices are the need of the hour to cope with the almost exponential growth of MSW. For this, appropriate technological solutions through PPP are required.

- ▶ Lack of competency and insufficient financial support are major threats to ULBs for development of MSW infrastructure.
- ▶ There is need for PPP to implement management and handling with the latest technology/know-how with the subject expert firms and companies.
- ▶ Establishment of the good public governance in compliance with secured regulatory framework and appropriate financial support and strict contract implementation is required for the success of PPP.
- ▶ Capacity building and availability of skilled labor, familiarity with new as well as best practices available for SWM, financial incentives for identifying new techno-feasible solutions, appropriate and quick decision at ULBs level for smooth implementation are real challenges.

Failure of waste-to-energy projects:

- ▶ India is still struggling to make waste-to-energy project a success story. There is a need to import economically feasible and proven technologies.

Involvement of organized sector:

- ▶ For improving MSW collection efficiency and source segregations, *rag-pickers can be engaged through organized sector.*
- ▶ However, due to lack of recycling industries and acceptance of society this vast potential has been ignored.

Role of Local Bodies

- ▶ Panchayati Raj Institutions (PRIs) also play a strategic role in creating awareness and imparting hygiene education among the local population.
- ▶ Initiatives under Information, Education and Communication (IEC) have been taken up to improve rural participation in the SBM (Gramin).
- ▶ Implementation of Sanitation and Hygiene Advocacy and Communication Strategy Framework (2012-17), which provides a framework to States to develop State-specific Action Plans for rolling out of advocacy and communication activities related to the Programme.
- ▶ Involvement of Non-Governmental Organizations (NGOs), Village Level Motivators (Swachhata Doots/ Sanitation Managers), field functionaries like Accredited Social Health Activists (ASHA), Anganwadi Workers, School Teachers, and Bharat Nirman Volunteers to carry out field level activities.
- ▶ SBM (G) also has a provision *for 'Social Audit'* for continuous and comprehensive public vigilance of the programme.

International Case Study in Waste Management

- ▶ South Korea has one of the world's most sophisticated waste management systems, and has been hugely successful in decoupling the link between economic growth and waste generation.
- ▶ This country of 51 million people, generating around 53,000 tonnes of MSW per day. It has a daily per capita MSW generation that is two to five times larger than that of India. Despite rapid industrialization over the past half century, it is the only Organisation for Economic Co-operation and Development country that has reduced MSW by 40% while its nominal GDP (gross domestic product) has seen a five-fold increase.

Unique Case Study of West Bengal

- ▶ *Uttarpara-Kotrung municipality* in West Bengal has shown the world how to manage solid waste in an eco-friendly way, potentially giving urban planners and administrators the key to tackling one of the biggest civic problems.
- ▶ Municipal workers collect bio-degradable and non-degradable solid waste stored in designated bins at households, carry them in vans having separate chambers and dump them separately at the transfer centre.
- ▶ At this centre, the non-degradable waste is temporarily stored before being compressed in compactor machines and dumped at the sanitary landfill. Here rag pickers who scour vats in the town are seen collecting things for selling to waste dealers. They are provided masks, gloves, gumboots and uniform by the municipality and are required to wear them while sifting through the garbage.
- ▶ The bio-degradable waste goes to the adjacent compost plant. The municipality sells the bio-manure produced at the plant from its counter and through marketing agents.
- ▶ The municipality collects 12-14 tonnes of waste every day and produces 3-4 tonne manure daily.
- ▶ Municipality also collects waste from the sewerage system with suction cum jetting machines.
- ▶ The Rs. 170 crore project involving six civic bodies was funded by Japan International Corporation Agency (JICA) for this endeavor.

Way Forward

- ▶ Civic bodies have to redraw long term vision in solid waste management and rework their strategies as per changing lifestyles.
- ▶ They should reinvent garbage management in cities so that we can process waste and not landfill it (with adequate provisioning in processing and recycling).
- ▶ To do this, households and institutions must segregate their waste at source so that it could be managed as a resource.
- ▶ There is no spare land for dumping garbage, the existing ones are in a critical state. (It is reported that almost 80 per cent of the waste at Delhi landfill sites could be recycled provided civic bodies start allowing rag pickers to segregate waste at source and recycle it.
- ▶ Compost pits should be constructed in every locality to process organic waste. Community participation has a direct bearing on efficient waste management.
- ▶ Recovery of e-waste is low; we need to encourage recycling of e-waste on a very large scale level so that problem of e-waste disposal is contained.
- ▶ The people should be educated to realize the importance of source segregation at generation point as biodegradables, inert and recyclable material for proper waste management.
- ▶ Viable decentralized composting plants should be installed to reduce the load on ULBs for collection and transportation of MSW, which subsequently culminates in reduction of the pressure exerted on the landfills.

Witness Protection in India is Vexed



The issue of Witness Protection has once again resurfaced as Bombay High Courts has asked the CBI, what protection it was giving to witnesses in the Sohrabuddin Sheikh fake encounter trial. Court also asked whether it intended to charge hostile witnesses with perjury. Thirty-three of the 49 witnesses examined by the prosecution since November 2017 have turned hostile in the special CBI court in Mumbai.

Thus witness protection program and witness protection laws are simply the need of the hour. In fact, it is the absence of these laws that has helped in further strengthening the criminals and offenders.

Hereby, the steps needed in this direction has been discussed in the following article.

Introduction

Who is witness? A witness is a person who possesses relevant information to criminal proceedings about which he or she has given or is about to give testimony. The testimony may be out of free will or under some compulsion; and it can be oral or written.

A hostile witness is understood to be one who does not tell the truth at the instance of the party calling him.

- ▶ Witnesses are important. It can be viewed from the observation of Supreme Court in the *Himanshu Singh Sabharwal Vs. State of Madhya Pradesh and Ors. 2008 case*, whereby the court observed that witnesses are the *eyes and ears* of the justice system and when a witness is threatened or killed or harassed, it is not only the witness who is threatened but also the *fundamental right of a citizen to a free and fair trial is vindicated*.
- ▶ In the *Neelam Katara versus Union of India case*, Supreme Court observed that the edifice of administration of justice is based upon witnesses coming forward and deposing without fear or favour, without intimidation or allurements in court of law. If witnesses are intimidated or allured, the foundation of administration of justice gets weakened.

Present Judiciary System

- ▶ The present judicial system has taken the witnesses completely for granted. Witnesses are summoned to the Court regardless of the fact that they have no money, or that they cannot leave their family, children, business etc. and appear before the Court. But that's not all. On reaching the Court, some are told that the

case has been adjourned (for reasons that may run into infinity) and the respective lawyer politely gives them a further date for their next appearance.

- ▶ In the matter of Swaran Singh v. State of Punjab, the Supreme Court observed, “A witness has to visit the Court at his own cost, every time the case is differed for a different date. Nowadays it has become more or less fashionable to repeatedly adjourn a case. Eventually the witness is tired and gives up.”
- ▶ The Court further held that while adjourning a case without any valid cause, a Court unwittingly becomes party to miscarriage of justice.
- ▶ Most witnesses have to wait for their turn out. And when their time for deposing or the giving of evidence comes, the lawyers examine and cross examine them as if they themselves are the perpetrators of the crime.

Importance of Witness and their Protection

- ▶ The importance of the witnesses to the trial process could be inferred from the words of an eminent thinker Jeremy Bentham: “*Witnesses are the eyes and ears of justice.*”
- ▶ **Helps in fair trial:** If the witnesses get threatened or are forced to give false evidence that also would not result in a fair trial. The failure to hear material witnesses is certainly denial of fair trial.

While offenders have a range of rights, (both Constitutional and legal), the victims and more particularly, *witnesses, have a limited range of rights*. Thus, this unequal distribution of rights results in a situation where witnesses are rendered helpless as they lack sufficient rights to protect themselves and thereby compelling them to turn hostile.

India does not have a Witness Protection law. In the event of the creation of such a law, the focus should be the protection of witnesses, not only before, but also during and after the trial.

The Main Aspects of Witness Protection

- ▶ **Competency-** A witness is said to be competent when there is nothing in law to prevent him from being sworn and examined if he wishes to give evidence.
- ▶ **Section 151 and 152 of the Evidence Act** protects the witnesses from being asked indecent, scandalous, offensive questions, and questions which intend to annoy or insult them. Also, when an accused is released on bail, one of the terms and conditions imposed by the Court on the accused is that he shall not tamper the evidence, or approach the witnesses. This, again, is not as a provision for protection of the witnesses per say, but only to ensure the trial is not tampered with.
- ▶ There are provisions to protect witnesses, though not physically, under the special statutes like **The West Bengal Act of 1932, Juvenile (Care and Protection of Children) Act, 2000.**
- ▶ **Section 17 of the National Investigation Agency Act, 2008** says that on an application made by a witness in any proceeding before it or by the Public Prosecutor in relation to such witness, if the Special Court is satisfied that the life of such a witness is in danger, it may take measures it deems fit for keeping the identity of such witnesses secret.

Recommendations of different Committees on Witness Protection

- ▶ *14th Report of the Law Commission (1958)* had addressed the inadequate arrangements for witnesses and recommended some travel allowances and facilities for witnesses.

- ▶ **4th National Police Commission (1980)** report said that while a prisoner suffers from some act, witness suffers for no fault of his own. The report advocated removing inconveniences/handicaps and also a daily allowance payable to witnesses for appearance in the Courts.
- ▶ **178th Report of Law Commission (2001)** addressed the issue of preventing witnesses turning hostile. Report suggested that Police should take precautions during investigations to prevent prevarication by witnesses when they are examined.

Report prescribes to amend the Code of Criminal Procedure, 1973 and insert a new Section 164-A which would provide for recording of the statement of material witnesses in the presence of Magistrates where the offences were punishable with imprisonment of 10 years and more. On the basis of this recommendation, the Criminal Law (Amendment) Bill, 2003 was introduced to make it mandatory to record statement before a Magistrate where the sentence for the offence could be seven years or more.
- ▶ The **Justice Malimath Committee** on Reforms of Criminal Justice System also addressed the issue. Law should be enacted for giving protection to the witnesses and their family members on the lines of the laws in USA and other countries.
- ▶ **198th Report of Law Commission** addressed the issue covering various aspects such as Witness Identity Protection v. Rights of Accused, Witness Protection Programmes, etc.

Witness Protection International Laws

- ▶ The **International Criminal Tribunal for Rwanda** has formulated rules for protection of victims and witnesses. Similar provisions exist in the Statute for the creation of an International Criminal Court.
- ▶ The **International Criminal Court** has established a separate unit that provides support to the witnesses and responds immediately if witnesses receive threats or intimidation.
- ▶ The **Declaration of Basic Principles of Justice for Victims of Crime and Abuse of Power** was adopted by the United Nations General Assembly in November 1985.
- ▶ Article 14 of the **International Covenant on Civil and Political Rights**, which India has ratified, recognizes the right to fair trial as a human right. The European Court in a landmark case of *Doorson v. Netherlands* appeared to recognize that witnesses should be accorded rights.
- ▶ **United States of America:** Witness Protection Funds are provided; the witness and family members sign a Memorandum of Understanding which is coordinated by multiple government agencies, in good timing and total secrecy.
- ▶ **United Kingdom Government** enacted the Criminal Justice and Public Order Act, 1994 which provides for punishment for intimidation of witnesses.

Witness Protection Scheme of Delhi

The Delhi government notified a witness protection scheme on July 31, 2015.

- ▶ The steps suggested are prohibiting the publication or revealing, in any manner, directly or indirectly, the name, address and other particulars which may lead to the identification of a witness; changing the identity of a witness; relocating the person, facility for in-camera proceedings and 'live link', in which a witness can depose without coming to court.
- ▶ Other measures to protect witnesses will include taking steps so that an accused is not able to confront the witness or monitor the person's calls and mails and changing the phone number of the witness or providing him or her with an unlisted number.

- ▶ Installing security devices at the person's home, guarding the person's residence, providing escort vehicles to the witness will be some of the other measures for protection.
- ▶ The government has established a witness protection cell under the Delhi Police, which will be headed by an Assistant Commissioner of Police (ACP) or Deputy Commissioner of Police (DCP).
- ▶ There will be a Witness Protection Fund, which will get funds from budgetary allocations, fines deposited in court and donations or contributions from institutions and individuals.

Key Challenges and Issues

- ▶ Since police and public order are State Subjects under the seventh Schedule to the Constitution, the state governments are responsible for witness protection also. At the same time, the criminal law and criminal procedure are under concurrent list, so best the Central government can do is amend those laws to the extent of its jurisdiction.
- ▶ Witness protection programme would incur huge expenditures also which shall be paid by the states. Most states are reluctant in India to incur expenditures on such things.
- ▶ There are many practical problems like costs of implementation and infrastructure. When talking about providing bodyguards, security, relocation to another area etc., the costs that are involved are bound to be enormous.
- ▶ Pertinent problem is of corruption in the administration and judiciary. The first step in developing a witness protection law is to acknowledge that witness protection is a duty of States.
- ▶ Other problem is whether the statements of the witnesses should be recorded by a Judicial Magistrate. It is practically not viable in the present set-up with the low number of Courts and staff deficient Judiciary.
- ▶ In the Indian situation, where we have so many social obligations and relatives to attend to, proper implementation of the Witness protection programmes will not be possible for a variety of reasons.

Way Forward

- ▶ Effective witness protection legislation, should ideally involve all the three concerned agencies – police, government and judiciary.
- ▶ The government should display a political will to implement necessary Acts, the judiciary can look into the legal aspects and the execution may be entrusted to the police.
- ▶ An independent witness protection cell should be constituted and it must arrange for the provision of false identities, relocation and follow up.
- ▶ The witnesses should be treated with fairness, respect, and dignity, and to be free from intimidation, harassment, or abuse, throughout the criminal justice process.
- ▶ They should have access to information of the status of the investigation and prosecution of crime. Medical facilities, social services, state compensation, counseling, treatment and other support may be provided. Right to a speedy trial and prompt and final conclusion of the case after the conviction and sentence must also be ensured. If violations are found to exist on part of witnesses enrolled in this programme, they should be penalized.
- ▶ The police force should be given the freedom to take basic measures to protect witnesses like surveillance, escorting the witness to work and court, assisting with emergency relocation etc.

- ▶ Measures should be taken by the courts to restrict public access to the witness's identity including having a witness testify under a pseudonym.
- ▶ The use of practices such as video-conferencing, tele-conferencing, voice and face distortion, and other similar techniques must be encouraged as well as allowing witnesses to conceal their address or occupation.
- ▶ Rebuilding trust of the people in the formal system of law is the best form of witness protection. The witnesses should be assured that those who want to testify have, on their side, the police and an impartial system.

ECONOMIC ISSUES

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Operation Greens



Finance Minister on the lines of Operation Flood announced Operation Greens in Budget 2018-19. He has provided seed capital of Rs. 500 crore in the budget.

Also, Prime Minister backed the scheme at a parivartan rally in Bengaluru. In his address he opined farmers are on TOP priority - T is for tomatoes, O for onions, and P for potatoes.

Hereby, discussing the salient objective of Operation Green and its implications.

Introduction

Operation Greens will be launched with an allocation of Rs. 500 crore on the lines of **Operation Flood**. It aims to promote farmer producer organisations, processing facilities, agri-logistics and professional management. It also aims to aid farmers and help control and limit erratic fluctuations in the prices of tomatoes, onions and potatoes (TOP). It is essentially price fixation scheme which aims to ensure that farmers are given the right price for their produce. The idea behind it is to double the income of farmers by the end of 2022.

Operation Flood

Operation Flood, launched in 1966, was a project of India's National Dairy Development Board (NDDB), which is the world's biggest dairy development program. It transformed India from a milk-deficient nation into the world's largest milk producer, surpassing the USA in 1998, with about 17 percent of global output in 2010-11. In 30 years it doubled milk available per person, and made dairy farming India's largest self-sustainable rural employment generator. It was launched to help farmers direct their own development, placing control of the resources they create in their own hands. All this was achieved not merely by mass production, but by production by the masses.

The Main Objectives of Operation Green

- ▶ The main objective of this project is to reduce price volatility of commodities, thereby helping farmers augment incomes on a sustainable basis.
- ▶ It also aims to provide these vegetables to consumers at affordable prices.
- ▶ Operation Greens looks to ensure that farmers receive at least 60 per cent of what consumers pay.
- ▶ With this scheme there would be busts in commodity prices.
- ▶ It aims to avert situations where farmers have been forced to dump potatoes and tomatoes on roads.
- ▶ It will be checking the prices from rising very high so that it compelled the government to ban exports.
- ▶ It looks to de-stocking and conduct income tax raids on traders.

Proposed Benefits

- ▶ It may help in doubling the income of farmers by the end of 2022.
- ▶ It aims to ensure farmers are given the right price for their produce. The MSP regulation has a key role to play here. The announcement to set minimum support price of all kharif crops at 1.5 times the cost of production will increase the farmers' income and for consumers, tax incentives will be given under Operation Greens.
- ▶ The government aims to focus on basic ingredients and not on additional commodities in agriculture.
- ▶ It shall promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management in the sector.

Basic Principles Behind Operation Greens

- ▶ **First:** Linking of major *consumption centres to major production centres* with a minimal number of intermediaries, i.e., map mega consuming centres and link their retail networks with the producing centres of each commodity.
- ▶ To achieve above target Farmers can be organised in farmer producer organisations (FPOs). NABARD and SFAC (Small Farmers' Agribusiness Consortium) together have about 3,000 FPOs, which could be the starting points for the aggregation of commodities, assaying, sorting, grading, and even packing with bar codes, reflecting their traceability. The Agricultural Produce Market Committee Act will have to be changed to allow direct buying from FPOs, and giving incentives to these organisations, private companies and NGOs to build back end infrastructure as was done in the case of milk. The announcement of tax concessions to FPOs for five years is a welcome step in that direction, if it encourages building such critical infrastructure.
- ▶ **Second:** Investment in logistics, starting with modern warehouses that can minimise wastage. For example: cold storage of onions, where wastage is reduced to less than 10 per cent, compared to the 25-30 per cent wastage in traditional storage facilities on farmers' fields.
- ▶ **Third:** It is linking the processing industry with organised retailing. On an average, about one-fourth of the produce must be processed. India is way behind on this curve compared to most South-east Asian countries. Dehydrated onions, tomato puree and potato chips should become cheap, so that an average household can use them. Processing industry adds value and absorbs surpluses.

Conclusion

By developing forward and backward linkages, the government can ease large price fluctuations; raise farmers' share in the price paid by the consumer and at the same time, ensures lower prices for the consumers.

Inequality between Large Business Houses and Smaller Businesses



Entry regulations, including fees, permits and licenses, can make it prohibitively difficult for low-income individuals to establish footholds in many industries, even at the entry-level. As such, these regulations increase income inequality by either preventing access to higher paying professions or imposing costs on individuals choosing to enter illegally and provide unlicensed services.

With respect to this, recent studies conducted showed that rules and regulations is actually widening, instead of narrowing, the gap between big and small businesses.

Hereby, discussing the issue in detail.

Introduction

Few large business corporations earn billions of rupees in profits each year. Whereas millions of smaller businesses struggle for their survival.

Analysis

Impact of entry regulations on income inequality: World Bank data revealed that countries with greater barriers against the entry of new businesses also witness greater levels of inequality.

- ▶ In terms of numbers, one standard deviation increase in the number of procedures to start a business causes an increase of 7.2% in the share of income that accrues to the top decile of income earners and a 12.9% increase in the country's Gini coefficient.
- ▶ Entry regulations like licensing requirements, which are usually justified as necessary to uphold the common good, can make it harder for new businesses that are smaller in size to enter and compete against incumbent giants.
- ▶ This drastically reduces the number of opportunities available for the less fortunate to climb up the economic ladder by competing against existing large companies.

Impact of entry regulations on large firms:

- ▶ Entry regulations make it easier for rich businessmen to stay on top for longer than they would otherwise.
- ▶ With the help of regulations, large businesses can afford to be complacent about the threat of new companies challenging their position of dominance. Thus, big

businesses that are keen to avoid the threat of competition from smaller players are generally supportive of the idea of the government regulating the entry of new players into their industry.

When these entry regulations limit labor market opportunities for low-income earners, they can increase income inequality for multiple reasons:

- ▶ Low-income earners might abandon their preferred occupation or business in favor of a lower-paying but more accessible alternative.
- ▶ Would-be providers might enter a market illegally and face the risk of both civil and criminal sanctions. Illegal entrants must use real resources in order to evade detection.
- ▶ If consumers perceive licensing as indicative of provider quality, the artificially limited number of licensed providers can command premiums for their services.

How Inequality Rises

- ▶ Rising income inequality is often shaped by the increasing concentration of income at the top end of the income distribution. For example, the top 1% of the population received 52% of wealth.
- ▶ Changes in taxation: Tax rates for high earners have come down considerably over time – this may have boosted the income that top earners declare to the tax authorities.
- ▶ Tax regimes may influence the mix of compensation, tilting it towards lower taxed forms of compensation, and thereby boost disposable income, particularly at the top. For example, capital gains are often taxed at a lower rate than other income and, in a few countries, they are not taxed at all, thus helping large firms only.
- ▶ New information technologies, together with globalization, have widened the market for big players.

Way Forward

Countries with more burdensome entry regulations tend to experience higher income inequality. Policymakers should focus on mitigating these effects by adopting the following reforms:

- ▶ **Avoid establishing ineffective entry regulations.** Before promulgating entry regulations, regulators should identify the social problem they are seeking to solve and provide sufficient evidence that the social problem is widespread.
- ▶ **Consider alternative policies to address social problems.** Regulators should evaluate a broad suite of alternative policies before creating new entry regulations. Alternative policies could include licensing, certification and titling in lieu of occupational barriers, and mandatory labeling or information disclosure for would-be producers of consumer products.

Rules and regulations have to be meant to facilitate all businesses in the country than to support few.

Concept of equity has to be in mind while formulating policies for businesses, i.e., smaller and large business has to be taxed unequally, and regulations should be made easy for small, firms to survive in market. Rules should be facilitator than obstacles in doing business.

Conclusion

Economic Survey 2017-18 has viewed that India's export is more egalitarian. Nearly 1% of large firms' exports 38%, rest are exported by small firms. This shows great potential of small firms in economic activities. Government should take steps to facilitate small businesses by equitable regulations to reduce widened gap between large and small businesses.

Critical Analysis of Banks Board Bureau



Banks Board Bureau (BBB) was created in 2016 as part of Indradhanush programme to revamp the government run banks. It was expected that BBB would reform the Public Sector Banks, which saddle most of the Non-Performing Assets. But this did not happen.

After the recent Punjab National Bank (PNB Nirav Modi scam), the relevance of BBB has come into question. Government is considering of dissolving the BBB.

Hereby, critically analyzing the roles and responsibilities of Banks Board Bureau.

Introduction

- ▶ Health of banking sector is crucial for the economic growth and infrastructure development.
- ▶ With a view to improve the Governance of Public Sector Banks (PSBs), the Government had decided to set up an autonomous Banks Board Bureau.
- ▶ The Banks Board Bureau, an autonomous body **under the aegis of Department of Financial Services**, was set up in 2016 to help the government in selection of top executives of PSBs and enforce a code of conduct and ethics for managerial personnel.
- ▶ The bureau recommend for selection the heads of public sector banks and financial institutions and help banks in developing strategies and capital raising plans.
- ▶ But BBB due to recent PNB fraud has been dubbed as inefficient as it has been grappled with lot of problems.

Reasons for Creation of Banks Board Bureau

In the past few years, the Non-Performing Assets of Indian Banks have increased considerably (particularly of the Public sector banks). The gross **non-performing assets (NPAs)** of all the banks in the country amounted to **Rs. 8.40 trillion** in December 2017.

This is because of following reasons:

- ▶ **Poor corporate governance** of the banking structure.
- ▶ **Government interfered** in the appointment of directors of PSBs leading to frequent delays, inefficiencies and favors.
- ▶ **Lack of fresh capital injection**: The state-owned public sector banks have been struggling to raise capital for a long time.

- ▶ The **selection of top management for PSBs** has been a sore point in the banking history. Whenever a PSB has witnessed a change of guard at the top, their immediate quarterly performance has nosedived. Top management of various PSU banks has often been passing the buck to the preceding management for the poor numbers.

Hence, due to the above issues **P.J. Nayak committee** has recommended the creation of the BBB (Banks Board Bureau). It came into existence in August 2016.

Problems Faced by the BBB

- ▶ **Poor autonomy:** Set up as an autonomous Bank board but suffers from poor autonomy. The recommendations of the Board are not binding on the government.
- ▶ **Recommendations Bypassed by government:** BBB was completely marginalized in the appointment of all the top-level executives. Eg – appointment of the head of Punjab National Bank recently.
- ▶ The Bureau has given several recommendations to the government regarding improvement in the standards of state-run banks, but they are gathering dust.
- ▶ **No significant devolution of powers:** The PJ Nayak Committee envisioned Board to handle other issues such as resolution of stressed assets, mergers and consolidation of banks etc. But the Board does not have much say in such matters.
- ▶ **Non-official directors appointment:** The Bureau also doesn't have any role in choosing the so-called non-official directors at boards of PSBs who typically constitute one-third of the directors on any PSB board and most are political appointments.
- ▶ **Old wine in a new bottle:** The Board still has members from the old appointment board - An RBI deputy governor, two bureaucrats and four external experts.
- ▶ **Part time job:** Many have criticized the Board as the members have other portfolios also. Eg –Mr. Vinod Rai handles BCCI also.
- ▶ The Power, to choose the heads of institutions such as IIFCL, IFCI, SIDBI and Exim Bank, was taken away from it and given to the Finance Ministry.
- ▶ Instead of taking the Bureau's recommendations seriously and referring them to the appointments committee of the Cabinet for approval, they are all scrutinized afresh by the Finance Ministry.
- ▶ **High profile exits:** Roopa Kudva quit the Bank Transparency Body in July 2017, such high profile exits have impacted the efficiency of the board.

Solutions

- ▶ **Devolve more powers:** The BBB should be given powers as envisaged by the P.J. Nayak Committee.
- ▶ **No bypassing of recommendations:** The government should not bypass the recommendations of the BBB as it shows both the government and BBB in bad light. It also dampens the trust of general public in government regarding resolving the NPA menace.
- ▶ **BBB should be supplemented with other reforms:** Indradhanush plan, Insolvency and Bankruptcy Code, S4A scheme etc. should also be implemented to compliment the efforts of BBB.
- ▶ **More autonomy to BBB:** The recommendations of BBB should be made binding on the government. Any deviation should be allowed under exceptional circumstances only.

- ▶ The members of the Board should not be seen as handling a part time job. They should be relieved of other duties or jobs if necessary.
- ▶ The BBB should also have say in appointment pertaining to SIDBI, Exim Bank etc.
- ▶ The government must **implement other recommendations of P.J. Nayak committee** – like setting up of the Bank Investment Company.
- ▶ **PARA: Public Asset Rehabilitation Agency** as envisioned by Economic Survey should also be brought into existence.

Way Forward

- ▶ The tackling of NPA requires restructuring of the BBB. **It requires both political will and devolution of more powers to the BBB** to function in autonomous manner.
- ▶ It will not be easy to raise capital and solve NPA menace unless the government plans to overhaul the way public sector banks operate and this cannot be done by merely asking the Board to select bankers for the top jobs.
- ▶ The government must clarify whether it is an intermediate step towards setting up the **Bank Investment Company (BIC)** as envisaged by the Nayak committee.
- ▶ It also must look into the tenure of the managing director and the chief executive and the compensation of senior bankers, among other things. Finally, the process of appointment must also change.

Conclusion

- ▶ BBB was setup to separate the day-to-day governance and supervision of the banks from the concerns of their ultimate owner, the government. But this has not been possible.
- ▶ The health of the banking sector continues to deteriorate. The banking sector has crucial role in taking India on the path of economic growth and development.
- ▶ The recent PNB scam further dented the image of the banking sector and the seriousness of the government to resolve the NPA issue. The BBB requires restructuring and devolution of powers as envisioned by the P.J. Nayak Committee.
- ▶ However, the Government of India has been committed to the cause of tackling NPA menace and brought significant measures to curb them. Eg – Insolvency and Bankruptcy Code, GyanSangam, merger of SBI bank etc. Overhauling BBB will further strengthen such efforts and help resolve the NPA menace.

Implication of Changes in MSME Definition



The Union Cabinet has recently approved a change in the definition of Micro, Small and Medium Enterprises (MSME), to base it on their turnover as against investment in fixed assets. The Micro, Small and Medium Enterprises Development Act, 2006 will be amended accordingly to reflect the new definition. A change in definition of MSME assumes significance as it is used to provide a number of incentives such as capital, interest and technology/market promotion subsidy by the central and state governments.

What is the new Definition of MSME?

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

- ▶ Enterprises engaged in the manufacturing or production, processing or preservation of goods as specified below:
 - A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh.
 - A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore.
 - A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs. 5 crore but does not exceed Rs. 10 crore.
- ▶ In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide
- ▶ Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items) not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are specified below:
 - A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh.
 - A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore.
 - A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

- ▶ The new classification may result in many medium enterprises being classified as small enterprises (or small getting classified as micro) based on their turnover. Such reclassification would be positive for enterprises in sectors such as engineering, machine fabrication, apparel, construction contractors etc, where a large number of MSMEs are vendors to public sector enterprises (PSUs). These PSUs reserve 20 per cent of their procurement requirements for micro and small enterprises.

MSME Definition

Enterprise	Earlier definition	New definition
Micro	Manufacturing enterprises: Investment in plant and machinery < INR 25 lakh. Service enterprises: Investment in equipment/machinery < INR 10 lakh.	Annual Turnover < INR 5 crore.
Small	Manufacturing enterprises: Investment in plant and machinery between INR 25 lakh and INR 5 crore. Service enterprises: Investment in equipment between INR 10 lakh and INR 2 crore.	Annual turnover between INR 5 crore and INR 75 crore.
Medium	Manufacturing enterprise: investment in plant and machinery between INR 5 crore and INR 10 crore. Service enterprises: investment in equipment between INR 2 crore and INR 5 crore.	Annual Turnover between INR 75 crore and INR 250 crore.

Why was the Change in Definition Required?

- ▶ Firstly, the definition was frozen in 2006. After 12 years, with continued erosion of value of Rupee, the thresholds have become impractical. Adjusting for inflation would have required to enhance the limit by 2-3 times.
- ▶ Secondly, many sectors where MSMEs have substantial share such as Pharmaceuticals, Auto-component, and Food processing among others have been demanding a many-fold increase in the investment limit needed to be compliant of the new mandatory and industrial standards. The de minimis investment exceeded at least five crore even if one has low turnover.
- ▶ Thirdly, the investment based definition creates an uneven field for older enterprises vis a vis new enterprises. Setting up a unit to produce a product today would require several times more investment than the one set-up ten or twenty years ago to produce the same product with similar quantity. What could be a micro unit because of historical investment figures, would become medium or large if set up today. It becomes a barrier for new entrants.
- ▶ Finally, to prove that a unit fell in a specific category, the MSMEs ran around CAs to certify the value of plant and machinery. It is alleged that many large enterprises also under-reported the investment, got CA certificate and partook in the Public Procurement ear-marked for MSEs.

The Advantages of having such a Definition

- ▶ The Turn-over based criterion resolves many of the ills of earlier regime. It is transparent, as authorities could always cross check the turnover through platforms such as GSTN. No CA certificate would be required.

- ▶ It also levels the field for new and old enterprises as the comparison is not between historical investments and current investments but between current turnovers.
- ▶ **It would be realistic also:** After inflation adjustment the definition of small enterprise on the basis of investment would have been Rs. 15 crore today. Keeping turnover five times the investment, a very conservative figure, we have Rs. 75 crore as a threshold which is what is proposed in the new definition.
- ▶ Keeping in view that in the proposed thresholds, there would be hardly any Micro and Small unit that could participate in high volume government tenders, it has been proposed by FISME that where smaller units have not bid, the reserved category benefits could be passed on to Medium enterprises.
- ▶ **To Boost ease of doing business:** According to the new definition, businesses with revenue of as much as Rs. 5 crore will be called a micro enterprise, those with sales between Rs. 5 crore and Rs. 75 crore will be deemed as small and those with revenue between Rs. 75 crore and Rs. 250 crore will be classified as medium-sized enterprises.

Fugitive Economic Offenders Bill



The Union Cabinet has recently approved the proposal of the Ministry of Finance to introduce the Fugitive Economic Offenders Bill, 2018 in Parliament. The Bill would help in laying down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts.

Hereby, discussing the salient features of the Bill and its impact.

Introduction

There have been several instances of economic offenders fleeing the jurisdiction of Indian courts, anticipating the commencement, or during the pendency, of criminal proceedings. The absence of such offenders from Indian courts has several deleterious consequences:

- ▶ It hampers investigation in criminal cases; second, it wastes precious time of courts of law; third, it undermines the rule of law in India.
- ▶ Most such cases of economic offences involve non-repayment of bank loans thereby worsening the financial health of the banking sector in India.

THE EXISTING LAWS FOR SEIZING ASSETS

<p>Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI)</p> <p>Lender can take possession of the assets kept as security over non-repayment of loans</p>	<p>Prevention of Money Laundering Act (PMLA)</p> <p>Proceeds of the crime are attached by the Enforcement Directorate</p>
<p>Insolvency and Bankruptcy Code, 2016 (IBC)</p> <p>Insolvent firms are either revived by creditors and interim resolution professional or the assets are liquidated</p>	<p>Recovery of Debts due to Banks and Financial Institutions Act, 1993 (RDDBFI)</p> <p>A debt recovery tribunal can pass orders for the attachment of assets that were given as security on non payment of dues/loans</p>

Source: Mint research

The existing civil and criminal provisions in law are not entirely adequate to deal with the severity of the problem. It is, therefore, felt necessary to provide an effective, expeditious and constitutionally permissible deterrent to ensure that such actions are curbed.

Therefore, the Fugitive Economic Offenders Bill has been cleared by the Union Cabinet which provides for measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, thereby preserving the sanctity of the rule of law in India.

Salient Features of the Bill

- ▶ The Bill covers economic offences that have a value of more than Rs. 100 crores and where the offender makes economic offences listed in the schedule of the Fugitive Economic Offenders Bill.
- ▶ As per the Bill, a Court ('Special Court' under the Prevention of Money-laundering Act, 2002) has to declare a person as a Fugitive Economic Offender.
- ▶ A fugitive economic offender has been defined as a person against whom an arrest warrant has been issued for committing any offence (listed in the schedule). Further the person has:
 - Left the country to avoid facing prosecution, or
 - Refuses to return to face prosecution.

Some of the offences listed in the schedule are:

- Counterfeiting government stamps or currency,
- Cheque dishonour for insufficiency of funds,
- Money laundering, and
- Transactions defrauding creditors.

The Bill allows the central government to amend the schedule through a notification.

- ▶ A director or deputy director (appointed under the Prevention of Money-Laundering Act, 2002) may file an application before a special court (designated under the 2002 Act) to declare a person as a fugitive economic offender. The application will contain: (i) the reasons to believe that an individual is a fugitive economic offender, (ii) any information about his whereabouts, (iii) a list of properties believed to be proceeds of a crime for which confiscation is sought, (iv) a list of benami properties or foreign properties for which confiscation is sought, and (v) a list of persons having an interest in these properties.
- ▶ Upon receiving an application, the special court will issue a notice to the individual: (i) requiring him to appear at a specified place within six weeks, and (ii) stating that a failure to appear will result in him being declared a fugitive economic offender. If the person appears at the specified place, the special court will terminate its proceedings under the provisions of this Bill.
- ▶ The director or deputy director may attach any property mentioned in the application with the permission of a special court. Further, these authorities may provisionally attach any property without the prior permission of the special court, provided that they file an application before the court within 30 days. The attachment will continue for 180 days, unless extended by the special court. If at the conclusion of proceedings, the person is not found to be a fugitive economic offender, his properties will be released.

- ▶ After hearing the application, the special court may declare an individual as a fugitive economic offender. It may confiscate properties which: (i) are proceeds of crime, (ii) are benami properties in India or abroad, and (iii) any other property in India or abroad. Upon confiscation, all rights and titles of the property will vest in the central government, free from all encumbrances (such as any charges on the property). The central government will appoint an administrator to manage and dispose of these properties.

The non-conviction-based asset confiscation for corruption-related cases has been enabled under provisions of **United Nations Convention against Corruption (ratified by India in 2011)**. The Bill adopts this principle.

- ▶ The Bill allows any civil court or tribunal to disallow a person, who has been declared a fugitive economic offender, from filing or defending any civil claim.
- ▶ The director or deputy director will have the powers vested in a civil court. These powers include: (i) entering a place on the belief that an individual is a fugitive economic offender, and (ii) directing that a building be searched, or documents be seized.
- ▶ Appeals against the orders of the special court will lie before the High Court.

Critical Analysis

Benefits

- ▶ The Bill is expected to re-establish the rule of law with respect to the fugitive economic offenders as they would be forced to return to India to face trial for scheduled offences.
- ▶ This would also help the banks and other financial institutions to achieve higher recovery from financial defaults committed by such fugitive economic offenders, improving the financial health of such institutions.
- ▶ It is expected that the special forum to be created for expeditious confiscation of the proceeds of crime, in India or abroad, would coerce the fugitive to return to India to submit to the jurisdiction of Courts in India to face the law in respect of scheduled offences.

Issues in the Bill

- ▶ The non-conviction-based asset confiscation for corruption-related cases is enabled under the UN Convention. Mere adoption of this principle by the FEOB does not free it from other flaws. For instance, the Bill says that the Special Court, to be set up, may order that the proceeds of crime, whether or not such property is owned by the fugitive economic offender, stand confiscated to the Centre. Further, the Bill shifts the onus of proof on the person other than the fugitive economic offender to show that the interest in such property was acquired without knowledge of the fact that the property was proceed of crime. This appears too draconian, on the face of it.
- ▶ If an economic offender has assets spread across the world, through a web of holding companies, registered in tax havens the Bill is silent on that.

The Bill is expected to plug gaps and provide a higher deterrent effect on economic offenders. Even key managerial persons can be declared fugitives, if a court has issued warrant against them. To further strengthen it, the Bill should separately provide for dealing with siphoning of funds, round-tripping, and employing any scheme or edifice to cause loss.

SOCIAL ISSUES

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Economic Implications of Ageing Population

Context

Japan is the world's 'oldest' country - people aged 65 and above account for more than a quarter of the archipelago's demographic. The number is likely to shoot up to 40% by 2065. Similarly the world's population is ageing: older persons are increasing in number and make up a growing share of the population in virtually every country. The ageing population contributes towards reduced labour force, reduced output growth, lower employment and limits economic growth due to mental, physical condition concerning old age.

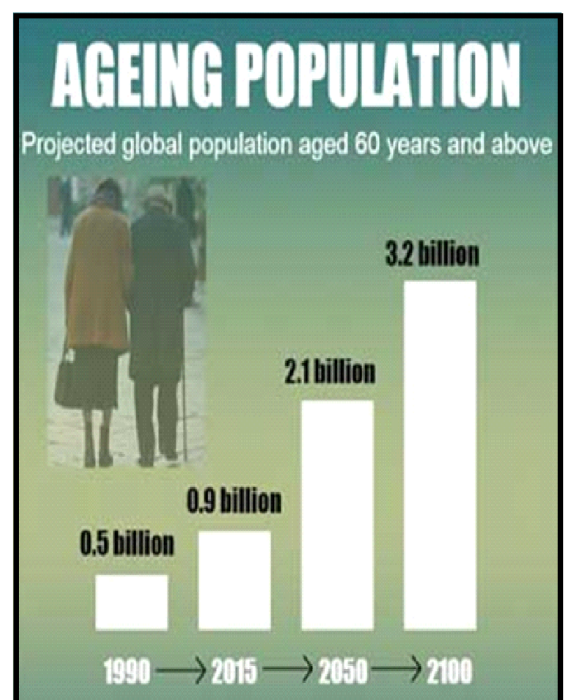
Hereby, discussing the Economic implications of ageing populations.

Introduction

- ▶ According to the UN's medium population projections, the number of people aged over 65 could rise from just over 600 million today to close to 2.5 billion by 2100. Indeed in the next 20 years, the older population is expected to almost double in size. Clearly the fact that population is growing older is cause for celebration, with unprecedented gains in life expectancy the result of continued economic development and advances in healthcare and technology. But population ageing will also pose an economic and fiscal challenge.

Global Trend in Ageing Population

- ▶ The global population aged 60 years or above numbered 962 million in 2017, more than twice as large as in 1980 when there were 382 million older persons worldwide. The number of older persons is expected to double again by 2050, when it is projected to reach nearly 2.1 billion.
- ▶ The older population of the developing regions is growing much faster than in the developed regions. Consequently, the developing regions are home to a growing share of the world's older population.



- ▶ UN World Population Ageing 2017 projects that in 2050, 79% of the world's population aged 60 or above will be living in the developed regions.
- ▶ Each of 31 low-income countries in the world would experience twofold increase in older population between 2017-2050.
- ▶ Of the 103 middle income countries nearly 78% are projected to see twofold increase in number of older populations (aged over 60) and 42% are going to triple by 2050.
- ▶ Projected growth rate trend in older population is slow in developed countries. Among 61 high income countries, just one-third are expected to see a doubling in older population between 2017-2050, whereas projected growth is less than 40% in another one third countries.

Relation between Population Ageing and Economic Development

- ▶ Population ageing is harmful for economic growth due to the decline in labour participation rate consumption pattern, investment, cross-border capital flows, fiscal balances and private savings and its negative effect is significantly magnified through the increase in social security tax and the slowdown in productivity growth.
- ▶ Population ageing could lead to an increase in government consumption due to the rise in the demand for health care, old age pension, special schemes targeting old age etc.
- ▶ The increase in government consumption can lead to a decline in aggregate productivity by shifting away economic activity in the more productive private manufacturing sector to the service sector. This effect could reduce the annual per capita GDP growth below its potential.
- ▶ An increase in the aged population share in an economy can be driven by lower fertility rates or increased longevity or both.
- ▶ To try and ease the effect of an elderly population, some countries rely on immigration to produce an influx of young people of working age to support the national economy. This places further strain on housing and public services and can have social impact too.

What Causes Population Ageing?

- ▶ The recent increase in number of old people (aged over 65 Years) is due to increase in life span as a result of modern health facilities, old age securities, government's innovative policies targeting older populations etc. apart from others.
- ▶ Another reason for an ageing population structure is if a country's birth rate decreases either from higher status of women or better education or through population policies like in Singapore and China.
- ▶ In developed countries the proportion of working women is increasing due to better education and facilities which generally leads to a decrease in the fertility rate. Productivity shocks and the retirement of the baby boom generation reinforces the increase in the ageing population.

India's Population Ageing and its Impact

- ▶ The number of elderly in India is rising rapidly. India's elderly population is estimated at 10 crore in 2011, and is projected to reach 20 crore by 2030. The proportion of elderly persons in the total population is expected to increase from 8.3 percent in 2011 to 12.4 percent in 2026.

- ▶ In 2010, about two-third of the elderly lived in villages and nearly half were of poor socio-economic status. Half of the elderly are dependents mainly due to widow-hood, divorce or separation and a large number of these are females.
- ▶ About 60% of the elderly depend on others for their day-to-day maintenance while less than 20% elderly women and majority of elderly males, were economically independent.
- ▶ Amongst the economically dependent, 85% of men and 70% of women were supported by their children. Of the economically independent elderly, more than 90% supported one or more dependents.
- ▶ The work force participation of the oldest elderly (80 years and above) also is relatively high with 13 per cent among men and 3 per cent among women. It was reported that a majority of the elderly work due to economic necessity and not by chance or choice.

Feminization of Old age

The number of female is more than males in the old age. The difference is starker, especially in the 80+ bracket (both due to biological factors and socio-economic factors). The number of elderly women is more than that of elderly men. Nearly three out of five single older women are very poor, and two out of three rural elderly women are fully dependants. There is also an increasing proportion of elderly at 80-plus age, and this pattern is more pronounced among women.

The predicament of elderly women is aggravated by a life time of gender-based discrimination. The gendered nature of ageing is such that universally, women tend to live longer than men. In the advanced age of 80 years and above, widowhood dominates the status of women with 71 per cent of women and only 29 per cent of men having lost their spouse. Social norms inhibit women from re-marrying, resulting in an increased likelihood of women ending up alone. The life of a widow is riddled with stringent moral codes, with integral rights relinquished and liberties circumvented. Social bias often results in unjust allocation of resources, neglect, abuse, exploitation, gender-based violence, lack of access to basic services and prevention of ownership of assets. Ageing women are more likely to get excluded from social security schemes due to lower literacy and awareness levels.

Conclusion

- ▶ Population ageing is not a bad phenomenon always. The ageing population can volunteer work in the community with their experiences like in health sector. As a general rule, it is likely that older communities will become more law abiding, since older people are less inclined to commit crimes.
- ▶ Older people tend to play a role in supporting and maintaining informal social networks, which in turn bind communities and families together. This is due to the fact that they provide childcare, financial, practical and emotional assistance to family members including helping people outside the household with the tasks of daily living.
- ▶ In addition, the ageing population gives opportunities for the economy to respond to the needs of the older generation, by creating more jobs.
- ▶ The need of the hour is to have more focused programmes and policies targeted towards elderly generations in order to harness their potential in the economy.

Poor Spending in Education Sector and its Implications



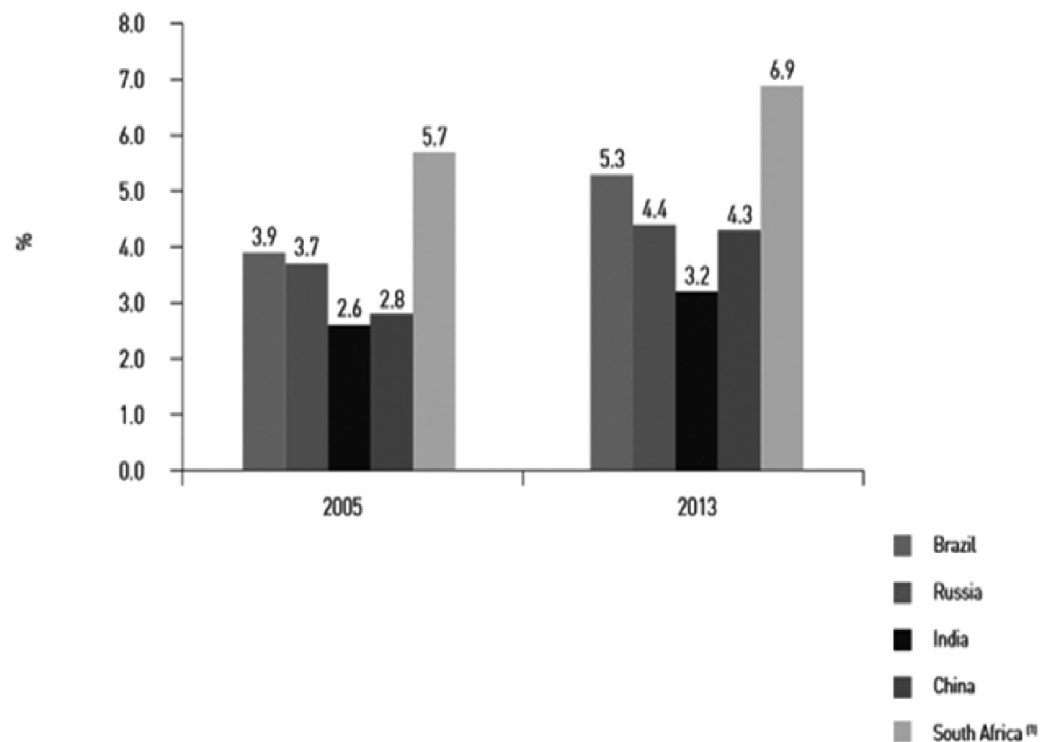
The budget allocation for Education Sector 2018-19 is Rs. 85,010 crore. The budget allocation for 2018-19 is, only 4% higher than the revised budget estimate of the previous year.

This poor spending in education sector has its implications, which have been discussed in the following chapter.

Introduction

- ▶ Education is valued in our society, in every section and strata. Despite this favourable social climate, education has failed to become a matter of national concern. Every year, the Union Budget indicates that it is not a high priority.
- ▶ There is no sign of funds to enable institutional recovery after a prolonged period of damage caused by financial cuts in higher education. In elementary education, supply of funds for improvement in quality is no more certain. No funds are in sight to sustain the bold dream of making the Right to Education a sustainable reality.
- ▶ Teacher training in budget allocation stays on the margins and the current popular term ‘public policy’ does not cover teacher education at all.
- ▶ The public spending on education is as follows:
 - In 1966, the **Kothari Commission** had said in its report that India should aim at spending **6% of its GDP on education**.
 - *More than half a century later, we are spending less than 3% of our GDP on education.*
 - This year’s Budget of Rs. 85,010 crore increase little in allocation to the HRD Ministry is an Rs. 5,324 crore or 6.7 percent rise from 2017-18, when Rs. 79,685 crore was allocated.
 - As a share of the total Union Budget, **3.48 percent** is allocated to education sector in 2018-19.
 - In five years to 2018-19, that is a drop of 2.7 percentage points to 3.48 percent from 6.15 percent in 2014-15.
- ▶ **J.S. Verma Committee Report** brought to public attention the dismal state of teacher education, especially the corruption that has seeped into the regulatory system put in place in the mid-1990s.
- ▶ Teacher education is mainly affected by rampant commercialisation and rigid bureaucratic control.

Comparison to international spending on education



(1) Data for 2012 instead of 2013 year.

Implications of Poor Spending in Education

- ▶ Poor performance of education sector due to less spending is damaging our institutional apparatus. It has suffered over the last three decades and now it has begun to hurt our long-term national *economic interests and social goals*.
- ▶ There is growing inequality and dissonance among youth, due to failure of this sector.
- ▶ **Less Expansion:** India's gross enrollment ratio (GER) is 16% which is much below the world average of 27%. (China (26%) and Brazil (36%)). The GERs for SCs, STs and OBCs are far below the average GER and those of other social groups.
- ▶ **Gender Disparity:** GER for males is 20.9 per cent while that for females is only 16.5 per cent.
- ▶ **Teacher Shortage:** There is 40% and 35% shortage of faculty in state and central universities, respectively.
- ▶ **Research** in higher education institutions is lowest. There is an inadequate and diminishing financial support for higher education from the government and from society. Many colleges established in rural areas are non-viable, are under-enrolled and have extremely poor infrastructure and facilities with just a few teachers.
- ▶ In sum, there are many other basic problems faced by education sector in India today. These include *inadequate infrastructure and facilities*, large vacancies in faculty positions and poor faculty, low student enrolment rate, outmoded teaching methods, declining research standards, overcrowded classrooms and widespread geographic, income, gender, and ethnic imbalances.

- ▶ Less state spending on education certainly affects the learning experience but it also impacts other areas of the economy. Unemployed teachers and administrators have less to pump back into the economy and the vicious cycle of K-12 underfunding is furthered. While unemployment is a factor in poverty for some, there are many who are employed and still live below the poverty line. A higher level of education is needed for high paying jobs that can support a family. It is difficult to support a family with a minimum wage job, even when working full-time. The conundrum is furthered when school funding is diminishing—removing one more source of hope for ending the cycle.

Benefits of Increased Spending in Education

- ▶ Increased spending raises graduation rates and boosts adult income. When a district's per-pupil spending increased by 10 percent, those exposed to the increases across all 12 school-age years, i.e., those 5 years old or younger at the time of the increase, completed more years of school—and as adults, they earned more and were less likely to be poor.
- ▶ Low-income students benefit most from increased spending.
- ▶ Schools primarily spent the extra money on instruction and support services. This higher spending was associated with lower student-to-teacher ratios, longer school years, and increased teacher and other support salaries.

Some Government Initiatives

- ▶ **RISE scheme** aims to lend low-cost funds to government higher educational institutions. Under it, all centrally-funded institutes (CFIs), including central universities, IITs, IIMs, NITs and IISERs can borrow from a Rs. 1,00,000 crore corpus over next 4 years to expand and build new infrastructure. It will be financed via restructured Higher Education Financing Agency (HEFA). HEFA was created to infuse fiscal discipline among government higher educational institutions and allow them to raise money and pay back from their own income.

Conclusion

India being developing economy, there is not enough fiscal space to increase the expenditure on critical social infrastructure like education and health in India. However, given the limited resources, the Government should strengthen the educational profile of the population by improving the implementation of resources at the right place.

Unwanted 21 Million Girls

Context

The Economic Survey 2017-18 had given estimation of the number of 'unwanted' girls in India. There are 21 million estimated unwanted girls in India. The number has been arrived at by looking at the sex ratio of the last child (SRLC) which is heavily male-skewed, indicating that parents keep having children until they get the desired number of sons.

Hereby, discussing the concept of son meta preference and its implications on the girl child.

Introduction

Unwanted girls are those girls who are not expected at the time of birth. Parents expect boy during the birth but a girl takes birth so she is labeled as unwanted girl.

There are 21 million are *unwanted* girls in our country.

The Economic Survey 2017-18 points out that the huge number of 'unwanted girls' (in the 0-25 age group in the population currently) is a direct outcome of the '*son meta preference*'.

What is 'Son Meta Preference'?

- ▶ The Economic Survey 2017-18 says that many Indian parents are opting to continue having children until they have a son or desired number of son. This so called "son meta preference".

Inferences from the Data

- ▶ It shows the *patriarchal attitude* of our Society - where a boy is preferred over a girl.
- ▶ It also shows that how lack of education among the masses has created *gender inequality*.
- ▶ It shows that our country still lack *modern and liberal thinking* when it comes to gender.
- ▶ It shows country has high gender gap.

Amartya Sen Concept of Missing Womens

The term "missing women" indicates a shortfall in the number of women relative to the expected number of women in a region or country. It is most often measured through male-to-female sex ratios, and is theorized to be caused by *sex-selective abortions, female infanticide, and inadequate healthcare and nutrition for female children*. It is argued that technologies that enable pre-natal sex selection, which have been commercially available since the 1970s, are a large impetus for missing female children.

The phenomenon was first noted by the Indian Nobel Prize-winning economist Amartya Sen in an essay in The New York Review of Books in 1990. Sen originally estimated that more than a hundred million women were "missing." These effects are concentrated in countries typically in Asia, the Middle East and

northern Africa. However, the disparity has also been found in Chinese and Indian immigrant communities in the United States, albeit to a far lesser degree than in Asia. An estimated 2000 Chinese and Indian female unborn children were aborted between 1991 and 2004, and a shortage can be traced back as far as 1980.

Reasons for Unwanted Girls

- ▶ **Economic factors:** The primary motivation for son bias can be financial. Many societies indeed consider boys as a lifelong economic resource, while girls are seen as a liability. Sons are expected to take care of their parents upon their retirement. Whereas girls, once married, will contribute to their in-laws.
- ▶ **Social institutions:** Such as *dowry* is responsible for sex selection.
- ▶ **Socio-cultural factors:** Sons can be associated with higher social prestige. Fathers, having a boy are associated with masculinity. Women themselves can be under tremendous social pressure to give birth to a son, facing threats of violence, rejection or death if they fail to do so.
- ▶ **Family planning policies:** Increasing access to sex selective abortion, combined with restrictive family planning such as two child policy are other factors that drive the missing women phenomenon.

International Organizations and Currently Implemented Policies

- ▶ Despite the variations in studies on which policies help decrease the number of missing women, several international organizations and independent countries have taken measures to attempt to help the problem.
- ▶ The OECD includes “missing women” as a measure under the Son preference parameter of its Social Inclusion and Gender Index, bringing awareness to it as an issue.
- ▶ In 1989, Convention on the Rights of the Child, noted the importance of children in measuring a society’s level of equality.
- ▶ While the Fourth UN Conference for Women in 1995 developed the **Beijing platform**, which recognized the rights of the female child.
- ▶ Due to international pressure, India and China have both banned the use of ultrasounds for the purpose of sex-selective abortions.

Way Forward

- ▶ **Legislation and policy:** While we passed laws to restrict the use of technology for sex selection purposes, those seem to have had little effect without broader measures to address underlying gender inequalities.
- ▶ Policies are particularly needed in areas such as inheritance laws, dowries, and social protection.
- ▶ **Supportive measures for girls and women:** Measures such as direct subsidies at the time of a girl’s birth, scholarship programmes, gender-based school quotas or financial incentives, or pension programmes for families with girls only, may efficiently support broader policy efforts.
- ▶ **Use of technology:** Guidelines on the ethical use of the relevant technologies in obstetric and foetal medicine should be developed and promoted through health professional associations.
- ▶ **Advocacy, communication and community mobilization:** Awareness-raising campaigns are crucially important to change people’s mind-sets and attitudes towards girls. Such advocacy efforts may be channeled through the mass media, including TV and Radio, to stimulate discussion and debate.

Conclusion

We must look to improve women's earnings opportunities so that dowries are lower and women have more say in family decision-making. Better options for people to support themselves in old age, such as a good pension system, would make having a son less paramount to couples. We also need more efforts that take on society's norms and try to reshape them so that people start valuing daughters as much as sons.

Role of Cooperative Societies in Women Empowerment



Cooperation is collective effort performed by group(s) for well being of a particular society or section of society. Such collective efforts have been performed through Co-operative Societies which helped in uplifting the status of considerable number of people including many women from both rural and urban areas.

Introduction

- ▶ The negligence of women in economic, social and political participation of the country is prevalent in India.
- ▶ As in the case of India, which is highly a patriarchal society where men dominate all spheres of life; women are left in a subordinate position particularly at community and household levels. There exist multiple persistent barriers to women's economic empowerment. Starting from birth, girls' nutrition and health condition fare worse than boys, girls are less likely than boys to attend and finish school or acquire the skills needed to obtain higher paying jobs. Discriminatory social norms and a lack of access to quality sexual and reproductive health services leaves many adolescent girls and women unable to freely choose their partners and determine the number and spacing of their children. As a child, girls are often treated differently from male children in terms of nutrition and health care; where limited food or financial resources are available, the insufficient means are prone to be allocated unevenly in favour of the male offspring.
- ▶ Girls' and women's disproportionate responsibilities for unpaid care and domestic work deprive them of their rights to an education, employment, political participation and time to rest and participate in social activities. Women perform the majority of unpaid household and care work. They also work for pay or profit in a raft of ways and contexts—in the formal and informal economy—as waged or salaried workers, employers, own-account workers and contributing family workers. The gender differences both in unpaid work and in all types of paid work are large and persistent, reflecting constraints on women's economic opportunities and outcomes.
- ▶ Even when women do the same jobs as men or perform work of equal value, they are paid less on average than men, although the size of the pay gap varies considerably around the world. Further, hundreds of millions of women work informally without social and labour protection of law. In India, for example, some 120 million women (around 95 percent of women in paid work) work informally as do around 12 million women in Mexico (around 60 percent).
- ▶ These barriers that women face are not only hurting them and their families, they are also holding back societies and putting the brakes on national economies.

- ▶ However, several studies show that co-operative society has provided women the necessary space and support for promoting economic self-reliance developing self confidence, overcoming exploration and taking effective steps towards achieving greater control over their lives.

What is Cooperative Society?

- ▶ It is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspiration through jointly owned and democratically controlled enterprises.
- ▶ Co-operative societies are service enterprises aiming at rendering service to its members. In one sentence the philosophy of cooperation can be summed up as **“each for all and all for each”**.
- ▶ The co-operative societies play a phenomenal role in uniting people and marching them towards the realm of development. The co-operative movement of India is the largest in the world. It has given birth to different kinds of co-operative societies in different spheres like producer’s co-operatives, consumer’s co-operatives, tribal co-operatives etc.

How Cooperative Societies help in Women Empowerment?

- ▶ Co-operative societies has provided a reasonable source of income to women ensuring their financial independence which is the major means of empowering women to stand on their own legs and to move out of their homes to an extended place, express their ideas, exchange rooted problems and evaluated their position vis-a vis men in many areas of social life.
- ▶ Financial independence, association and interaction with various groups and its members, exchange of views and experiences on many aspects of life has enabled women to enhance their basic skills, capacity building, encouragement etc. which further helped them to earn their employment in efficient manner.
- ▶ Co-operative societies serve as a seed bed of political democracy. The experience of the members in managing the affairs of the co-operatives would enable them to learn the art of administering any political institutions, thus empowering women in political participation.
- ▶ An organization as a group enhances certain abilities. Functioning in the form of co-operative societies ensures certain capabilities which in turn enhance empowerment, improvement of bargaining power and joint deliberations for improving their (women’s) status.
- ▶ The groups (co-operatives) of women provides them an identity, which is different from their other identity and helps to highlight their member role. It also provides a sense of belonging in totally different power equation, which involves lot of mutuality.
- ▶ Sense of belongingness generates sense of responsibility which further generates sense of ownership and control in the co-operative society.
- ▶ Interaction with the outside world develops capacities to mediate. Mediation creates relationship with external world, markets, financial institutions, competitors, suppliers, a host of policy makers and other important segments of external environment.
- ▶ The rapid growth of women owned business is one of the most important economic developments of recent times. A majority of women owned business are small

retail or service firms and tend to be owned by one person. The areas chosen by women are retail trade, restaurants, and hotels, education, cultural, cleaning, insurance and manufacturing. The Cooperatives play an important role in uplifting their lives through various schemes.

Co-operative Societies in India:

- ▶ The Co-operative Movement in India started in 1904 by the enactment of **Co-operative Societies Act-1904**.
- ▶ After independence, various Five Year Plans have contributed much in making co-operatives more efficient, viable and competitive ensuring more number of women participation.
- ▶ Through 97th Constitutional Amendment Act 2011, U/A 19 (c) the word Co-operative societies was added to the Constitution of India making it a Fundamental Right. In Part IV (DPSPs) a new Article 43 B was inserted which says, 'The state shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of the co-operative societies'. After Part IXA of the Constitution, a Part IXB was inserted to accommodate state v/s centre roles in Co-operative Societies.

Conclusion

- ▶ The concept of women participation through co-operative is highly significant in the present world, where the participatory development process and women's liberation movements are securing increasing attention by planners and policy makers.
- ▶ The ability of co-operative societies to integrate women and youth into the work force is particularly important, as these vital human resources are under-utilized in many countries.
- ▶ Today the total number of women co-operatives in India is about 3,740 and their membership is around one million. This constitutes about 1% of total women participation out of 50% in co-operative society activities.
- ▶ The need is to impart training, education and information for increasing women's involvement in co-operatives. In order to make it more effective, policy and legal frameworks for co-operatives needs to be made more gender sensitive and supportive of women's concerns.

Develop Scientific Temper and Fight Superstition



According to Article 51 (A) sub section-H of the Indian Constitution, every citizen is obligated to develop scientific temper; but this is not put into practice. Not just the general public, even the scientists and the government have ignored this concept.

Hereby, discussing the meaning of Scientific Temper and its significance in fighting the superstition.

Introduction

- ▶ Scientists across various Indian cities feel that the climate of scientific enquiry in India is at threat of being compromised by political and religious interferences by the ruling party at centre and its associated groups.
- ▶ In such environment of growing superstitious belief and practices based on superfluous ideas and mythological belief, the community of scientists, university students and researchers along with rational minded citizens are focusing on the need to confront growing obscurantism and anti-science thinking in India.

What is Superstition and How it can be Dealt?

- ▶ Superstition is a belief or an idea or a theory that cannot be tested using the scientific method and/or by using rational belief and can only be countered by rational arguments.
- ▶ In order to fight superstition, we must highlight the modern method that science uses to acquire knowledge.
- ▶ Superstitions and irrational beliefs are widespread in India and can be removed only by creating awareness among children about lack of logic and reasoning in such beliefs.
- ▶ The process of creating such awareness should begin at home and continue in educational institutions. Children should be taught to analyse and deal with superstition on a scientific basis.

Why so?

- ▶ Science is a way of understanding how to do something, in order to do it better and is implicit in its techniques, which are an individually acquired and socially secured way of doing something.
- ▶ Science and technology have become so intertwined reinforcing each other that there is need to view them together, which profoundly influenced the course of human civilization.
- ▶ Science has provided us with remarkable insight into the world we live in, leading to many technologies and has been an integral part of all civilizations and cultures over several millennia in the past.

- ▶ In modern world, huge inventions and discoveries have enabled science to deal with all aspects of human problems in rational, logical and practical manner.
- ▶ For eg: In order to increase food grain production in the field, it is important to adopt modern scientific farming method which involves High Yielding Variety of seeds, balanced use of fertilizers, pesticides etc. rather than praying and worshipping the God with the belief that God will fulfill the demand itself.
- ▶ Talking about plastic surgery at the time of Lord Ganesha (who got an elephant's head on the body of a human being), talking about flying aeroplane used at the time of Ramayana (used by Ravana to abduct Sita) and genetic science at the time of Mahabharata (Karna was believed to be born outside his mother's womb) is a great insult of science today.
- ▶ Science teaches us to go forward instead going back as taught and followed by mythological beliefs.
- ▶ Based on a 2014 survey conducted by the researchers of Rice University (US), only 6% of Indian scientists identified themselves as non-religious, compared with 65% of their British counterpart.
- ▶ In addition, while only 12% of scientists in the UK attend religious services on a regular basis - once a month or more - 32% of scientists in India do.

What Relates Scientific Temper and Superstition?

- ▶ Scientific temper refers to an attitude of logical and rational thinking. An individual is considered to have scientific temper if he employs a scientific method of decision-making in everyday life. Such scientific temper plays crucial role in the nation's socio-economic development and has worked rationally. For eg: tackling the evils of female infanticide and sati.
- ▶ Whereas Religious obscurantism is antithetical to the desired spirit of science. Science disagrees with the fact which cannot be proven through logical, rational and practical manner.
- ▶ Superstition was even confronted by the 18th century social reformer, Raja Ram Mohan Roy, and, in the 20th century, by Dalit leader Periyar E.V. Ramasamy.

Why is it so Hard to Remove Superstitions?

- ▶ Fundamentally, a belief may be difficult to shake off simply because of deep-seated habituation. People feel "uncomfortable" when trying to do something differently, even if it seems to be logically better. It is undone only when the harm is clear and evident. Such beliefs are strengthened by a confirmation bias (giving importance to facts that agree with our preconceptions and ignoring others) and other logical holes.

Way Forward

- ▶ Taking on age-old superstition is a strenuous process and demands a lot of dedication and dogged patience.
- ▶ What is needed to end such practices is a multi-pronged campaign by the media and also by teachers, doctors and scientists.
- ▶ Science journalists have the potential to educate the readers on developing a scientific temper. The government, of course, has a big responsibility in this regard.
- ▶ Article 51-A (h) of the Constitution of India states: "It shall be the duty of every citizen of India to develop the scientific temper, humanism and the spirit of inquiry and reform." The government should take this message to larger sections of the people, especially in the countryside.

Female Genital Mutilation



The cruel practice of female genital cutting or female genital mutilation (FGM) is not happening only in far away Africa. It's not just being practised in tribal societies. Young girls aged six and seven are facing Female genital mutilation in India too among the Dawoodi Bohras and Kerala's Sunni Muslims.

Recently a movement called 'WeSpeakOut' has been initiated which aim to achieve the banning of FGM - Female genital mutilation.

About FGM

- ▶ It is known as Khatna and involves cutting off a girl's clitoral head, either partially or fully, in order to control a woman's sexual drive.
- ▶ It affects girls and women for life, making sexual intercourse extremely painful and non-pleasurable for most. It also leads to health complications.
- ▶ However, such a practice is both a health hazard and moral hazard. It demands urgent attention of the government and authorities concerned as India does not have any specific law to punish perpetrators of FGM.
- ▶ FGM is against Human Rights. The United Nations passed a resolution in 2012 declaring FGM criminal and illegal worldwide.
- ▶ Indian constitution stands for both women equality and human rights.

Reasons for the Prevalence of FGM in India

- ▶ **Patriarchy:** FGM is done for the purpose of ensuring that a woman remains a virgin before marriage, faithful to her husband. Such a justification reflects patriarchy and desire to control/restrict the sexuality of women.
- ▶ **Feudal Mindset:** A woman is seen as a property and hence subjected to the pleasure of his male counterpart.
- ▶ **Sociological and Cultural Reasons:** FGM is considered as a part of a girl's initiation into womanhood. It is a characteristic of a community's cultural heritage. Example – the Bohra Community.
- ▶ **Superstition:** The practice is perpetuated by some myths about female genitalia. Example - FGM will enhance fertility or improve the chances of child survival.
- ▶ **Hygiene and Aesthetic Reasons:** In some communities, the external female genitalia are thought to be dirty and ugly. The removal is carried out to improve hygiene and aesthetic appeal.
- ▶ **Religious Obligation:** Some religious doctrines are cited as a justification for FGM. However, both Islam and Christianity do not believe in such a practice.
- ▶ **Socio-Economic Factors:** In many communities, FGM is a must for marriage. Where women largely depend on the income of their husbands, economic necessity is a primary reason.

- ▶ Fear of social exclusion from the community also drives the continuation of the FGM.

Why is it Criticized?

- ▶ **Discrimination against women:** It reflects deep-rooted inequality between the sexes, and constitutes an extreme form of discrimination against women.
- ▶ **Violation of women rights:**
 - FGM is a violation of the human rights of girls and women.
 - The practice also violates a person's rights to health, security and physical integrity, the right to be free from torture and cruel, inhuman or degrading treatment, and the right to life when the procedure results in death.
- ▶ **Violation of child rights:**
 - FGM is mostly carried out on young girls between infancy and age 15.
 - It is nearly always carried out on minors and is a violation of the rights of children.
- ▶ **Health effects:**
 - FGM has no health benefits, and it harms girls and women in many ways.
 - It involves interfering with the natural functions of girls' and women's bodies.
 - Procedures can cause severe bleeding and problem in urinating, and later cysts, infections, as well as complications in childbirth and increased risk of newborn deaths.
 - It often leads to **pain, shock, tetanus, genital sores, excessive bleeding**, etc. It also has long-lasting psychological impact on the victims, ranging from **sexual disorders, fear of sexual intimacy, nightmares** and post traumatic stress disorder.

Conclusion

- ▶ India signed and ratified the UN Convention of Rights of a Child in 1992 and signed in 1980, and ratified in 1993 with certain reservations the UN Convention of Elimination of all form of Discrimination Against Women. Hence, practices such as FGM should be stopped.
- ▶ The Ministry of Women and Child Development and Judiciary should take cognizance of such a practice and bring appropriate law pertaining to it.
- ▶ Proper data should be collected to see how prevalent the practice is. The practice remains because of lack of official data.
- ▶ Banning such a practice will help in achieving the Sustainable Development Goal number 5 that aims at achieving gender equality.
- ▶ The United Nations has declared female genital mutilation a human rights violation but there is no ban in India. Young girls are still being taken to midwives and to doctors in Bohra-run hospitals.
- ▶ Practice like FGM is against women dignity and has no place in liberal democracy like ours. Our constitution guarantees equality and privacy to every individual. Hence, practice like FGM is both against constitutional ethos and human rights and needs to be banned.

INTERNATIONAL RELATIONS ISSUES

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India-Canada Relations



India-Canada share a strategic partnership underpinned by shared values of democracy and pluralism. These have expanded significantly in recent years aided by heightened economic engagement, regular high level interactions and long-standing people-to-people ties.

The recent visit of Canadian PM Justin Trudeau had both positives and negative implications. Some international relations experts highlighted that Indo-Canadian relations have hit "rock-bottom" and there is a rift in the bilateral relations. The rift according to experts was further increased by cancellation of controversial invitation of Jaspal Atwal (a Khalistan organization member) at Mr. Trudeau's reception. However, despite this both India and Canada inked numerous agreements and share strategic vision.

Importance of Canada and Strategic Convergence

- ▶ **Diaspora:** Canada is home to over 1.2 million Persons of Indian Origin (PIO) who comprise more than 3% of its population. The highly educated, affluent and industrious PIOs, one of the largest immigrant groups in Canada are well integrated with the mainstream and also active politically.
- ▶ **Energy Security:** India is importing uranium from Canada since 2015. Canada has ample reserves of oil and gas. Both, India and Canada have inked nuclear cooperation agreement.
- ▶ **Education:** Over 100,000 Indian students study in Canada. Education is a key area of collaboration between the two countries.
- ▶ **Agriculture:** In agricultural sector, Canadian pulses were being imported by India. Also, both nations have some collaboration in agri-tech.
- ▶ **Diaspora:** The Diaspora is well represented in federal Parliament and provincial legislature. Such a large diaspora is important asset both for "soft power" and remittances.
- ▶ **Space:** India and Canada have been cooperating since 1990s in the areas of space science, earth observation, satellite launch services and ground support for space missions. ISRO and CSA (Canadian Space Agency) have signed MOUs for cooperation in the field of exploration and utilization of outer space and two Implementation Arrangements specifically addressing satellite tracking and space astronomy.
- ▶ **Indo-Pacific region and Arctic region stability:** On the security front, a stable balance of power in the wider Indo-Pacific will serve both Indian and Canadian interests. The Arctic, where Canada has significant stakes, is growing in prominence. As the recently released Chinese White Paper on the Arctic makes clear, Beijing is intent on challenging the extant status quo pertaining to the region.

Reasons for Low-Down in Indo-Canada Relations

- ▶ **Khalistan:** The Canadian government has many Sikh leaders who are pro-Khalistan sympathizers. This is a thorny issue between India and Canada bilateral relations. Further, many Indian diaspora support the Khalistan movement in Canada.

Earlier 16 Canadian gurdwaras announced a “ban” on the entry of Indian elected officials, consular officials without any action from the Trudeau government.
- ▶ **India-Canada relations are strategically thin.** Canada has little to offer in terms of assisting India with core strategic objectives that include China, Pakistan, and the subcontinent, maritime security in the Indian Ocean rim and beyond.
- ▶ **Trade:** Besides numerous talks on boosting bilateral trade, the outcome has not been significant. The two-way trade has increased from C\$ 4.2 billion (US\$ 3.21 bn approx.) in 2010 to C\$8.02 billion (US \$6.05 bn approximately) in 2016, but does not reflect the true potential. India accounts for only 1.95% of Canada’s global trade.
- ▶ CEPA (Comprehensive Economic Partnership Agreement) – yet to be finalized.
- ▶ Bilateral Foreign Investment Promotion and Protection Agreement (BIPPA) is still pending.
- ▶ Limited cooperation exists on energy despite Canada’s noted strengths in the area. For all the talk of boosting bilateral investment and trade, businesses in both countries have been sluggish to heed the call. Geography and differences in industrial structures do not necessarily help.

Khalistan Issue

Despite the ebb in the relations caused by the Khalistan issue, the recent visit of the Canadian Prime Minister was significant for India.

- ▶ Both leaders agreed to expand the scope of the Canada-India Ministerial Energy Dialogue with a particular focus on electricity, energy efficiency and renewables. **This will help to diversify the energy basket for India and also aid in shifting to renewable energy.**
- ▶ The final joint statement does indicate that both countries appear keen to expand strategic cooperation on several issues.
- ▶ **Trudeau affirmed Canada’s support for India’s entry into the Nuclear Suppliers Group. This is a significant diplomatic victory for India.**
- ▶ Under the Global Skills Strategy, both prime ministers agreed to facilitate the movement of highly skilled individuals from India to Canada. With sustained engagement on these fronts, both Canada and India could augment their importance and value to each other. **This will help to boost trade and also growth of service sector for India.**

Agreements signed during recent visit

India and Canada have signed six agreements. These agreements were signed after delegation-level talks between Prime Minister Narendra Modi and his visiting Canadian counterpart Justin Trudeau in New Delhi.

Agreements signed are:

- ▶ MoU on Cooperation in Sport.
- ▶ MoU on Cooperation in Higher Education.

- ▶ MoU on Cooperation on Intellectual Property Rights.
- ▶ Terms of Reference for the India-Canada Ministerial Energy Dialogue.
- ▶ MoU on Cooperation in the Fields of Science, Technology and Innovation.
- ▶ Joint Declaration of Intent on Cooperation in the Field of Information Communications Technology and Electronics.

Way Forward

- ▶ Both the nations should carefully weigh the issues and points of interest. This will help to iron out the point of discord and lead to a mutual shared vision of engagement.
- ▶ Canada should respect India's territorial integrity and should not lend support to Khalistan movement.
- ▶ Closer institutional collaboration and intelligence sharing on tackling terrorism and extremism is also the need of the hour.

Conclusion

- ▶ With over 1.2 million people of Indian origin, Canada remains an important destination for Indians. Being an open economy, it has continued to attract not only Indian capital but also Indian professionals and students.
- ▶ Closer institutional collaboration and intelligence sharing on tackling terrorism and extremism is also the need of the hour.

India-Iran Relations



Iran's President Hassan Rouhani visited India in February 2018, repaying the trip Prime Minister Narendra Modi took to Tehran in 2016. Rouhani's arrival in New Delhi represented a continuation of India's robust outreach to West Asia. During the visit they reviewed the progress achieved in bilateral relations and also exchanged views on regional and international issues of mutual interest.

Hereby, discussing the India Iran relations and the agreements signed between them recently.

Introduction

- ▶ India and Iran share deep historic and strategic ties embedded in regional security, energy demands, trade and countering terrorism.
- ▶ India and Iran established diplomatic relations in 1950.
- ▶ Over the next 50 years, several leaders and prime ministers from both countries exchanged visits, beginning with Shah Mohammed Reza Pahlavi's tour of India in 1956. Subsequently, Prime Ministers Jawaharlal Nehru and Indira Gandhi too visited Iran in their tenure.
- ▶ Ties between the two countries gained a new momentum at the turn of the millennium when in 2001, the then Prime Minister Atal Bihari Vajpayee visited Tehran and signed the 'Tehran Declaration', which marked the areas of possible cooperation between the two countries.
- ▶ Continuing the trend, the then Iranian President Mohammad Khatami visited India in 2003 as the Chief Guest of the Republic Day parade, where he signed "The New Delhi Declaration", which set the ball rolling on strategic partnership in various areas of interest.
- ▶ Ever since, the two countries have developed trade relations in several areas, predominantly in Iranian crude oil.
- ▶ The level of engagement has increased in the past after lifting of the sanctions on Iran following the P5+1 deal. However, there are some issues that need to be resolved.

Importance and Strategic Convergence

- ▶ **Energy Security:** India has been a significant importer of Iranian oil, with Tehran emerging as the country's third largest oil supplier. It also has significant reserves of natural gas. Eg – Farzad B gas field.
- ▶ **Geostrategic Importance:** Geographical proximity of Iran, its strategic location (for various connectivity projects in the region) and hydrocarbon resources makes Iran an extremely significant country for India – Eg – Strait of Hormuz, Bandar Abbas port and Chabahar port.

- ▶ **Soft Power and Remittances:** Iran houses large number of Indian diaspora which is crucial for soft power and remittances.
- ▶ **Countering China:** With Iran being part of Belt and Road calls for close engagement with Iran.
- ▶ **Counter-Terrorism:** The joint statement issued recently contained tough language on the “sanctuaries for terrorism”, an issue important to both countries. Both the countries have expressed serious concerns to counter terrorism and extremism.
- ▶ **Gateway to Central Asia:** Iran is crucial for connecting to the Garland highway and International North-South Transport Corridor. Iran’s Bandar Abbas port, conceived as the hub for the International North-South Transport Corridor (INSTC), remains, nevertheless, the shortest and most economical route from India to Central Asia, Russia and Europe.
- ▶ **Role in Stabilizing Afghanistan:** Iran shares its borders with Afghanistan and Pakistan, which contain Islamist terrorist groups that act against both India and Iran. Eg - LeT, Taliban, Haqqani network, Al-Qaeda and even the Pakistani Army. India and Iran, therefore, have a consonance of interests in supporting the stabilisation of Afghanistan.

However, despite sharing a deep bilateral relationship, both India and Iran are punching below its weight.

Challenges

- ▶ **Unstable Domestic Politics:** Rouhani, an elected moderate, has his own domestic battles to fight against the conservatives. Also the recent protests in Iran had caused political instability which is bad for the economy.
- ▶ **Iran-China Closeness:** Iran is part of China’s Belt and Road Initiative. In 2015, China sent a goods train to Tehran. Also, Xi was the first foreign diplomat to visit Iran after lifting of the sanctions. China is one of the largest trading partner of Iran.
- ▶ **Balancing Regional Powers:** Israel has been vocal against the nuclear deal, and considers the Shia government in Tehran its biggest security threat. Recently, it bombed what it called Iranian military bases inside Syria.
- ▶ **Saudi Arabia-Iran Rivalry:** India’s growing closeness with Sunni nations in West Asia has led to polarization of the relations in West Asia.
- ▶ **India-US Relations:** Moving close to Iran will impact its relations with US. India has been caught up in the U.S.-Iran nuclear imbroglio before. Also Trump administration recently called Iran as the chief exporter of terrorism. These challenges also put India’s relations with Iran on the spot, with planned investments, specifically the Chabahar port, potentially immobilized if the Trump administration orchestrates extra sanctions and pulls out of the nuclear agreement, or worse.
- ▶ **Kulbhusan Jadhav Case:** The issue of alleged Indian spy Kulbhusan Jadhav currently on death row in Pakistan being kidnapped from Iran is not just an India-Pakistan matter.
- ▶ **Stalled Projects:** While no announcement was made on the Farzad-B gas field that India has expressed an interest in, the joint statement indicates that positive deliberations may follow. Also the TAPI project has yet not crystalized.
- ▶ **Fall in Iran’s GDP:** Protracted sanctions and a freezing of assets have damaged the Iranian economy.

Despite these issues, Iran continues to be of immense diplomatic and strategic importance for India.

Recent Visit – Agreements and its Analysys

The recent meeting of the Iranian head was historic in many terms. It reflected the growing presence of India in the West Asia. It also portrayed India's expertness in handling complex regional powers diplomatically.

Mr. Rouhani endorsed India's bid for a permanent seat at the UN Security Council with the veto, and praised India as a "living museum of religious diversity". **This is reflection of India's growing "soft power" in West Asia and its vibrant democracy that accommodates diversity.**

The recent bilateral meeting between the two countries led to inking of the following agreements:

- ▶ **Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income.**
 - ❑ It will help in reducing the burden of taxation between the two countries. This will boost trade and promote flow of investment and services.
- ▶ **MoU on Exemption from Visa requirement for holders of Diplomatic Passports.**
 - ❑ It waives the requirement of visa for the travel of diplomatic passport holders in each country. This will smoothen the travel of bureaucrats and deepen Government-to-Government relations.
- ▶ **Exchange of Instrument of Ratification of Extradition Treaty.**
 - ❑ It brings into effect the Extradition Treaty signed between India and Iran in 2008. Significant to punish criminals, terrorists, militants etc. who operate internationally.
- ▶ **Lease Contract for Shahid Beheshti Port- Phase 1 of Chabahar during Interim Period between Port and Maritime Organization (PMO), Iran and India Ports Global Limited (IPGL).**
 - ❑ The Contract shows commitment of both countries to expedite the operation of Chabahar port. The port is significant to counter the presence of Chinese developed Gwadar port in the vicinity.
- ▶ **MoU on Cooperation in the field of Traditional Systems of Medicine.**
 - ❑ To develop and strengthen cooperation in traditional systems of medicine including regulation of teaching, practice, drugs and drugless therapies; facilitating supply of all medicine materials and documents; exchange of experts for training of practitioners, paramedics, scientists, teaching professionals and students and accommodating them in institutions for research, educational and training programmes; mutual recognition of pharmacopoeias and formularies; setting up of academic chairs; provision of scholarships; recognition of traditional preparations on reciprocity basis; permission to practice on reciprocity basis.
- ▶ **MoU on the Establishment of an Expert Group on Trade Remedy Measures to Promote Cooperation in Areas of Mutual Interest.**
 - ❑ It aims to establish a framework of cooperation in the area of Trade Remedial Measures viz. anti-dumping and countervailing duty.

- ▶ **MoU on Cooperation in the field of Agriculture and Allied Sectors.**
 - It aims for bilateral cooperation in the field of agriculture and allied sectors including joint activities, programmes, exchange of information and personnel; cooperation in the field of agricultural crops, agricultural extension, horticulture, machinery, post harvest technology, plant quarantine measures, credit and cooperation, soil conservation, seed technology, livestock improvement, dairy development.
 - This will help in increasing both the production and productivity of the agriculture and allied sectors.
- ▶ **MoU on Cooperation in the field of Health and Medicine.**
 - It aims to establish comprehensive inter-ministerial and inter-institutional cooperation between two sides including pooling of technical, scientific, financial and human resources; upgrading the quality and reach of human, material and infrastructural resources in healthcare, medical education, research and training; exchanging experience in training of medical doctors and other health professionals; assistance in development of human resources and setting up of health care facilities; regulation of pharmaceuticals, medical devices and cosmetics and exchange of information thereon; cooperation in medical research; cooperating in public health, Sustainable Development Goals (SDGs) and international health.
- ▶ **MoU on Postal Cooperation.**
 - It aims for Cooperation between the two postal agencies including exchange of experience, knowledge and technology in e-commerce/logistics services; cooperation on philately; establishment of working group of experts; feasibility studies on using air and surface transit capacities of both countries.

Way Forward

- ▶ The key challenge to India is how to nurture a relationship with a resurgent Iran, without adversely affecting ties with the Arab-Gulf countries led by Saudi Arabia, and Israel. India has to show deft diplomacy in handling all the regional powers.
- ▶ India needs to carefully monitor the development in West Asia. Also, India needs to watch closely both the policies of US and China towards Iran.

Conclusion

- ▶ Iran's geostrategic location makes it an intrinsic part of India's security and economic space. A stronger and more globally integrated Iran will be an asset for India.
- ▶ The recent visit of Hassan Rouhani reflected India's growing strategic concerns in West Asia. The visit and been positive and promising with inking of numerous agreements.

CHABAHAHAR

- ▶ **Chahbahar:** The first phase of the port was inaugurated on 3 December 2017, effectively opening a new strategic route connecting Iran, India and Afghanistan bypassing Pakistan, and reflecting growing convergence of interests among the three countries.
- ▶ **Chabahar as a counter to China and Gwadar:** New Delhi has already committed \$500m to the Chabahar Port, outside of the Gulf of Hormuz - site of one of the busiest shipping lanes in the world. The port is significant for



India, as it would provide new sea-trading routes and connectivity to Afghanistan, aiming to parallel China's growing presence in the region.

- ▶ Chabahar is located about 140 kms from Pakistan's Gwadar port, which is being developed with Chinese help as part of the "Belt and Road Initiative".

ENVIRONMENT AND SCIENCE ISSUES

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1. Concept of Environmental Impact Assessment (EIA)
2. Adoption of Blockchain Technology to Stop Bank Frauds

Concept of Environmental Impact Assessment (EIA)

Context

Environmental Impact Assessment (EIA) is an important management tool for ensuring optimal use of natural resources for sustainable development. A beginning in this direction was made in India with the impact assessment of river valley projects in 1978-79 and the scope has subsequently been enhanced to cover other developmental sectors such as industries, thermal power projects, mining schemes etc. To facilitate collection of environmental data and preparation of management plans, guidelines have been evolved and circulated to the concerned Central and State Government Departments. EIA has now been made mandatory under the Environmental (Protection) Act, 1986 for 29 categories of developmental activities involving investments of Rs. 50 crores and above.

Hereby, discussing the concept of EIA.

The Concept of EIA

- ▶ Environmental Impact Assessment (EIA) is a process of evaluating the likely environmental impacts of a proposed project or development, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse.
- ▶ UNEP defines Environmental Impact Assessment (EIA) as a tool used to identify the environmental, social and economic impacts of a project prior to decision-making.
- ▶ It aims to predict environmental impacts at an early stage in project planning and design, find ways and means to reduce adverse impacts, shape projects to suit the local environment and present the predictions and options to decision-makers. By using EIA both environmental and economic benefits can be achieved, such as reduced cost and time of project implementation and design, avoided treatment/clean-up costs and impacts of laws and regulations.

Social Impact Assessment (SIA) and How is it Different from EIA?

Social Impact Assessment analyse, monitors and manage the intended and unintended social consequences and social change processes, of any policies, programs, plans or projects. The EIA can include SIA also. The SIA is increasingly being accepted as an important part of the EIA. In India, SIAs are mandatory for any major project since the land acquisition law (The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act) of 2013.

Objective of EIA

The objective of EIA is: (i) To identify, predict and evaluate the economic, environmental and social impact of development activities; (ii) To provide information on the environmental consequences for decision making; and (iii) To promote environmentally sound and sustainable development through the identification of appropriate alternatives and mitigation measures.

EIA Stages

- ▶ **Screening** to determine which projects or developments requires a full or partial impact assessment study;
- ▶ **Scoping** to identify which potential impacts are relevant to assess (based on legislative requirements, international conventions, expert knowledge and public involvement), to identify alternative solutions that avoid, mitigate or compensate adverse impacts on biodiversity (including the option of not proceeding with the development, finding alternative designs or sites which avoid the impacts, incorporating safeguards in the design of the project, or providing compensation for adverse impacts), and finally to derive terms of reference for the impact assessment;
- ▶ **Assessment and evaluation of impacts and development of alternatives**, to predict and identify the likely environmental impacts of a proposed project or development, including the detailed elaboration of alternatives;
- ▶ **Reporting** the Environmental Impact Statement (EIS) or EIA report, including an Environmental Management Plan (EMP), and a non-technical summary for the general audience.
- ▶ **Review** of the Environmental Impact Statement (EIS), based on the terms of reference (scoping) and public (including authority) participation.
- ▶ **Decision-making** on whether to approve the project or not, and under what conditions; and
- ▶ **Monitoring, compliance, enforcement and environmental auditing.** Monitor whether the predicted impacts and proposed mitigation measures occur as defined in the EMP. Verify the compliance of proponent with the EMP, to ensure that unpredicted impacts or failed mitigation measures are identified and addressed in a timely fashion.

The Core Values of EIA

- ▶ **Integrity:** It ensures that the project is in agreement with standard and good principles.
- ▶ **Utility:** A balanced approach and credible information for decision making process.
- ▶ **Sustainability:** An environmentally sound development with a regenerative capacity of the resources.

Historical Facts about EIA

- ▶ United States is considered to be originator of EIA. Where due to huge public pressure, the government enacted National Environmental Policy Act (NEPA) in 1970s.
- ▶ EIA process was recognized at the Earth Summit in Rio Conference in 1992 in which the Rio declaration stated that EIA shall be taken as national instrument for proposed projects which might adversely impact the environment.
- ▶ In India till 1980s, almost all projects were implemented with little or no environmental concerns in India. The Department of Environment came into existence in 1980s.

- ▶ Environment clearance to large projects became administrative requirement. In the early 1990s, the MoEF issued guidelines for River Valley Projects requiring EIA process that would study the impacts of submergence zones of such projects on forest, wildlife, water logging potential, impacts on upstream and downstream aquatic ecosystems, water related pathogens and diseases, climate changes and seismicity etc. However, it was 1994 when ministry released official “Environment Impact Assessment Notification 1994”.
- ▶ Around 30 projects were put under Central Government to provide environment Clearances. Such projects included Nuclear Power and related projects, River Valley Projects, Ports, Harbours, Airports, Petroleum Refineries, Chemical Fertilizers, Pesticides, Bulk Drugs and Pharama, Oil Exploration, Synthetic Rubber, Asbestos etc.

Issues related to EIA

Though it seems a very simplified process, but the whole process of EIA encompasses numerous structural and procedural flaws. All the associated issues can be classified in two categories:

▶ Report Issues

- **Screening and Scoping not well defined:** In the EIA notification 2006, there is a lack of clarity in overall conductance of the Screening process. As it is discretion of the State Level committee to decide which projects are B1 and which are B2, many a times the bias of respective State Governments come into play. The Scoping process faces same types of issues because of lack of clarity in guidelines.
- **Misleading EIA reports:** Sometimes the EIA reports lack the expected degrees of honesty, owing to bias, corruption, exaggeration and wrong claims. Due to poor knowledge of the project area, the agencies lift paragraphs and sentences from other sources, thus presenting contradictory, inconsistent and outdated information. Moreover there is no process for punishing the agencies tabling such dishonest EIA reports.
- **Insufficient EIA reports:** Agencies or project proponents also prepare incomplete EIA reports, which include incomplete surveys, arbitrary demarcation of EIA study area and unsubstantiated statements. Sometimes the impact with respect to flash floods, landslides, peak precipitation etc. round the year is grossly ignored in reports.
- **Poor quality of EIA professionals:** They intentionally hire local and incompetent professionals to save cost over the whole process or some other vested reasons. These poor professionals prepare a poor quality of EIA reports.

▶ Public hearing issues

- **Lack of awareness:** There is a gross lack of awareness among the local people, about the process of EIA, its significance for them, role of various players and their own rights and responsibilities. Moreover, there is a communication gap between authorities and local people because the notice for Public hearing is issued in local newspapers only and no separate notices are sent to individual concerned Panchayats. Most of the times local people are unaware of the Public hearing meetings.
- **Unavailability of EIA in local languages:** Most of the time EIA reports are unavailable in local languages, thus local people are unable to decipher the reports, and are misled by the proponents. This can be interpreted as a clear violation of the right to information on their part. The irony is local people are totally unaware of such implications.

- ***Ignorance of officials:*** The concerned officials for example, those in Public Hearing committee are ignorant of their roles and responsibilities. Sometimes they don't even get a copy of EIA report and it is passed without their consent, owing to gross corruption in the system.
- ***Over involvement of Public hearing consultants:*** In the public hearing meeting, the consultants should not be allowed to have a dominant say, except responding to the issues of the people. On the contrary, they get involved in public hearings beyond requirements and thus mislead the local people.
- ***Unaddressed issues persist:*** The issues raised by people in public hearings remains unanswered and they do not know what happens to the issues, nor do they know if the issues raised are reflected in public hearing reports that is presented to Ministry of Environment and Forests.
- ***The Biodiversity aspect is not properly incorporated in the EIA.*** Even though the biodiversity act mandates impact assessment studies for all activities which are likely to have an adverse impact on biodiversity, it is not being followed.
- ***The role of the public in the entire environment clearance process is quite limited.*** Public consultation happens at a very late stage when the EIA report is already prepared and the proponent is about to present it to the review committee for clearance.
- ***Issue of Bureaucratic Hurdles:*** Separate clearance is required for environment, wildlife and forest land diversion for the same project.

Conclusion

Environmental Impact Assessment is the practice by which the predicted effects on the environment of a planned development or project are measured. If the likely effects are unacceptable, design measures or other relevant mitigation measures can be taken to reduce or avoid those effects. EIA was established to deal with concerns about the effects that main development projects were having on the environment. It is established in numerous studies that an Environmental Impact Assessment supports various concepts such as Eco-tourism, Cleaner Production, Eco-labeling but the two most supported concepts are Environmental Management and Tourism Carrying Capacity. The use of Environmental Impact Assessment has developed throughout the world and there are different applications in existence.

Adoption of Blockchain Technology to Stop Bank Frauds

Context

In the light of one of the recent frauds that happened in Punjab National Bank recently experts have put forward their opinion for the adoption of blockchain by India's banks which may help in averting frauds.

Blockchain is considered as the disaggregated and transparent nature of the technology, which updates information across all users simultaneously, ensures that various officials would have instantly been alerted.

Hereby, discussing the benefits of the use of blockchain technology for controlling the bank frauds.

Introduction

Punjab National Bank (PNB) disclosed that it has detected Rs. 11,400 crore fraudulent and unauthorised transactions scam for the benefit of a few select account holders.

Two PNB employees sent unauthorised letters of undertakings (LoUs), essentially bank guarantees, to foreign branches of Indian lenders, on behalf of firms related to Nirav Modi and the Gitanjali Group. The LoUs basically told these other lenders: Lend money to Nirav Modi firms so that they can pay for their imports. If they don't pay up, we will make this payment.

This could have been easily avoided with blockchain technology. Let us first understand what is block chain technology to understand how blockchain could have averted banking scam.

What is Blockchain?

- ▶ Blockchain is the digital and decentralized ledger that records transactions without the need for a financial intermediary, which in most cases is a bank.
- ▶ A blockchain is an anonymous online ledger that uses data structure to simplify the way we transact. Blockchain allows users to manipulate the ledger in a secure way without the help of a third party.

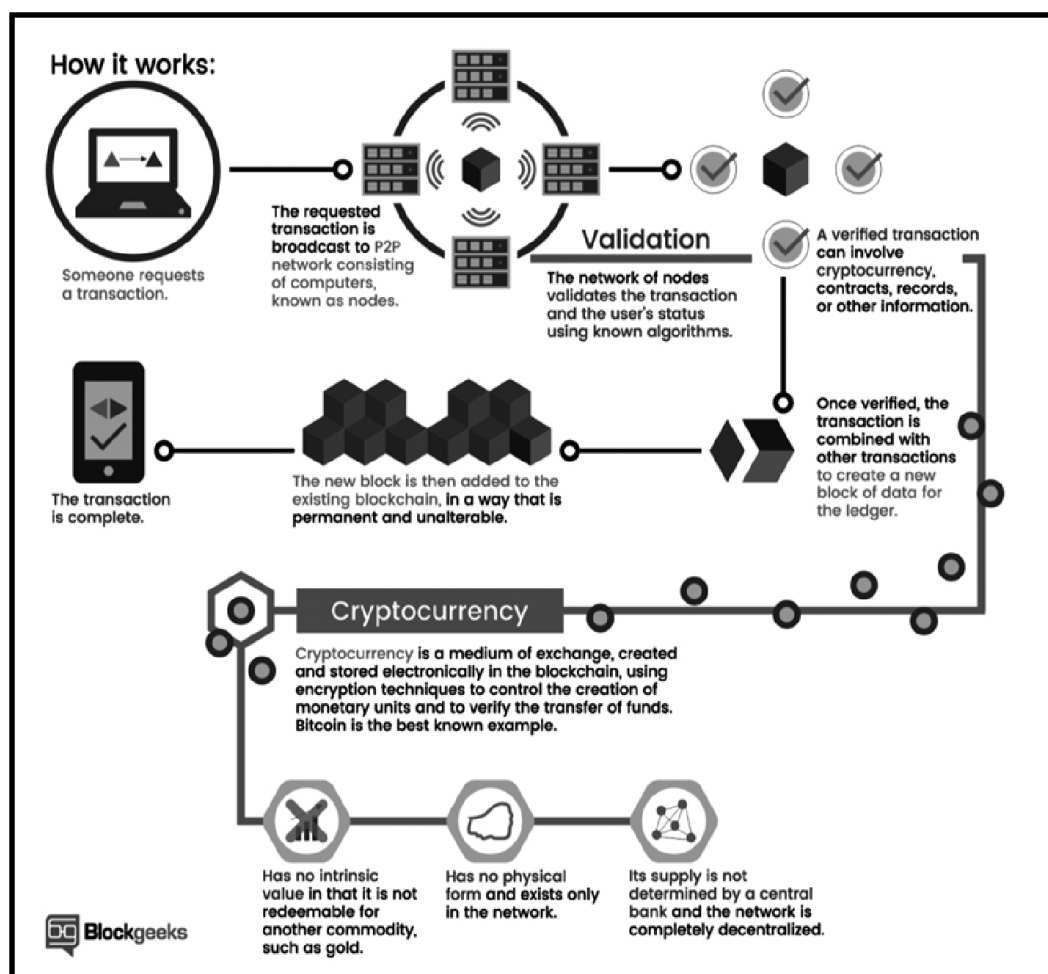
How it Works?

- ▶ Blockchain is a complete and immutable record of asset transfers. When blockchain underpins a payments processing service, it's possible to trace the entire sequence of wire transfers.

- ▶ Blockchain enables two entities that do not know each other to agree that something is true without the need of a third party.
- ▶ As opposed to writing entries into a single sheet of paper, a blockchain is a distributed database that takes a number of inputs and places them into a block.
- ▶ Each block is then 'chained' to the next block using a cryptographic signature. This allows blockchain to be used as a ledger which is accessible by anyone with permission to do so.
- ▶ If everyone in the process is pre-selected, the ledger is termed 'permissioned'. If the process is open to the whole world, the ledger is called unpermissioned.
- ▶ The promise of trusted transactions is one of the big reasons due to which the financial services industry is rapidly exploring blockchain technology.

How Blockchain could have Averted Banking Scam?

- ▶ Blockchain technology allows entrepreneurs to incorporate their businesses on a digital distributed ledger, removing intermediaries in traditional processes and reducing friction.
- ▶ In the above mentioned scam, junior official send out *Letter of Undertaking* without any authority. However in blockchain, there are smart contracts which will not get executed until specified people have not nodded.
- ▶ Bank issued Letter of Undertaking without any security: There was no security kept before lending the loan which is totally against bank's policies. Here also concept of smart contracts can fit in. Loan will not get approved until and unless securities from the person who is taking the loan are successfully deposited.



- ▶ None of the transactions got logged on PNB's banking system: There is a centralised database which has to be updated specifically by the bank manually. There are chances of manual error. In blockchain, there is only *One ledger* which is ultimate truth. There is no scope of manual error, foul play there.
- ▶ In blockchain technology there is no centralised record keeping. It is a collective record keeping with the details becoming available to everyone involved without becoming susceptible to corruption from scammers for the fear that the lid would get blown out as soon as the fraud is committed.
- ▶ Blockchain and connected smart contracts can take care of the audit trail and procedural compliance, the connected ecosystem can ensure all the parties share the collective intelligence. If the core banking system is integrated with blockchain, wilful defaulters and clients breaching individual or group borrowing limits can be immediately identified.

Way Forward

- ▶ A few banks in India have already started testing blockchain. These include ICICI Bank, South Indian Bank of India, State Bank of India and so on.
- ▶ It was reported that Indian insurers have jointly begun the country's first blockchain project to help in improving business and agent track records while flagging fraudulent transactions.
- ▶ The Indian government is also planning to implement blockchain technology across various sector.
- ▶ Finance Minister in budget speech said, "The government will explore use of block chain technology proactively for ushering in digital economy."
- ▶ Niti Aayog, is looking to bring out a discussion paper on the prospective use of blockchain technology in areas such as land records and electronic health records.

The State Bank of India (SBI) plans to beta test a Blockchain-based smart contracts system that was developed by the BankChain consortium in December 2017. The consortium, which was launched in February, is composed of 27 banks that aim to develop Blockchain solutions for the banking industry in the country.

The State Bank also plans to establish an innovation hub in Mumbai. The center will be used to conduct research and development (R&D) on new technologies such as artificial intelligence, machine learning, and Blockchain technology. The facility is also designed to host hackathons and incubate startups. The proposed center is currently in the design phase and it is scheduled to be launched in mid-2018.

Meanwhile, the BankChain consortium has launched the know your customer (KYC) platform dubbed ClearChain in May 2017. The platform is intended to enable banks to share data of their customers among their members. Among the information that can be shared are data on wire transfers and investigatory reports, including Suspicious Activity Reports (SAR).

Axis Bank and Kotak Mahindra Bank have also conducted pilots in cross-border remittances and trade settlements, using blockchain technology. South Indian Bank had also successfully completed overseas transactions using blockchain from the UAE to India. The bank had also deployed a blockchain-based solution to manage end to end trade financing for one of its clients.

The benefits of Blockchain for users include those of "data unmutability, verifiability, security and privacy".

Conclusion

Blockchain is not a panacea for all issues faced by the banking system today. It is complex and industries globally are still gauging how this technology can be used optimally. Those who want to find loopholes and game the system can do it on blockchain as well. It is up to the banks and their tech teams to come up something that is tamper-proof.