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## CONTENTS

- **Schemes, Bills & Acts**

- ⇒ Essential Commodities Amendment Bill passed
- ⇒ Parliament passes the J&K Official Languages Bill, 2020

- **National**

- ⇒ Market failure: On agriculture sector reforms
- ⇒ Draft NDHM policy: Experts warn of 'structural problems', lack of clarity on patient control over data
- ⇒ Supreme Court asks High Courts to form Special Benches to decide criminal cases involving MPs, MLAs
- ⇒ Farm Acts and federalism
- ⇒ Code on Wages, 2019: An analysis
- ⇒ Shaheen Bagh case: Public spaces cannot be occupied indefinitely, says SC
- ⇒ 'KAPILA' Kalam Program for IP Literacy and Awareness

- **International**

- ⇒ India beats China to win crucial election to UN commission on women
- ⇒ Why is the UK moving ahead with legislation violating the Brexit treaty?
- ⇒ A new world order: On UN reforms
- ⇒ Indian Navy (IN) – Bangladesh Navy (BN) Bilateral Exercise Bongosagar and IN-BN CORPAT

- **Economy**

- ⇒ 8.15% interest rate on PF to be paid now, rest linked to
- ⇒ Sebi imposes limits on Multi-cap fund investments— why are mutual funds unhappy?
- ⇒ RBI issues draft on rupee IR derivatives
- ⇒ Parliament passes Insolvency and Bankruptcy Code Bill
- ⇒ Rs 12 Lakh crore in FY21: Centre sticks to borrowing target
- ⇒ Nobel Prize for Economics (2020)
- ⇒ The base year of CPI for Industrial Workers revised

- **Environment**

- ⇒ Mekedatu project
- ⇒ In a first, eight beaches of India recommended for the coveted "Blue Flag" International eco-label
- ⇒ First UN Biodiversity Summit
- ⇒ Fishing cat to be the ambassador of Chilika Lake

- **Science & Technology**

- ⇒ DRDO conducts second successful flight-test of missile target vehicle Abhyas
- ⇒ The discovery of Hepatitis C virus that helped three scientists win the Medicine Nobel
- ⇒ What is SMART test, and why it matters
- ⇒ Rudram: Anti-radiation missile
- ⇒ Cultivation of heeng in the Indian Himalayas

- **Social Justice**

- ⇒ NCRB Crime in India report, 2019
- ⇒ Tech for Tribals Initiative
- ⇒ India trailing in the Global Hunger Index ranking

- **Internal Security & Defence**

- ⇒ FDI in defence up to 74%
- ⇒ What are defence offsets?

# Schemes, Bills & Acts

## Essential Commodities Amendment Bill passed

The Parliament passed the Essential Commodities Amendment Bill by a voice vote.

### What is 'essential commodity'?

- There is no specific definition of essential commodities in **The Essential Commodities Act**.
- To stop the hoarding and black marketing of foodstuffs, The Essential Commodities Act was enacted in 1955.
- Section 2(A) of the act states that an "essential commodity" means a commodity specified in the "**Schedule**" of this Act.
- The Act gives powers to the central government to add or remove a commodity in the "Schedule." in consultation with state governments.
- At present, the "Schedule" contains **9 commodities** – drugs; fertilisers, whether inorganic, organic or mixed; foodstuffs, including edible oils; hank yarn made wholly from cotton; petroleum and petroleum products; raw jute and jute textiles; seeds of food-crops and seeds of fruits and vegetables, seeds of cattle fodder, jute seed, cotton seed; face masks; and hand sanitisers.
- The latest items added to this schedule are **face masks and hand sanitisers**, which were declared essential commodities with effect from March 13, 2020 in the wake of Covid-19 outbreak.
- **By declaring a commodity as essential**, the government can control the production, supply, and distribution of that commodity, and impose a stock limit.

### Essential Commodities Amendment Bill: salient features

- The Bill is meant to replace an ordinance promulgated in June, in the wake of the COVID-19 lockdown.
- The Bill seeks to amend the **Essential Commodities Act, 1955**
- The Bill provides a mechanism for the "regulation" of agricultural foodstuffs, namely cereals, pulses, oilseeds, edible oils, potato, and supplies which **can only be regulated under extraordinary circumstances such as war, famine, extraordinary price rise, and natural calamity**.
- It also seeks to **increase competition in the agriculture sector** and enhance farmers' income.
- The bill aims to **liberalise the regulatory system** while protecting the interests of consumers.
- The bill empowers the central government to **designate certain commodities including food items, fertilizers, and petroleum products as essential commodities**.
- **Regulating stock limits:** It says stock limits can only be imposed if retail prices surge 50% above the average in the case of non-perishables and 100% in the case of perishables.
  - ✓ In case of horticultural produce, a 100 per cent increase in the retail price of the commodity over the immediately preceding 12 months or the average retail price of the last five years, whichever is lower, will be the trigger for invoking the stock limit for such commodities.
- **Exemptions from stock-holding limits** will be provided to processors and value chain participants of any agricultural produce, and orders relating to the Public Distribution System.

### Need for an amendment to the EC Act:

- The EC Act was legislated at a time when the country was dependent on imports and assistance (such as wheat import from US under PL-480) to feed the population.
- But now the situation has changed.
- **Production of wheat** has increased by 10 times (from less than 10 million tonnes in 1955-56 to more than **100 million tonnes** in 2018-19);

- **The production of rice** has increased more than four times from around 25 million tonnes to **110 million tonnes** in (2019-19)
- **The production of pulses** has increased by 2.5 times, from 10 million tonnes to **25 million tonnes**.
- In fact, India has now become an **exporter of several agricultural products**. With these developments, the EC Act has become anachronistic.

### Parliament passes the J&K Official Languages Bill, 2020

The Parliament passed the J&K Official Languages Bill, 2020 that seeks to include Kashmiri, Dogri and Hindi as the official languages in the newly created Union Territory of Jammu and Kashmir.

#### More on news:

- Urdu will continue as the official language of JK along with English and three more will be added.
- There was a provision for an academy to promote Punjabi, Gojri and Pahadi.
- **Demand for inclusion of more languages in list:** Soon after the Union cabinet's decision, different political and ethnic groups in J&K have demanded the inclusion of **Gojri, Pahari and Punjabi** in the proposed Bill.

#### Background:

- Before the reorganisation of J&K on August 5, 2019, only **English and Urdu** were the official languages in the former State.
- In 1889, Dogra ruler Pratap Singh adopted Urdu as the official language of the princely kingdom of J&K, replacing Persian which had enjoyed that status for more than three centuries.
- The same was carried forward by J&K's constituent assembly while adopting the state constitution.
- Other UT examples:
  - ✓ The Pondicherry Official Language Act, enacted in 1965, adopted Tamil as the official language, and Malayalam and Telugu as official languages in Mahé and Yanam regions of the UT, respectively.
  - ✓ The assembly of the National Capital Territory of Delhi also enacted a law to adopt Urdu and Punjabi as second official languages of the UT.

#### Dogri language

- It is a member of the Indo-Aryan group within the Indo-European languages. Dogri is spoken by approximately 2.3 million people, most commonly in the Indian state of Jammu and Kashmir.
- It is one of the 22 official languages of India.
- The earliest written reference to Dogri (using the paleonym Duggar) is found in the *Nuh sipihr* ("The Nine Heavens"), written by the poet Amir Khosrow in 1317 ce.
- Dogri is descended from Classical Sanskrit.

#### Kashmiri language

- It is also known as Keshur or Koshur, belongs to the Northwestern group of the Indo-Aryan branch of the Indo-European language family.
- Kashmiri is one of the 22 official languages of India.
- It is the largest of the **Dardic languages**, and the only language in the Dardic group that boasts an early literary tradition.
- It is spoken primarily in the Jammu and Kashmir state of India.
- According to the 2001 census, it has 5.4 million speakers in India, with a total total of about 5.6 million speakers.

# National

## Market failure: On agriculture sector reforms

Rajya Sabha passed two of the three farm reform Bills that have seen widespread protests in recent weeks, particularly in Haryana and Punjab.

### More on news:

- The Prime Minister has reiterated that farmers will benefit from the changes, first mentioned as part of the **Atmanirbhar Bharat Abhiyan package**.
- The Bills replaced three ordinances promulgated earlier.

### Background

- Indian Agriculture is characterized by fragmentation due to small holding sizes and has certain weaknesses such as weather dependence, production uncertainties and market unpredictability.
  - ✓ This makes agriculture risky and inefficient in respect of both input & output management.
- Agricultural markets in India are mainly regulated by state Agriculture Produce Marketing Committee (APMC) laws.
- APMCs were set up with the objective of ensuring fair trade between buyers and sellers for effective price discovery of farmers' produce.
- APMCs can:
  - ✓ regulate the trade of farmers' produce by providing licenses to buyers, commission agents, and private markets,
  - ✓ levy market fees or any other charges on such trade, and
  - ✓ provide necessary infrastructure within their markets to facilitate the trade.
- There were restrictions for farmers in selling agri-produce outside the notified APMC market yards.
- The farmers were also restricted to sell the produce only to registered licensees of the State Governments.
- Barriers existed in free flow of agriculture produce between various States owing to the prevalence of various APMC legislations enacted by the State Governments.
- The Centre says that it was persuading states to implement the Model APMC Act, 2002-03. But the states did not fully adopt it.
- Therefore, the Centre had to adopt the Bill route. It will lead to helping farmers realise a better price.

### The three controversial Bills are:

#### Bill on agri market

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill: Key features

- **Farming agreement:** It provides a framework for farmers to enter into direct contracts with those who wish to buy farm produce.
  - ✓ So far, a farmer cannot directly sell his produce to consumers or food processing companies; he has to go through a licenced trader as per the APMC Act.
  - ✓ But from now on, **any farmer may enter into a contract with any person or company to sell his produce.**
  - ✓ **Sale, lease or mortgage of farmers' land is totally prohibited** and farmers' land is also protected against any recovery.
- **Pricing of farming produce:** The price of farming produce should be mentioned in the agreement.
  - ✓ For prices subject to variation, a guaranteed price for the produce must be specified in the agreement.
- **Dispute resolution:** Instead of using the regular judiciary for dispute resolution between parties, the ordinance delegates **dispute resolution to the executive (sub-divisional magistrate)**, who will not be bound by rules of procedure.

- ✓ This gives the government more powers than the parties in the case.
- ✓ **Suo motu cases:** These are cases where neither of the parties to a farming contract has raised a dispute, but the authority still can enter into the contract and make changes.

#### Benefits:

- Farmers will be freed from the **monopoly of APMC mandis** and evade the rent-seeking behaviour of the **traditional intermediaries (called arhatiyas)**.
- It will open **more choices for the farmer**, reduce marketing costs for the farmers and help them in getting better prices.
- This will **supplement the existing MSP procurement system** which is providing stable income to farmers.
- It will pave the way for creating One India, One Agriculture Market.

#### Opposition

- **Federalism issue:** Agriculture and markets are State subjects.
  - ✓ **Revenue loss:** States will lose revenue as they won't be able to collect Mandi fees for trade done outside APMC Markets.
  - ✓ When Bihar removed the APMC system, markets suffered loss of fee revenue, with no significant private investments in the sector.
  - ✓ Under the existing system, market fee charges in states like Punjab come to around 8.5% which include a market fee of 3%, a rural development charge of 3% and the arhatiya's commission of about 2.5%.
- **Credibility issue:** In the present mandi system, **arhatiyas (commission agents) have to get a licence to trade in a mandi**.
  - ✓ Arhatiyas have credibility as their financial status is verified during the licence approval process. But how can a farmer trust a trader under the new law.
- **Market fee provision:** Farmers say that by removing the fee on trade, the government is indirectly incentivising big corporates as this provision does not provide a level playing field to APMC mandis.
  - ✓ It may eventually **end the MSP based procurement system**.
  - ✓ MSPs work in the formally regulated APMC mandis, and not in private deals.
- **Electronic trading like e-NAM uses physical 'mandi structure'.** What will happen to e-NAM if 'mandis' are destroyed in absence of trading.
- **Market accessibility:** Small farmers form the majority and their access levels to markets under the APMC system are at the rate of one for an area of 434.48 sq. km on average – well below the **recommendation of the National Commission on Farmers (NCF)**, at one market for 80 sq. km.

#### Bill on Contract Farming

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill: key features

- **Farming agreement:** It provides a framework for farmers to enter into direct contracts with those who wish to buy farm produce.
  - ✓ So far, a farmer cannot directly sell his produce to consumers or food processing companies; he has to go through a licenced trader as per the APMC Act.
  - ✓ But from now on, **any farmer may enter into a contract with any person or company to sell his produce**.
  - ✓ **Sale, lease or mortgage of farmers' land is totally prohibited** and farmers' land is also protected against any recovery.
- **Pricing of farming produce:** The price of farming produce should be mentioned in the agreement.
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- **Dispute resolution:** Instead of using the regular judiciary for dispute resolution between parties, the ordinance delegates **dispute resolution to the executive (sub-divisional magistrate)**, who will not be bound by rules of procedure.



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### Bill relating to commodities

The Essential Commodities (Amendment) Bill, 2020 for amending the Essential Commodities Act to deregulate trading practices in agricultural markets (mandis).

- The changes to the Essential Commodities Act, 1955, will “**deregulate**” various **agricultural commodities** like cereals, pulses, oilseeds, edible oils, onion and potatoes from stock limits, except in case of natural calamities like famine.
- It will allow **farmers to sell their crop to anyone**.
- This will remove fears of private investors of excessive regulatory interference in their business operations.

### Concerns:

- **An unwarranted fascination with MSPs in India:** The last Agriculture Census (2015-16) showed that 86% of all land holdings were small and marginal (less than 2 hectares).
  - ✓ These are such small plots that most farmers dependent on them are net buyers of food.
  - ✓ When MSPs are raised they tend to hurt the farmers the most.
  - ✓ Data that shows more and more farm produce is being sold to private players – instead of the government via MSPs – already.
- **The lack of information with farmers** inhibits their ability to make the best decision for themselves. How will an average farmer figure out the right price for his or her produce?
- **In the absence of adequate infrastructure** to store their produce, farmers may not have the capacity to bargain effectively even if they knew the right price.

**Way forward:** The new laws are not shutting down APMC mandis, nor are they implying that MSPs will not be functional. If the private deal is not distinctly better, a farmer can carry on as before.

- **Strengthen competition:** The center should massively fund the expansion of the APMC market system,
  - ✓ Remove trade cartels
  - ✓ Provide farmers good roads, logistics of scale and real time information.
- **Recommendation of the National Commission on Farmers (NCF):** The emphasis should be on empowering farmers through State Farmers Commissions recommended by the NCF, to bring about a speedy government response to issues.

### Draft NDHM policy: Experts warn of 'structural problems', lack of clarity on patient control over data

The government's existing draft to manage patient health data under the National Digital Health Mission (NDHM) has problems that may make it difficult for patients volunteering for digital health IDs to have full control or visibility over how their data is used, according to experts.

### Background:

- The **draft for Health Data Management Policy** of the National Digital Health Mission (NDHM), which aims to look at data safety measures as part of India's attempt to digitise its healthcare system, has been put in the public domain for feedback.
- **The objective of this draft policy** is to The draft policy mainly seeks to set out a framework for “secure processing of personal and sensitive personal data of individuals” who are a part of the national digital health ecosystem.
- Salient features of the draft policy:
  - ✓ As per the draft proposal, everyone enrolled for the mission will get a **Health ID free of cost** and will have complete control over his or her data.
  - ✓ Any personal data can be collected only on **consent from individuals** and they will be allowed to revoke their consent to restrict any sharing of personal data.



- ✓ The **National Health Authority (NHA)**, the central agency responsible for the implementation of Ayushman Bharat Pradhan Mantri Jan Arogya Yojana, has been mandated to design and roll out NDHM in the country.
- ✓ Data collected across the **National Digital Health Ecosystem (NDHE)** will be stored in at the central level, the state or Union Territory level and at the health facility level, by adopting the principle of minimality at each point.
- ✓ The provisions of this policy shall **apply to the entities involved in the NDHM** and those who are a part of the NDHE, healthcare professionals, governing bodies of the health ministry, the NHA, relevant professional bodies and regulators.

### National Digital Health Mission

- Its roots lie in a 2018 Niti Aayog proposal to create a centralised mechanism to uniquely identify every participating user in the National Health Stack.
- The National Digital Health Mission is a digital health ecosystem under which every Indian citizen will now have unique health IDs, digitised health records with identifiers for doctors and health facilities.
- The National Digital Health Mission (NDHM), which comes under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY), is expected to improve the efficiency, effectiveness, and transparency of health services in the country

### What is a Health ID?

- As per the National Health Authority (NHA), every patient who wishes to have their health records available digitally must start by creating a unique Health ID.
- The health ID will contain information about medical data, prescriptions and diagnostic reports, and summaries of previous discharge from hospitals for ailments.
- Participation in NDHM is not compulsory.
- Each Health ID will be linked to a health data consent manager – such as National Digital Health Mission (NDHM) – which will be used to seek the patient's consent and allow for seamless flow of health information from the Personal Health Records module.
- This ID is to be created by using a person's basic details and mobile number or Aadhaar number.
- The ID will be applicable across states, hospitals, diagnostic laboratories, and pharmacies.

### Current digital system in health sector

- Many States have already connected the **National Rural Health Mission (NRHM)** and **National Health Mission** through the IT network connected to most public health centres even in tribal areas.
- All larger health facilities generate and store computerised patient data also for planning treatment, procurement of medicines and consumables.
- The cards created under the **Rashtriya Swasthya Bima Yojana** and the **Ayushman Bharat Pradhan Mantri Jan Arogya Yojana** are used for pan-India portability or for determining insurance cover.

### Benefits of NDHM

- **Ease of living:** It 'would help patients save the burden of carrying medical reports to a specialist or other hospitals'. One can also avail Telemedicine support from renowned specialists if required .
- **Respects privacy:** Only anonymised data will be shared upwards, and your consent will be taken every time for sharing any personal identifiable information.
- **Homogenised software:** The scheme also intends to replace existing data generation systems with a new homogenised software for all machines in the health sector in the country with a central processor that will extract the relevant data from individual records.

### Structural issues with the mission:

- **Cooperative federalism:** Health is under the **State-list subject**. Not only can it not bind the state, it also isn't binding on the National Health Authority (NHA) that is enforcing it.

- There is **no remedy mechanism** and enforcement structure to prevent the law enforcement agencies from accessing patients' data.
- **Right to be forgotten:** The policy allows the patient to only request that their data be erased if they're withdrawing their consent, but this request can also be denied.
- **Data privacy:** People easily give consent in normal times let alone in a time of medical emergency. It is quite difficult to secure the transferable data of many millions getting stored in the decentralised system.
- **The definition of a consent manager** is also not clear enough in the current policy to understand whether the role will be played by a private firm, NGO or government body, according to her.
- Intra state difficulties:
  - ✓ Most patients avail medical services from doctors or health-care centres in their own State.
  - ✓ But when they seek advanced care in other States or migrate to another State they face difficulties because data is not available.
- Costs of software change:
  - ✓ Public health professionals estimate the cost in thousands of crores for all government and private HIPs to upgrade their hardware and connectivity systems, training of present staff, the entry of data afresh apart from other indirect costs.
  - ✓ The **Integrated Disease Surveillance Programme and the Health Management Information System (IDSP-HMIS)** will have to be upgraded.
- Rural disconnect:
  - ✓ In rural areas it is not a feasible option for medical practitioners to enter data in computers on their own or engage data entry operators merely to comply with the digitisation protocols.
- **Misplaced priorities:** Digitisation is not the immediate problem facing the health sector. The following issues deserve immediate attention:
  - ✓ Unreliable health-care facilities in both the government and private sectors,
  - ✓ Difficulties in getting timely care,
  - ✓ Availability of beds and hygienically maintained hospital premises,
  - ✓ Availability of doctors physically or on line, and the
  - ✓ Continuous neglect of preventive and community health initiatives.

Overall, the scheme appears to promise an end-to-end, hands-free Digital experience. But data is not the only cure, for all our ills. Our health infrastructure needs a complete overhaul.

### Supreme Court asks High Courts to form Special Benches to decide criminal cases involving MPs, MLAs

The Supreme Court has asked the Chief Justices of High Courts to head Special Benches and immediately hear long-pending criminal cases against sitting and former legislators.

#### Background:

- The SC direction came in response to a PIL seeking a ban on convicted politicians from fighting elections.
- **Pending cases:** There are about 175 cases under the Prevention of Corruption Act and 14 cases are pending under the Prevention of Money Laundering Act, 2002 against sitting/former legislators.
  - ✓ There are over 2,500 criminal cases against sitting legislators, stuck at the stage of framing of criminal charges.
- **Reasons for pendency:** One of the reasons for the pendency of cases was the **stay granted by higher courts.**
  - ✓ The powerful MPs and MLAs had approached the High Courts and got an interim stay.

#### Supreme court directions:

- **Special benches to review stay:** The Supreme Court asked the Chief Justices to list pending cases immediately before their own respective Special Benches and review if the stay on the criminal trial needs to continue at all.

- ✓ In case the interim stay is still necessary, the Special Bench concerned should finally decide the pending petitions to quash the criminal trial filed by the accused legislators within two months.
- ✓ There should not be any **unnecessary adjournments**.
- ✓ The hearings should proceed on a day-to-day basis.
- ✓ The COVID-19 restrictions would not apply as the hearings can be done through **video-conferencing**.
- ✓ The bench also reminded the HC CJs about the 2018 SC judgment, which had ruled that **if a stay on trial granted by the HC was more than six months old, then the trial court could proceed with the trial as if there was no stay**.
- **Special courts:** The SC also asked the Chief Justices to come up with **an action plan on the infrastructure and number of special courts** required to exclusively try criminal politicians.
  - ✓ The court found there was **only one special court each to try criminal cases against legislators in States** like Andhra Pradesh, Karnataka, Madhya Pradesh, Telangana and West Bengal.
  - ✓ SC in 2017 had ordered the setting up of special courts in each state to try pending criminal cases against legislators.

### Judicial interventions for electoral reforms

- Association for Democratic Reforms v. Union of India (ADR) case, 2002: The SC mandated the disclosure of information relating to criminal antecedents, educational qualification, and personal assets of a candidate contesting elections.
- In Lily Thomas vs. Union of India, 2013, the Supreme Court stated that if a sitting MP/MLA is convicted (not only charged) then he/ she would be disqualified immediately and the seat would be declared vacant.
  - ✓ It set aside Clause 8(4) of the Representation of the People Act which had provided special privilege to MPs/MLAs to hold the office even after conviction if an appeal has been filed in a higher court within the span of 3 months.

### Farm Acts and federalism

Chhattisgarh, Maharashtra, and Punjab have said they might not implement The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, and The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020.

### More about news:

- According to the central government, The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 liberates farmers by giving them the freedom to sell outside APMCs without paying market fee.
- The market fee, rural development fee, and arhatiya's commission are big sources of states' revenue.
  - ✓ Punjab and Haryana could lose an estimated Rs 3,500 crore and Rs 1,600 crore each year respectively due to the laws.

### Federalism in Indian constitution

- Federalism essentially means both the Centre and states have the freedom to operate in their allotted spheres of power, in coordination with each other.
- **Article 246** deals with the 7<sup>th</sup> Schedule of the Indian Constitution which specify the divisions of power between Union and States.
- **The Seventh Schedule of the Constitution** contains three lists that distribute power between the Centre and states.
  - ✓ **Union list contains** 97 subjects in the Union List, on which Parliament has exclusive power to legislate (**Article 246**);
  - ✓ **The State List** has 66 items on which states alone can legislate;



- ✓ **The Concurrent List** has 47 subjects on which both the Centre and states can legislate, but in case of a conflict, the law made by Parliament prevails (**Article 254**).
- ✓ **Article 254 (2)** of the Constitution essentially enables a State government to pass a law, on any subject in the Concurrent List, that may contradict a Central law, provided it gets the President's assent.
- ✓ **Article 249** gives Parliament the power to legislate concerning a subject enumerated in the State List in the national interest.
- **State of West Bengal v Union of India (1962)**, the Supreme Court held that the Indian Constitution is not federal.
- **S R Bommai v Union of India (1994)**, a nine-judge Bench held federalism was part of the basic structure of the Constitution.
  - ✓ The respective legislative powers are traceable to Articles 245 to 254.
  - ✓ The Constitution is federal in structure and independent in its exercise of legislative and executive power.

#### The constitutionality of parliamentary laws

- **Union of India v H.S.Dhillon (1972)**: Constitutionality of parliamentary laws can be challenged only on two grounds –
  - ✓ that the subject is in the State List, or
  - ✓ that it violates fundamental rights.
- **Ram Krishna Dalmia v Justice S R Tendolkar (1958)**:
  - ✓ The Supreme Court will begin hearings after presuming the constitutionality of these laws;
  - ✓ therefore, there is huge burden on states and individuals who challenge these Acts
  - ✓ Generally, the Supreme Court does not stay the implementation of parliamentary laws.

Federalism, like constitutionalism and separation of powers, is not mentioned in the Constitution. But it is the very essence of our constitutional scheme.

#### Code on Wages, 2019: An analysis

Three new labour codes (The Industrial Relations Code, the Social Security Code and the Occupational Safety, Health and Working Conditions Code, 2020) were passed by the Parliament.

#### More on news:

- The three Bills are part of the government's labour law reforms agenda, of which the first, **the Code on Wages**, which proposes universalisation of minimum wages, was passed by Parliament last year.
- The government had announced its plan to amalgamate **44 central labour Acts into four codes in 2014**, with the aim of simplifying the laws and ensuring a conducive and harmonious environment for doing business.
- The **Second National Commission on Labour** had suggested consolidating all labour laws into four codes.

#### Constitutional background

- Labour is a subject in the Concurrent List where both the Central & State Governments are competent to enact legislation subject to certain matters being reserved for the Centre.
- Article 23: Traffic in human beings and begar and other similar forms of forced labour are prohibited
- Article 24: No child below the age of fourteen years shall be employed to work in factories, mines and other hazardous occupations.
- Article 39 (d): "The State shall, in particular, direct its policy towards securing; that there is equal pay for equal work for both men and women.
- Article 43A directs the state to take steps to ensure workers participation in management of industries.

**Salient features of Code on Wages, 2019:**

- The Code on Wages, 2019 seeks to consolidate and simplify four pieces of legislation – Payment of Wages Act, 1936,
  - ✓ Minimum Wages Act, 1948,
  - ✓ Payment of Bonus Act, 1965 and
  - ✓ Equal Remuneration Act, 1976
- The govt. has said the Code on Wages, 2019 would **expand the coverage of workers in all industries in the unorganised sector** as the old Minimum Wages Act covered only 30% of the total workforce.
- **Minimum wages:** In the repealed Minimum Wages Act, there was provision to fix minimum wage in an employment which has more than 1,000 workers. The new Code has dispensed with the necessity of having a minimum number of workers.
  - ✓ 10,000 slabs of minimum wages that existed before the code, would now be reduced to 200 slabs.
- **Definition of worker:** The Code will have the same definition of the term “worker”; but, a person employed in a supervisory capacity drawing up to ₹15,000 will also be considered a worker.
- **Floor wage:** The central government will have the power to fix a “floor wage”. Once it is fixed, State governments cannot fix any minimum wage less than the “floor wage”.
- **MGNREGA:** There was a conflict between the minimum wages fixed by the State governments for agriculture workers.
  - ✓ Several High Courts have placed the Minimum Wages Act to override MGNREGA. MGNREGA has been excluded from the purview of the Code on Wages.
- **Enforcement provisions:** The Code has created an inspector-cum-facilitator who will act as per the inspection scheme framed by the government.
  - ✓ He will advise employers and workers to comply with the provisions of the code and may carry out inspections as may be assigned by the government.
- **Claim mechanism:** A government official without legal and administrative background can hear such claims.
  - ✓ However, any dispute regarding bonus will continue to go before the Industrial Tribunal.
  - ✓ The new Industrial Relations Code Bill provides for a two-member Tribunal.
- **Provisions on penalty:** An officer (not below the rank of an under secretary to the government) will be notified with power to impose a penalty in the place of a judicial magistrate.

**Concerns:**

- **Retains old provisions:** Barring a few new concepts, the new Code retains almost all provisions such as the procedure for fixing minimum wage, limit for fines and deductions in wages, minimum and maximum bonus, calculation of allocable and available surplus, as well as gender neutral consideration in fixing wages.
- **Numerous slabs:** As minimum wages mostly help the unorganised worker, the 200-slab categorisation may not have much of an impact.
- **Complex document:** All the four repealed pieces of legislation were enacted historically at different points in time and to deal with different situations. The combining of asymmetrical laws into a single code is complex.
- **Dual wage rates:** The central government will have the power to fix a “floor wage”.
  - ✓ It is unwarranted since **many States always fix minimum wages higher than the existing rates**, depending upon the employment and workforce involved.
  - ✓ The concept should be for a **binding minimum wage** and not have dual wage rates – a binding floor wage and a non-binding minimum wage.
- **Qualifications of appellate authority:** As against the decision of the Gazetted Officer, one can prefer an appeal to an appellate authority who must be one rank higher than the competent authority.
  - ✓ The Code does not prescribe the qualifications and experience required for appointment of competent authority.

- **Separations of powers:** An essential judicial function of penalising is now to be vested with the executive in contravention of **Article 50** of the Constitution, where the State has been mandated to separate the judiciary from the executive in public services.
  - ✓ By merging the judicial function in the executive, the basic structure of the Constitution is affected
- **Exemptions from penalty:** The Code also exempts employers from penal provisions under certain conditions.
  - ✓ In *People's Union for Democratic Rights and Others vs. Union Of India & Others*, 1982 (Asiad case), the Supreme Court of India observed: "If violations of labour laws are going to be punished only by meagre fines, the labour laws would be reduced merely paper tigers without any teeth or claws."

Considering the extent of economic distress in the country, concerns of labour must be placed at the centre of such policy initiatives.

### Shaheen Bagh case: Public spaces cannot be occupied indefinitely, says SC

The Supreme Court found the indefinite "occupation" of a public road by the Shaheen Bagh protestors unacceptable.

#### Background:

- The SC dismissed a clutch of petitions in connection with the Shaheen Bagh sit-in protest.
- Recently the Shaheen Bagh sit-in protest against the citizenship law was cleared by Delhi police after curbs were imposed on assembly and movement of people in wake of the coronavirus pandemic.
- The protest had been on for more than 100 days.
- It began on December 15 in Southeast Delhi, with at least 300 women at the forefront of it. It sparked many similar demonstrations across the country.

#### Key takeaways from the judgement:

- **Right to protest and right to commuters**
  - ✓ It upheld the right to peaceful protest against a law but then the demonstrations expressing dissent have to be in designated places alone.
  - ✓ **Right to Protest is a fundamental right**, it is subject to reasonable restrictions imposed in the interest of sovereignty, integrity and public order.
  - ✓ Fundamental rights do not live in isolation. The right to protest has to be balanced with the right of the people to use a public road.
  - ✓ The seeds of protest and dissent were sown deep during the Freedom struggle. But dissent against colonial rule cannot be equated with dissent in a self-ruled democracy.
  - ✓ The court held it was entirely the **responsibility of the administration** to prevent encroachments in public spaces.
- 'Leaderless' dissent and media
  - ✓ Technology and social media could both **empower and weaken mass movements**.
  - ✓ The ability to scale up quickly using digital infrastructure has **empowered movements to embrace their often-leaderless aspirations** and evade the usual restrictions of censorship.
  - ✓ However social media channels are often fraught with danger and can lead to the **creation of highly polarised environments**.

### 'KAPILA' Kalam Program for IP Literacy and Awareness

Union Education Minister recently launched the 'KAPILA' Kalam Program for Intellectual Property Literacy and Awareness campaign on the 89th birth anniversary of former President Dr. APJ Abdul Kalam.



**More on the news:**

- **The Institution Innovation Council (IIC 2.0) annual report** was also presented on the occasion and the launch of **IIC 3.0** was announced.
  - ✓ **The Institution Innovation Council was established by the Ministry of Education** in 2018.
  - ✓ So far, IICs have been established in about 1700 higher educational institutions.
  - ✓ The IICs will be **established in 5000 higher educational institutions** under IIC 3.0.
  - ✓ The IIC 3.0 website was also launched on the occasion.
- It has also been decided to celebrate the week of October 15th to 23rd as '**Intellectual Property Literacy Week**'.

**KAPILA' Kalam Program**

- Under the 'KAPILA' Kalam Program, students pursuing education in higher educational institutions will get **information about the correct system of the application process for patenting their invention** and they will be aware of their rights.
- **Benefits:** The students in higher education institutions of the country are innovating constantly under the guidance of their teachers.
  - ✓ However, they are not aware of the system of filing its patent but under this campaign, students will be able to get benefits from their inventions by patenting them.

# International

## India beats China to win crucial election to UN commission on women

India got elected as Member of the UN Commission on the Status of Women, the principal global body focussed on gender equality and women empowerment, beating China in a hotly-contested election.

### Background:

- The Commission on the Status of Women (CSW) is a functional commission of the UN Economic and Social Council (ECOSOC).
- The **54-member ECOSOC**, held elections for **two seats in the Asia-Pacific States category** with Afghanistan, India and China in the fray.
- Afghanistan garnered 39 votes and India got 38 votes of the 54 ballots cast. China, a permanent member of the UN Security Council, got only 27 votes.
- India and Afghanistan will join Argentina, Austria, Dominican Republic, Israel, Latvia, Nigeria, Turkey and Zambia, which were elected by acclamation, to the Commission on the Status of Women for a **four-year term** beginning from 2021-2025.

### About UN Economic and Social Council (ECOSOC)

- The UN Charter established ECOSOC in 1945 as one of the six main organs of the world body.
- It is mandated to offer direction to and undertake the coordination of the economic, social, and cultural activities of the UN with responsibility for **advancing international economic and social cooperation and development**.
- **Headquarters location:** New York, United States
- ECOSOC's inaugural presidency in 1946 was held by Sir Ramaswami Mudaliar of India.

### Significance of Indian victory:

- It's a ringing endorsement of **India's commitment to promote gender equality** and women's empowerment in all our endeavours.
- China lost the election to the UN's principal global intergovernmental body when the **25th anniversary of the Fourth World Conference on Women**, that was held in Beijing in 1995, is being commemorated around the world.
  - ✓ It is being seen as sending a strong signal about China's own record of women's equality and empowerment.

### The Commission on the Status of Women (CSW)

- It is the principal global intergovernmental body exclusively dedicated to the **promotion of gender equality and the empowerment of women**.
- It is a functional commission of the **Economic and Social Council (ECOSOC)**.
- The Commission on the Status of Women has been responsible for organizing and following up the **world conferences on women in Mexico (1975), Copenhagen (1980), Nairobi (1985) and Beijing (1995)**.
- The Commission has systematically reviewed progress in the implementation of the twelve critical areas of concern identified in the **Beijing Platform for Action** at its annual sessions.

### Beijing Platform for Action

- The 1995 4<sup>th</sup> World Conference on Women (WCW), held in Beijing, was one of the largest ever gatherings of the United Nations, and a critical turning point in the world's focus on gender equality and the empowerment of women.
- It marked a significant turning point for the global agenda for gender equality. The Beijing Declaration was adopted unanimously by the UN at the end of the 4<sup>th</sup> WCW.

- The Beijing Declaration and the Platform for Action, adopted unanimously by 189 countries, is an agenda for women's empowerment and considered the key global policy document on gender equality.
- It sets strategic objectives and actions for the advancement of women and the achievement of gender equality in 12 critical areas of concern:
  - ✓ Women and poverty
  - ✓ Education and training of women
  - ✓ Women and health
  - ✓ Violence against women
  - ✓ Women and armed conflict
  - ✓ Women and the economy
  - ✓ Women in power and decision-making
  - ✓ Institutional mechanism for the advancement of women
  - ✓ Human rights of women
  - ✓ Women and the media
  - ✓ Women and the environment
  - ✓ The girl-child

### Why is the UK moving ahead with legislation violating the Brexit treaty?

The European Union (EU) demanded that the UK should drop its plans of changing the Brexit deal or be prepared for these moves to impact trade discussions between them.

Northern Ireland keeps a foot in both systems after Brexit

All of the island of Ireland remains in the EU's goods "single market", and a customs border in the Irish Sea



Image Source: [www.bloomberg.com](http://www.bloomberg.com)

#### More about news:

- The EU said the UK had "seriously damaged trust" by publishing the Internal Market Bill to amend clauses within the **Brexit agreement** it had signed in January this year.
- The Internal Market Bill gives the U.K. government the power to **override parts of the UK's Brexit agreement**.

#### The Internal Market Bill

- It gives the UK powers to **modify or "disapply" rules relating to the movement of goods** that will come into force from 1 January, when the U.K leaves the EU.
- The UK has attempted to ensure that it will be **able to trade freely with its constituent countries, namely, England, Scotland, Wales, and Northern Ireland**.
- One of its main aims is to empower ministers to pass regulations, specifically on trade and state aid, even if they are contrary to the withdrawal agreement previously reached with the EU under what is known as the **Northern Ireland protocol**.



- This bill must pass through the UK's House of Commons and then the House of Lords, the upper chamber, to become a law.

**Background:**

- Even though Brexit happened on 31 January 2020, both sides still need to work out the rules for their new relationship. This includes everything from trade, immigration, aviation, security and access to fishing waters.
- These rules have to be negotiated and signed off by the EU and UK Parliaments by the end of the year.
- Currently, the **UK is part of the European single market**, with jointly agreed regulations and standards right across the continent.

**The Northern Ireland protocol**

- It was negotiated by the UK Prime Minister as part of the Brexit deal that saw the UK leave the EU on 31 January 2020.
- Under the protocol, **Northern Ireland will continue to enforce the EU's customs rules** and follow its rules on product standards (known as the single market on goods).
- And this will make checks on goods travelling from Northern Ireland (a non-EU country) into the Republic of Ireland (an EU country) unnecessary.
- The protocol is due to come into force on 1 January 2021.
- While Northern Ireland will continue to follow these EU rules, the rest of the UK will stop doing so after 31 December.
- **In order to comply with EU requirements, some checks will be needed** on certain goods entering Northern Ireland from Great Britain (England, Scotland and Wales) - creating a regulatory and customs border in the Irish Sea.

**The issue**

- Post-Brexit, the UK government wants to continue to have a **joint market across England, Scotland, Wales and Northern Ireland** - the "internal market".
- That means that if goods were being transported from Northern Ireland to Great Britain for instance, it **would not require additional checks**.
  - ✓ **The UK government's stance** is that the country's Parliament is sovereign and was authorised to "pass laws which breach the UK's international treaty obligations".
  - ✓ **EU's response:** The UK is legally obliged to ensure the goods entering Northern Ireland from Great Britain are checked as per the EU rules.
  - ✓ In response to these plans, the EU has said it will consider legal action against the UK for violating what is an international treaty.

**A new world order: On UN reforms**

Foreign Ministers from the Group of 4 – India, Brazil, Japan and Germany met virtually to further their objective of UN reforms.

**More on news:**

- The four countries stressed delivering concrete outcomes, in writing and within a time frame.
- The G4 will work with "other reform-minded countries and groups" to start **text-based negotiations (TBN)** without delay and seek "concrete outcomes" during the 75<sup>th</sup> session of the UN General Assembly.

**Background:**

- The name "United Nations", coined by United States President Franklin D. Roosevelt was first used in the Declaration by the United Nations of 1 January 1942, during the Second World War.
- The **United Nations Charter** was signed on 26 June 1945 by the representatives of the 50 countries.
- Poland, which was not represented at the Conference, signed it later and became one of the original 51 Member States.

- The United Nations officially came into existence on **24 October 1945**, when the Charter had been ratified by China, France, the Soviet Union, the United Kingdom, the United States and by a majority of other signatories.
- **United Nations Day** is celebrated on 24 October each year.

### Need for UN reforms

India has been at the forefront of demanding reform in the UN, particularly its principal organ, the Security Council, for decades. Since 1993, the UN General Assembly has hotly debated Council reform but has not been able to reach agreement.

- **Inequality:** The **membership of the Security Council has changed very little** since its inception in 1945, even though the number of UN member states has almost quadrupled.
  - ✓ The UNSC does not include a permanent member from the African, Australian and South American continents, the G-4 group of Brazil, India, Germany and Japan.
- **Exclusiveness:** The **differences between permanent and non-permanent seats** produce a highly unequal and inefficient Security Council.
  - ✓ The five permanent members (P5) – Britain, France, United States, Russia and China – possess permanent seats and have the privilege of the veto whilst the status of non-permanent members is low.
  - ✓ Frequent divisions within the UNSC P-5 end up blocking key decisions.
- The **performance of the Security Council** in maintaining international peace and security has been poor. It failed in its actions in Somalia, Bosnia and Rwanda.
  - ✓ The UN, the UNSC, and WHO have failed to play an effective role in helping nations deal with the **Coronavirus spread**.
- **Stalled IGN:** The UN's reform process, held through InterGovernmental Negotiations (IGN) has not made progress over decades, despite commitments.
  - ✓ Intergovernmental Negotiations framework (IGN) is a group within the United Nations that looks into UNSC reforms but it has made no progress since 2009 when it was formed. The group's conversation is considered 'informal' in nature.
  - ✓ G4 have also called for an "urgent need for transparency and application of general assembly's rules of procedure to the intergovernmental negotiations."

### What constitutes the UNSC reform agenda?

- The current negotiation process is based on Decision 62/557 which was adopted in 2008.
- **It defines five key issues for reform:** categories of membership, the question of the veto, regional representation, the size of an enlarged Security Council and its working methods, and the relationship between the Security Council and the General Assembly.
- Decision 62/557 also stipulates that any solution must garner "the widest possible political acceptance", although in 1998 the UN General Assembly already agreed that the **support of two-thirds of UN member states is sufficient**.
- Yet even if these conditions are met any of the **P5 will still be able to veto the final resolution**. For example, China and Russia have previously stated that reform should be based on a consensus and not on a majority vote.

### India and UN reforms:

- **Reformed Multilateralism** guides India's approach to the United Nations.
- India has long sought a **permanent seat** at the Council.
- It is also a proponent of other UNSC reforms – such as **increasing the number of permanent (currently five) and non-permanent (currently 10) seats** and **ensuring greater representation for Africa**.
- India is claiming a permanent seat at the UNSC on the basis of following arguments:
  - ✓ It's a regular contributor to the UN's **peacekeeping missions**.
  - ✓ It's one of the main **financial backers of the UN**.
  - ✓ It's the **world's largest democracy**.
  - ✓ It's the world's **second most populous country**.
  - ✓ It maintains **one of the largest armies** in the world.
  - ✓ It possesses **nuclear power**.

- ✓ India has been **elected seven times to the UN Security Council**, most recently from 2021 to 2022 after receiving 184 of 192 votes.

### Subgroups on UN reforms

On the issue of reform, the UN member states are divided into several groups. Their positions on the most important questions, membership and the veto, are as follows.

- First, the **G4 consists of Germany, Japan, India and Brazil**. The G4 mainly seek permanent seats for themselves, but are willing to forego their veto rights for fifteen years or possibly even longer.
  - ✓ They also demand that **Africa should be represented in both the permanent and non-permanent categories** of membership of a reformed and expanded Security Council to correct the historical injustice against this continent.
- The **coffee group of Uniting for Consensus (UfC) group**, led by Italy, has Spain, Argentina, Canada, Mexico, South Korea and Pakistan – which oppose the G4 and the addition of any new permanent seats.
  - ✓ The UfC would instead add only non-permanent seats and preferably abolish the veto or at least restrict its use.
- Third, **the African group consists of members of the African Union**. It seeks two permanent and five non-permanent seats for Africa.
  - ✓ The African group would preferably abolish the veto, but it insists that as long as the veto exists all permanent members should possess it.
  - ✓ The "Common African position" for UNSC expansion has been stipulated under Ezulwini Consensus and Sirte Declaration, both of which call for at least 2 permanent and 5 to 2 non-permanent UNSC seats to be given to African countries at the high table.
- Fourth, **the L69** consists of some 40 developing countries from all over the world, including Brazil and India.
  - ✓ It seeks six new permanent seats and six new non-permanent seats balanced across UN regions.
  - ✓ Its stance on the veto is similar to that of the African group; either the veto is abolished or it is extended to all permanent members.
- Fifth, **the Arab group** consists of 22 states and it demands a permanent Arab seat. It heavily criticises the veto, but does not present any solution to it.
- **The final significant group is the ACT** which consists of 21 smaller member states, such as Ireland, Switzerland, Peru, Uruguay and Liechtenstein.
  - ✓ The ACT concentrates solely on improving the working methods – accountability, coherence, and transparency – of the Security Council so that all UN member states, not just the Council members, can take part in its decisions.
- The P5 (five permanent members) are generally hesitant towards reform.
  - ✓ Of the five, France and Britain are most open to reform.
  - ✓ Whilst all permanent members accept the reform in principle, they have often fought popular reform proposals.

### Way forward:

- **Text-based negotiations** should be initiated immediately. It is the process used to translate words into action in the United Nations.
- Reforming UNSC:
  - ✓ Enlargement in both the permanent and non-permanent categories was required.
  - ✓ Enhancing **regional representation** in the Security Council by ensuring that the concerns and aspirations of unrepresented or underrepresented regions are adequately taken into consideration

The UNSC's permanent members should recognise the deep peril the UN faces and support the reform process, an act that will require looking beyond their own interests for the greater good of the world and its peace-building architecture.

## Indian Navy (IN) - Bangladesh Navy (BN) Bilateral Exercise Bongosagar and IN-BN CORPAT

The second edition of Indian Navy (IN) - Bangladesh Navy (BN) Bilateral Exercise Bongosagar is scheduled to commence in Northern Bay of Bengal.

### More about news:

- This exercise will be followed by the 3rd edition of IN - BN Coordinated Patrol (CORPAT) in Northern Bay of Bengal

### Naval Exercise Bongosagar.

- It is aimed at developing interoperability and joint operational skills through conduct of a wide spectrum of maritime exercises and operations.
- Its first edition was held in 2019.
- Indian Naval Ship (INS) **Kiltan**, an indigenously built Anti-Submarine Warfare Corvette and **INS Khukri**, an indigenously built Guided-Missile Corvette are participating.

### IN - BN Coordinated Patrol (CORPAT)

- Indian Navy and Bangladesh Navy units will undertake joint patrolling along the International Maritime Boundary Line (IMBL).
- Conduct of CORPATs has strengthened understanding between both the navies and instituted measures to stop conduct of unlawful activities.
- The Indian Navy has participated in a number of joint maritime exercises in the last few weeks including Japan-India Maritime Exercise (JIMEX) with Japanese navy from September 26-28.

### Significance of India Bangladesh relations

- The people of India and Bangladesh also share close cultural bonds and a shared vision of democratic society and a rules-based order.
- This edition of Exercise Bongosagar assumes greater significance since it is being conducted during **Mujib Barsho**, the 100th birth anniversary of Bangabandhu Sheikh Mujibur Rahman.
- Exercise Bongosagar and IN - BN CORPAT reflects the priority that Indian Navy accords to Bangladesh Navy as part of Prime Minister's vision of **SAGAR (Security And Growth for All in the Region)**.
- **The military exercise 'SAMPRITI'** between Indian and Bangladesh Armies is also an important bilateral defence cooperation endeavour between India and Bangladesh.



# Economy

## 8.15% interest rate on PF to be paid now, rest linked to

Retirement fund body Employees' Provident Fund Organisation has recommended that the government pay an 8.5% interest to subscribers for 2019-20 as announced earlier, but in two instalments instead of the usual one as market volatility has affected its income from equity investment.

### More about news:

- Earlier, the Employees' Provident Fund Organisation (EPFO) had lowered the interest rate on provident fund savings for 2019-20 to a **seven-year low of 8.5 per cent**, down from 8.65 per cent the previous year.
- Now the retirement fund body is in a position to make only part payment of interest.
- The central board of trustees of the EPFO recommended **paying the 8.5 per cent interest in a staggered manner** due to "exceptional circumstances arising out of COVID-19".
- The EPFO has recommended that 8.15% interest, from its income from debt investment, be credited immediately into the accounts of its 50 million subscribers.
  - ✓ The balance 0.35% will be paid in December, from the sale of investment in exchange-traded equity funds.
- The proposal will now be sent to the Finance Ministry for ratification.

### Employee's Provident Fund (EPF)

- It is a retirement benefit scheme, available for all salaried employees.
- It is looked after and maintained by the **Employees Provident Fund Organisation of India (EPFO)**.

### Eligibility:

- As per law, any registered company which has **more than 20 employees** has to get registered with the EPFO.
- All salaried employees are eligible for the Employee's Provident Fund (EPF).
- However, for a salaried employee earning **less than Rs 15,000 per month**, it is mandatory for them to register for an EPF account.

### EPF Contribution by Employees and Employers

- Under the EPF scheme, both the **employee and the employer make an equal contribution towards the scheme**.
- **Once the employee retires**, he/she gets a lump sum amount – which includes the contribution made by self and the employer – with interest.
- The contribution made by both the employer and the employee is **12 percent of the employee's basic salary**.
- Though the entire 12 percent of the contribution made by the employee goes into their EPF account, **8.33 percent out of 12 per cent from the employer's contribution is diverted to the employee's EPS (Employee's Pension Scheme) account**.
- The balance of 3.67 percent from the employer's side goes into the employee's EPF account.

### Calculating interest rate

- The EPFO's **Central Board of Trustees** after consultation with the Ministry of Finance reviews the interest rate of EPF every year, for a financial year.
- **Unified Mobile Application for New-age Governance (Umang) app** is a one-stop solution for man
- government services, including Employees Provident Fund (EPF).
- As per convention, after the **Central Board of Trustees recommends the interest rate, it has to be ratified by the Finance Ministry**.
  - ✓ Then it gets **credited into the accounts** of the fund's subscribers.

- **Conditions for fund withdrawal:**
  - ✓ Normally, one is not allowed to withdraw amounts from one's EPF account.
  - ✓ However, exceptions are made if the **employee wants to be self-employed or is no longer working.**
  - ✓ Other exceptions include education, marriage or medical expenses of the immediate family, and repaying housing loans.

#### Central board of trustees of the EPFO

- It is a statutory body constituted by the Central Government under the provisions of section 5A of the **Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**
- The tenure of the Board is **five years.**
- The constitution of the Board as per section 5A of the Act is as under:
  - ✓ Chairman
  - ✓ Vice Chairman
  - ✓ Central Provident Fund Commissioner
  - ✓ 5 Central Government Representatives
  - ✓ 15 State Government Representatives
  - ✓ 10 Employers Representatives
  - ✓ 10 Employees Representatives

#### Concerns:

- **Falling ETF returns:** The EPFO invests 85% of its annual accruals in the debt market and 15% in equities through ETFs.
  - ✓ While preparing the income projection in March for the given financial year, EPFO had factored in an income between ₹2,700 crore and ₹3,500 crore from dividends and sale of ETFs.
  - ✓ The retirement fund body's **income declined due to bad markets.**
  - ✓ The EPFO has been questioned over its **exposure to risky entities** such as the IL&FS.
- **Unsustainable interest rates:** With the Reserve Bank of India cutting the benchmark repo rate sharply over the past few months, there has been a **sharp reduction in both short- and long-term rates in the broader economy.**
  - ✓ In fact, the **10-year G-sec yield** now stands at 6.05 per cent. **Small savings rates** range from 4.0-7.6%.
  - ✓ Therefore proposing a higher interest rate that is not in sync with the conditions in the broader economy will be unsustainable.
  - ✓ The Finance Ministry has been pushing the EPFO to reduce the rate to sub-8% level in line with the overall interest rate scenario.

The EPFO and its subscribers must be mindful that promises of returns higher than yields on government securities will be met through riskier investments such as corporate debt and equities. The organisation thus must seek to minimise the risk for its subscribers, and align itself more closely with the overall interest rate scenario in the economy.

### Sebi imposes limits on Multi-cap fund investments— why are mutual funds unhappy?

The Securities and Exchange Board of India (Sebi) has imposed limits on stock market investments of multi-cap schemes of mutual funds.

#### More about SEBI's move:

- Sebi has specified that the minimum investment in equity and equity-related instruments of large, mid, and small cap companies in multi-cap schemes should be **25 per cent each of total assets under management of the scheme.**
  - ✓ So, if a multi-cap scheme of a fund house has an AUM of Rs 10,000 crore, it will have to invest at least Rs 2,500 crore each in the three categories of stocks.

- The fund manager is free to invest the remaining Rs 2,500 crore in any category they want.
- Earlier, there was no such minimum investment guideline for multi-cap funds.

**Stocks** are an investment in a company and that company's profits.

- A company might use money raised from a stock offering to fund new products or product lines, to invest in growth, to expand their operations or to pay off debt.
- Companies typically begin to issue shares in their stock through a process called an initial public offering, or IPO.

**Benefits:** Investors buy stock to earn a return on their investment. The return generally comes in two ways:

1. When the stock's price goes up, one can then sell the stock for a profit.
2. Most investors own common stock which comes with voting rights, and may pay investors dividends.

**Types:** Stocks of companies are of **three types**.

- The stocks with a market cap of Rs 10,000 crore or more are **large cap stocks**.
- Company stocks with a market cap between Rs 2 crore and 10 crore are **mid cap stocks**.
- Those less than Rs 2 crore market cap are **small cap stocks**.

The categorisation has been done to ensure uniformity in respect of the investment universe for equity schemes.

#### **Rationale behind SEBI's move**

- This is being done to **diversify the underlying investments of multi-cap funds** across the large-, mid- and small-cap companies.
  - ✓ Mutual funds have been focusing on the top 100 large-caps as many of them are good performers and give decent returns to investors.
  - ✓ Data shows that in 27 out of the 35 multi-cap schemes, large-cap stocks account for over 60 per cent of the scheme's investment and in case of 18 schemes, large-cap companies account for more than 70 per cent of the scheme's investments.
  - ✓ Recently the Reserve Bank of India Governor warned that there is a **clear disconnect between sharp surge in stock markets and the state of real economy** as surplus global liquidity is driving up asset prices across the world.
- A huge fund flow to big caps had **artificially pushed up benchmark indices** recently. There is huge liquidity in the financial system which is driving up stock prices.

#### **Implications of the SEBI guidelines:**

- So, in order to meet the minimum 25 percent allocation to mid and small caps, fund houses will have to move an aggregate investment amounting to **Rs 40,000 crore to mid-cap and small-cap companies**.
- This is expected to result in a **decline in share prices of some large-cap companies** and surge in share prices of mid and small-cap companies.
- The move will also result in **clearer differentiation between large-cap funds and multi-cap funds** as a majority of the multi-cap funds currently have their investments in large-cap companies.

#### **Why are mutual funds unhappy?**

- Mutual funds were getting decent returns by investing in large-cap stocks, which were leading the Sensex rally in the last two years.
  - ✓ On the other hand, mid and small caps don't offer the desired comfort level to fund managers.
  - ✓ **Investors' returns may come down** also or the schemes may carry higher risk.

- Fund managers also **want the Sebi to slap similar curbs on foreign investors (FPIs)**.
  - ✓ FPIs are free to invest in any stocks.
  - ✓ While FPIs have invested Rs 9.33 lakh crore in Indian equities, domestic MFs equity investments amount to Rs 7.69 lakh crore.

As the mid and small-cap stocks rise on account of fresh purchase by mutual funds, the schemes that hold those companies will witness a rise in their NAV going forward. So, investors will see a better return in schemes investing in these companies.

### RBI issues draft on rupee IR derivatives

The Reserve Bank proposed allowing foreign portfolio investors (FPIs) to undertake exchange-traded rupee interest rate derivatives transactions subject to an overall ceiling of ₹5,000 crore.

Rationale behind the directions

#### The RBI aims to encourage

- higher non-resident participation,
- enhance the role of domestic market makers in the offshore market,
- improve transparency
- achieve better regulatory oversight

#### Interest Rate Derivatives (IRDs)

- An interest rate derivative is a financial contract whose value is based on some **underlying interest rate or interest-bearing asset**.
- These may include interest rate futures, options, swaps, swaptions, and FRA's.
- Entities with interest rate risk can use these derivatives to hedge or minimize potential losses that may accompany a change in interest rate.

### Parliament passes Insolvency and Bankruptcy Code Bill

The Parliament passed a bill that temporarily suspends initiation of corporate insolvency resolution process under the IBC, for a period not exceeding one year from March 25, to provide relief to companies affected by COVID-19 to recover from the financial stress.

#### The Insolvency and Bankruptcy Code (Second Amendment) Bill 2020

- The proposed amendments **suspended the application of three provisions** to prevent any company, stressed due to the COVID-19 situation, from being pushed into insolvency proceedings.
- **The benefit of the suspension** will be available to all defaults of the corporate debtor that occur from March 25, 2020 till the end of the period of suspension.
- A proviso for further extension of six months has also been given.
- The creditors, including MSMEs (micro, small and medium enterprises), had several other options to recover their claims.
- **The recovery rate** under the Code was 42.5%, while under Lok Adalat (2018-19), the figure was 5.3%; DRT proceedings had led to 3.5% recovery and under the SARFAESI Act, 14.5% of the dues were recovered.

#### Insolvency and Bankruptcy Code, 2016

- The Insolvency and Bankruptcy Code, 2016 (Code) sets out a time-bound insolvency resolution process for defaulting corporate debtors.
- It introduces a **creditor-in-possession model** whereby a committee of creditors (CoC) is constituted to take decisions regarding the operations of the corporate debtor, including evaluating prospective resolution plans for resolving the corporate debtor's account.



### Rs 12 Lakh crore in FY21: Centre sticks to borrowing target

The Finance Ministry said the government will borrow Rs 4.34 lakh crore in the second half of the current fiscal to meet its expenditure requirement amid COVID-19 crisis afflicting the country's economy.

#### More about news:

- The government is sticking to **Rs 12 lakh crore borrowing target** for the current fiscal,
- In the first half ended September, the government has done borrowing of Rs 7.66 lakh crore and remaining Rs 4.34 lakh crore will be mobilised during the second half of the current fiscal.
- The Central government had budgeted to borrow Rs 7.80 lakh crore in FY21 but was forced to raise it by as much as 54%, as the Covid-19 pandemic hit its revenue collections.
- The April-August fiscal deficit has already touched **109% of the full-year target**.

#### What is government borrowing?

- Government borrows through issue of government securities called **G-secs and Treasury Bills**.
- Its numerical value **is equal to the fiscal deficit**.
- Borrowing is a loan taken by the government and **falls under capital receipts** in the Budget document.
- It is essentially the total amount of money that the central government borrows to **fund its spending on public services and benefits**.
- As the tax and non-tax revenue fall short in financing the government's spending programme, the government announces an **annual borrowing programme in the Budget**.

#### Factors taken into account

- Potential fiscal stimulus requirements
- lower-than-expected disinvestment revenues in the borrowing plan.
- A substantial shortfall in tax revenue.

#### How borrowings will be done?

- The government has already borrowed Rs 7.66 lakh crore from the market in H1, including Rs 68,000 crore through a **green-shoe option**.
- The government will borrow in 16 tranches of Rs 27,000-28,000 crore each in H2.
- The **average tenure of the bonds** will remain unchanged at 14.78 years during the second half.
- It will borrow Rs 24,000 crore through securities having a tenure of **two years bonds** and Rs 96,000 crore will be borrowed through **10-year bonds**.
- The **Ways and Means Advances (WMA) limit** will also be trimmed to Rs 1.25 lakh crore in the second half of this fiscal.

#### Green shoe option

- **Under a green shoe option**, the issuing company has the option to allocate additional equity shares up to a specified amount.
- A Green Shoe option allows the underwriter of a public offer **to sell additional shares to the public if the demand is high**.
- **The greenshoe option allows the government to sell up to 20 bln rupees more** than the notified amount for one or more of the papers offered at its auctions.
- **The greenshoe option** was introduced in gilt auctions in October 2017 so that the Centre could tweak the composition of its bond sales depending on market response.

#### Ways and Means Advances (WMA)

- It is a facility for both the Centre and states to **borrow from the RBI**.
- These borrowings are meant purely to help them to tide over **temporary mismatches in cash flows of their receipts and expenditures**.
- Section 17(5) of the RBI Act, 1934 authorises the central bank to lend to the Centre and state governments subject to their being repayable "not later than three months from the date of the making of the advance".

- **The interest rate on WMA** is the **RBI's repo rate**, which is basically the rate at which it lends short-term money to banks.
- The governments are, however, allowed to draw amounts in excess of their WMA limits.
- **The interest on such overdraft** is 2 percentage points above the repo rate, which now works out to 6.4%.

#### Reasons behind sticking to the fiscal target

- **The revenue has improved** after lockdown curbs were lifted.
- **Expenditure reprioritisation plan:** The Centre has imposed 20-40% budgetary spending curbs on many departments which could generate a saving of about Rs 4 lakh crore.

#### Significance:

- Government borrowing plays an important role in government's finances to meet its spending requirements.
- **Controlling bond yields:** It could prevent a jump in yield on benchmark 10-year G-secs, which has remained marginally higher than 6% for over a month now.
- **Crowding out effect:** This will enable state governments and private players to borrow more in the second half of this fiscal.

#### How does increased government borrowing affect govt finances?

- Bulk of the government's fiscal deficit comes from its **interest obligation on past debt**.
- If the government resorts to larger borrowings, more than what it has projected, then **its interest costs also go up, risking** higher fiscal deficit.
- Larger borrowing programme means that the **public debt will go up** and especially at a time when the GDP growth is subdued, it will lead to a **higher debt-to GDP-ratio**.

### Nobel Prize for Economics (2020)

The Royal Swedish Academy of Sciences awarded the Nobel Prize for Economics (2020) to Paul R Milgrom and Robert B Wilson for their work on auction theory and new auction formats.

#### Background:

- **The oldest form of auction:** When one thinks of auctions, one typically imagines the auction of a bankrupt person's property to pay off his creditors.
- **Changing nature of auction:** With more and more goods and services have been brought under auction, no one auction design fits all types of commodities or sellers. For instance, a bankrupt person's property is starkly different from the spectrum for radio.

#### About auction theory:

- Auction theory studies **how auctions are designed**, what rules govern them, how bidders behave and what outcomes are achieved.
- Essentially, it is about how auctions lead to the **discovery of the price** of a commodity.
- **The auction winner's curse:** The winner's curse is a tendency for the winning bid in an auction to exceed the intrinsic value or true worth of an item. The gap in auctioned vs. intrinsic value can typically be attributed to incomplete information, bidders, emotions, or a variety of other subjective factors that can influence bidders.
  - ✓ This approach led to a proliferation of lobbying and therefore how an auction is designed has a tremendous impact not just on the buyers and the sellers but also on the broader society.
  - ✓ Rules of the auction.
  - ✓ The commodity or service being put up for auction.
  - ✓ Uncertainty.
  - ✓ **Wilson** developed the theory for auctions of objects with a common value. Wilson showed what the "winner's curse" is in an auction and how it affects bidding.
  - ✓ **Milgrom** formulated a more general theory of auctions that not only allows common values but also private values that vary from bidder to bidder.

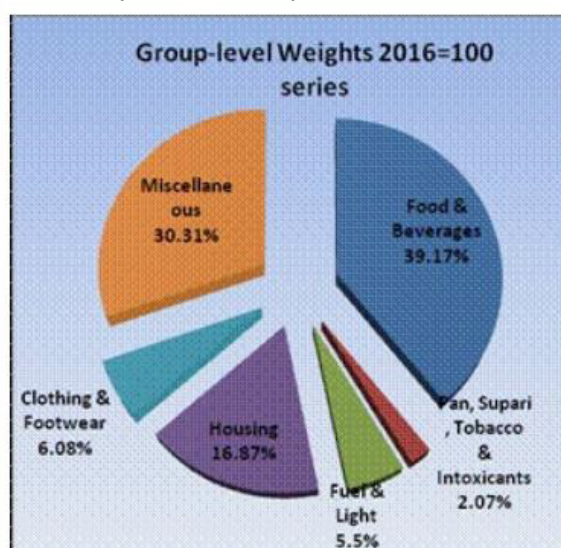
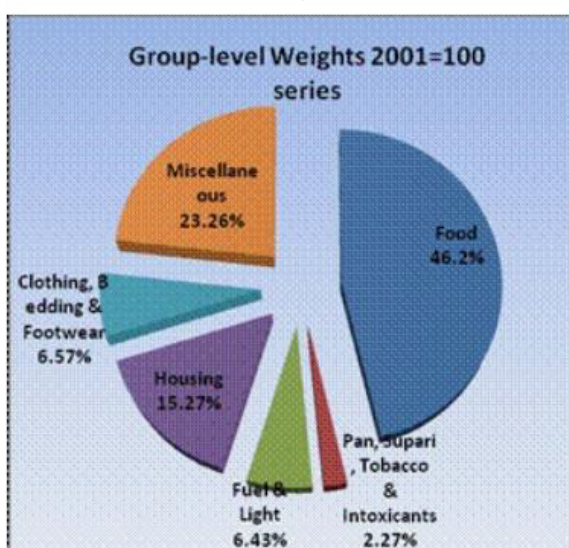
- **Key variables that determine the outcome of an auction:** Three key variables need to be understood while designing an auction.
- Contribution of Milgrom and Wilson:

### The base year of CPI for Industrial Workers revised

The Labour and Employment Ministry recently revised the base year of the Consumer Price Index for Industrial Workers (CPI-IW) from 2001 to 2016.

#### More on the news:

- **Change every fifth year:** The Labour and Employment Ministry also said that in the future, the Bureau would work towards revising the index every five years.
- **Other changes introduced:**
  - ✓ The number of centres, markets and the sample size for working-class family income and expenditure survey was all increased.
    - The Minister also released the first index, with 2016 as the base year.
    - The number of items directly retained in the **index basket has increased to 463 items as against 392 items** in the 2001 series
- The Labour and Employment Minister said the Bureau was also **expected to bring out the new series of the CPI for agricultural workers**, which currently has the base year of 1986-87).



#### The rationale behind the move:

- The new base year would **better reflect the changing consumption pattern**.
- It would be giving **more weightage to spending on health, education, recreation and other miscellaneous expenses** while reducing the weight of food and beverages.
  - ✓ The weight of food and beverages has declined over time whereas the weight of miscellaneous groups has increased substantially under the 2016 series vis-à-vis earlier series.
- **Compilation as per international best practices & guidelines of ILO:**
  - ✓ As per the recommendations of International labour organisation (ILO), Index Review Committee (IRC), and National Statistical Commission (NSC), the base year of price index numbers **should be revised at frequent intervals generally not exceeding 10 years**.

#### Consumer Price Index:

- It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
- It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

- The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.
- In April 2014, the RBI had adopted the CPI as its key measure of inflation.
- **Four types of CPI are as follows:** ✓ CPI for Industrial Workers (IW).
  - ✓ CPI for Agricultural Labourer (AL).
  - ✓ CPI for Rural Labourer (RL).
  - ✓ CPI (Rural/Urban/Combined).
- Of these, the **first three are compiled by the Labour Bureau** in the Ministry of Labour and Employment. **CPI (Rural/Urban/Combined) is compiled by the Central Statistical Organisation (CSO)** in the Ministry of Statistics and Programme Implementation.

**CPI-IW**

- The **CPI-IW** is the single most important price statistics, which has financial implications.
- It is primarily used to **regulate the dearness allowance of government employees** and the workers in the industrial sectors.
- It is also used in fixation and revision of minimum wages in scheduled employments besides measuring the inflation in retail prices.



# Environment

## Mekedatu project

The Karnataka government is likely to bring pressure on the Centre to approve the construction of the Mekedatu balancing reservoir that has been proposed to store water for drinking purposes.

### Background:

#### Mekedatu dam project

- Being set up by the Karnataka government, the Mekedatu dam project is near Mekedatu, in Ramanagaram district, across the **river Cauvery** from Tamil Nadu.
- Its primary objective is to supply **drinking water to Bengaluru** and recharge the groundwater table in the region.
- The project has received approval from the Union Water Resources Ministry for the detailed project report and is awaiting approval from the Ministry of Environment and Forests (MOEF).
- The approval from MOEF is crucial since 63% of the forest area will be submerged in **Cauvery Wildlife Sanctuary**.
  - ✓ The Mekedatu dam, with a capacity of 67 TMC, is set to come up near the confluence of the **Arkavathy and Cauvery** streams at a place called Sangama, inside the sanctuary, and will inundate around 50 sq. km of forests.
- The process cleared by the CWC needs further clearance from the **Cauvery Water Management Authority (CWMA)** too.
- Tamil Nadu has approached the Supreme Court against the project.

### Why Tamil Nadu oppose the project?

Tamilnadu says that

- the project was meant to “appropriate the waters to maximum extent possible including the flows in the uncontrolled catchment which was considered as part of the flows receivable by Tamil Nadu.
- it violates the decisions of the Supreme Court and the **Cauvery Tribunal**.

### Cauvery River:

- The Cauvery is the fourth-largest river in south India.
- It originates in the Western Ghats, at Brahmagiri Hill in Kodagu district of Karnataka.
- It passes through Tamil Nadu and finally reaches the Bay of Bengal at Poompuhar, also known as Kaveripoompattinam in Tamil Nadu.
- The Cauvery basin is spread over 81,155 square kilometres (sq km) in the states of Karnataka (34,273 sq km), Tamil Nadu (43,856 sq km) and Kerala (2,866 sq km) and the Union Territory of Puducherry (160 sq km).
- The Cauvery’s major tributaries, Kabini and Moyar, join it before it reaches the Stanley Reservoir at Mettur in Tamil Nadu’s Salem district.
- The river’s total length, from source to mouth, is 802 kilometres.

### Cauvery Wildlife Sanctuary

- The Cauvery Wildlife Sanctuary was constituted under Section 18 of the Wildlife Protection Act 1973.
- It consists of reserve forests in Chamarajanagar, Ramanagar and Mandya Districts of Karnataka State.
- The river Cauvery, which is the lifeline of southern Karnataka forms the boundary of a major part of the sanctuary and also gives it its name.
- The river supports a diversified fauna, predominant species being the critically endangered orange-finned mahseer and the endemic grizzled giant squirrel.
- Mugger crocodiles (listed in Schedule I of the Wildlife Protection Act), smooth-coated otters are among other creatures.
- The orange-finned mahseer is endemic to the Cauvery basin and is critically endangered.

## In a first, eight beaches of India recommended for the coveted "Blue Flag" International eco-label

On the eve of International Coastal Clean-Up Day Union Ministry of Environment, Forest and Climate Change (MoEFCC) announced the names of eight beaches of India recommended for the Blue flag certification. It also launched India's own eco-label BEAMS.

### More about news:

- Blue Flag beaches are considered the **cleanest beaches of the world**.
- **The eight beaches** are Shivrajpur in Gujarat, Ghoghla in Daman & Diu, Kasarkod and Padubidri beach in Karnataka, Kappad in Kerala, Rushikonda in Andhra Pradesh, Golden beach of Odisha and Radhanagar beach in Andaman and Nicobar.

### About Blue flag certification

- The 'Blue Flag' is a certification that can be obtained by a beach, marina, or sustainable boating tourism operator, and serves as an eco-label.
- The certification is accorded by the Denmark-based Foundation for Environment Education, with 33 stringent criteria under four major heads for the beaches, that is,
  - ✓ Environmental Education and Information
  - ✓ Bathing Water Quality
  - ✓ Environment Management and Conservation and
  - ✓ Safety and Services.
- It is awarded annually to beaches and marinas in FEE member countries.
- An eminent international jury recommends the award, comprises members of the
  - ✓ United Nations Environment Programme (UNEP),
  - ✓ United Nations World Tourism Organization (UNWTO),
  - ✓ Foundation for Environmental Education (FEE) and
  - ✓ International Union for Conservation of Nature (IUCN).
- It was first started in France in 1985 and has been implemented in Europe since 1987. Since 2001 it has been implemented in areas outside Europe when South Africa joined.
- Japan and South Korea are the only countries in south and southeastern Asia to have Blue Flag beaches.
- Spain tops the list with 566 such beaches; Greece and France follow with 515 and 395 Blue Flag beaches.

### Significance of Blue Flag:

- **Environmental conservation:** Blue flag beaches have grey water treatment plants, solid waste management plants, solar power plants, solar lighting etc.
- **Tourism:** It prompts the administration to develop more beaches to attract a large number of tourists for promoting tourism in the district.

### Govt. initiatives for clean beaches

- **Exemption from CRZ regulations:** The latest CRZ 2018 notification allows "eco-tourism activities such as mangrove walks, tree huts, nature trails, etc" in eco-sensitive areas, demarcated as CRZ-IA.
  - ✓ The Centre declared a list of activities and facilities that would be permissible in the Coastal Regulation Zone (CRZ) areas of certain beaches, which have been identified for obtaining the 'Blue Flag' certification.
  - ✓ These activities would be **exempt from prior clearance** under the provisions of CRZ Notification, Island Protection Zone Notification and Island Coastal Regulation Zone Notifications.
  - ✓ The following prominent activities and facilities would be permitted in the CRZ of the beaches, including islands, **subject to maintaining a minimum distance of 10 meters from the High Tide Line (HTL):**
    - Portable toilet blocks, change rooms and shower panels;
    - Grey water treatment plant;

- Solid waste management plant;
- Solar power plant;
- Purified drinking water facility;
- Entry gate, tourist facilitation centre; and
- Other associated facilities or infrastructure, as per requirements of Blue Flag Certification.

### Coastal Regulation Zone (CRZ) regulations

- These are issued under the Environment Protection Act, 1986 which govern the industrial activities along the fragile coastline.
- CRZ consists of coastal land up to 500 metres from the High Tide Line (HTL) and a stage of 100 metres along the banks of creeks, estuaries, backwater and rivers where tidal fluctuations occur.
- As per the latest CRZ 2018 notification, CRZ-I A is environmentally the most sensitive and critical, comprising areas like mangroves, coral reefs, sand dunes, biologically active mudflats, salt marshes, national parks, marine parks, reserve forests, wildlife habitats, turtle nesting grounds, nesting ground for birds, and heritage sites.
- High Tide Line: HTL means the line on the land up to which the highest water line reaches during the spring tide.

### Significance of clean beaches:

- Clean beaches are the testimony to the environment in the coastal area.
- The issue of **marine litter and oil spilling** has caused disturbances to aquatic life and the Government of India is undertaking various efforts for the sustainable development of coastal regions.

### Integrated Coastal Zone Management Project (ICZMP)

- The Ministry of Environment and Forest (MoEF) has launched the ICZMP to promote sustainable development & management of coastal zones through its own wing Society of Integrated Coastal Management (SICOM).
- SICOM is the national project management unit of India in strategic planning, management, execution, monitoring and successful implementation of the ICZMP-Phase-I.
- The concept of ICZM was introduced in 1992 during the Earth Summit at Rio de Janeiro and most of the coastal countries in the World have been adopting ICZM principles for managing their coastal zones.

### International Coastal Cleanup Day

- During the third Saturday in September, International Coastal CleanUp Day encourages people to rid beaches of the garbage plaguing beaches.
- Awareness is also spread about preserving and protecting the world's oceans and waterways.
- The day got its start in 1986 when Linda Maraniss and Kathy O'Hara organized a Cleanup for Ocean Conservancy.
- The first Cleanup consisted of 2,800 volunteers.
- Since that time, the Cleanup has grown into an international event in more than 100 countries.

### First UN Biodiversity Summit

The first UN Biodiversity Summit was convened in the UN Headquarters. The Biodiversity Summit was participated by the Head of States/Minister level representing the countries which are party to **Convention on Biological Diversity (CBD)**.

### More about news:

- The Summit focused on the theme, '**Urgent Action on Biodiversity for Sustainable Development.**'
- As the world is approaching the end of the **UN Decade on Biodiversity 2011-2020** there is an urgent need to accelerate action to conserve biodiversity.
- The year 2020 which is also the "**Super Year for Biodiversity**", as the Strategic Plan for Biodiversity with 20 global Aichi targets adopted in 2010 ends in 2020.

- All the countries together are in the process of preparation of the **Post-2020 Global Biodiversity Framework**.

#### The UN Summit on Biodiversity: Key takeaways

- **Post 2020 global biodiversity framework:** It highlighted the urgency of action at the highest levels in support of a **post-2020 global biodiversity framework**.
  - ✓ The framework contributes to the **2030 Agenda for Sustainable Development**.
  - ✓ The framework places the global community on a path towards “**living in harmony with nature**” – the **2050 Vision for Biodiversity**.
  - ✓ An effective post 2020 global biodiversity framework is to be adopted at the fifteenth meeting of the **Conference of the Parties to the Convention (COP 15)**.
  - ✓ The COP 15 is to be held in Kunming, China next year.
- **Link between spread of pathogens and biodiversity loss:** The Summit took note of the link between biodiversity loss and the spread of animal pathogens, calling for an end to destructive industrial and commercial practices.
  - ✓ The Coronavirus is also believed to have come from birds and animals.
- **Failure of Aichi targets:** The latest UN Global Biodiversity Outlook 5 report highlighted the failures of Aichi targets.
  - ✓ None of the 20 targets has been fully met.
  - ✓ The following Aichi targets have been ignored. These are related to
    - reform or phasing out of **subsidies** that erode biodiversity
    - Steps for **resource use** within safe ecological limits,
    - Preventing **industrial fisheries** from destroying threatened species and vulnerable ecosystems, and
    - an end to pollution, including growing **plastic waste**.
  - ✓ Many countries have **ignored the connection between biodiversity and well-being**.
  - ✓ They have depleted ecological capital in pursuit of financial prosperity.
- **Biodiversity loss:** WWF’s Living Planet Index, points to steep declines in vertebrate populations, a key indicator, by 68% over 1970 levels.
- **Achievements of Aichi Targets:** There is a partial progress made on protecting surface and subsurface water, inland, coastal and marine areas.

#### India at the summit:

India highlighted following points in the summit:

- India, with only 2.4% of the earth’s land area hosts around **8% of the world’s recorded species**.
- India has **enhanced the combined forest and tree cover** to 24.56% of the total geographical area of the country.
- India now has the **highest number of tigers in the wild** and have doubled its numbers ahead of the deadline of 2022.
- India recently announced the launch of **Project Lion and Project Dolphin**.
- India aims to restore 26 million hectares of degraded and deforested land, and achieve **land-degradation neutrality by 2030**.
- India has already set aside **5% of the country’s land designated as protected areas** for meeting the conservation objectives, contributing to **Aichi Biodiversity Target-11 and the SDG -15**.
- India has established a **Biological Diversity Act, 2002**, to realize the objectives of the Convention on Biological Diversity (CBD).
  - ✓ India has operationalized a system for access and benefit-sharing provisions of the CBD through a national network of 0.25 million **Biodiversity Management Committees** across the country involving local people.
  - ✓ The **program of People’s Biodiversity Register (PBR)** is designed as a tool for the formal maintenance of the local knowledge with proper validation.
  - ✓ **PBR** is a record of knowledge, perception and attitude of people about natural resources, plants and animals, their utilization and conservation in a village or a panchayat.
- India organized **CoP-14 of UNCCD, 2019** followed by **CoP 13 of the Convention on Migratory Species (CMS)** in February 2020.



**Concerns for India:**

- **EIA norms dilution:** The new draft rules of Environmental Impact assessment (EIA) 2020 are extremely controversial.
  - ✓ **It allows post-facto clearance** which means a project can start and even complete its construction and then seek an environmental clearance. This is against the main principle of EIA notification.
  - ✓ **Citizens have no role** or public consultation has no role in actually formulating a policy or talking about violation by an industry.
  - ✓ **Projects Exempted From EIA Clearance:** Many polluting industries, almost 25 red and orange category industries which include production of chemicals and acid, river valley projects, mining in several areas have been exempted from seeking any environment clearance.
  - ✓ **Ecologically Dangerous Projects** have been allowed
  - ✓ **The time for public consultation** which used to be for 30 days was reduced to 20 days. This deters people from submitting their feedback or doing proper research before a public hearing.
- There is **little concern for indigenous communities** that have fostered biodiversity, and no effort to make them strong partners in improving the health of forests and buffer zones.

**Plan for the future**

- This plan comes under the **Convention on Biological Diversity**, an international treaty agreed to at the UN Earth Summit in Brazil in 1992.

World leaders are now being asked to sign up to a **pledge to protect 30% of the world's biodiversity by 2030** through a ten-point plan which aligns with the Paris Agreement. India too has the opportunity to plan a trajectory of green growth after COVID-19.

**Fishing cat to be the ambassador of Chilika Lake**

The fishing cat will be the ambassador of Chilika Lake, the largest brackish water lagoon in Asia and India's oldest Ramsar Site, which is being dubbed as an important step towards conservation of the vulnerable species.

- The fishing cat is the only wild cat species in India that is a wetland specialist, and it's found all around Chilika.
- Fishing cats are mostly found in marshlands fringing the north and north-eastern sections of the lake.
- Fishing cat is a **Schedule I species** and deserves conservation measures of the highest order in India, as with the tiger and elephant.
- Chilika has one of the country's largest **extensive marsh-ecosystems**, spanning around 100 sq. km.
- Projecting the fishing cat as the face of the marshlands will raise the profile of the fishing cat and marshland ecosystems globally and nationally, which are otherwise neglected ecosystems. Locally, it will nurture their value among multiple stakeholders in Chilika.
- Chilika's marshes receive the maximum freshwater flow from the tributaries of **Mahanadi** and seasonal rivulets.
- This is significant given that **fish are the lifeline of Chilika**, sustaining 2 lakh fishermen families and globally threatened piscivorous mammals like fishing cats, smooth-coated otters and Eurasian otters.

## Science & Technology

### DRDO conducts second successful flight-test of missile target vehicle Abhyas

The Defence Research and Development Organisation (DRDO) on Tuesday conducted successful flight-tests of the indigenously-designed Abhyas High-speed Expendable Aerial Target (HEAT) in Balasore.

#### About Abhyas High-speed Expendable Aerial Target (HEAT)

- The vehicle is a **drone that will be used as a target for evaluation of various Missile systems**. It can also be used as a decoy aircraft, if needed.
- It is designed and developed by the Aeronautical Development Establishment (ADE) of DRDO.
- It is capable of **fully-autonomous flight** and runs on a gas turbine engine.
- Its inertial navigation system is based on micro-electromechanical systems (MEMS) and it uses a flight control computer for guidance and control.
- The test vehicle met “the user requirement of **5 km flying altitude**, vehicle speed of 0.5 mach [half the speed of sound], endurance of 30 minutes and 2G turn capability”.
- The first successful test was in May 2019.

### The discovery of Hepatitis C virus that helped three scientists win the Medicine Nobel

Americans Harvey J Alter and Charles M Rice, and British scientist Michael Houghton were awarded the Nobel Prize for Medicine or Physiology for the discovery of the hepatitis C virus.

#### More about news:

- The Nobel Committee noted that the trio’s work helped explain a **major source of blood-borne Hepatitis C virus** that couldn’t be explained by the hepatitis A and B viruses.
- Tests have been developed to identify blood that has this virus, so that infected blood is not given to any patient.

#### Nobel Prize

- The prestigious Nobel award comes with a gold medal and prize money of 10 million Swedish kronor (over USD 1,118,000), courtesy of a bequest left 124 years ago by the prize’s creator, Swedish inventor Alfred Nobel.
- The Nobel Committee often recognizes basic science that has laid the foundations for practical applications in common use today.
- The award is the first of six prizes being announced through October 12.
- The other prizes are for outstanding work in the fields of physics, chemistry, literature, peace and economics.

#### Significance of discovery

- According to the World Health Organization, about 71 million people (6 -11 million of them in India) have chronic infection with the Hepatitis C virus, which also happens to be a major cause of liver cancer.
- No vaccine: A vaccine for the disease has still not been developed.
- The disease is hard to detect because it remains asymptomatic for a long time before leading to liver cirrhosis or liver cancer.
- The discoveries of Hepatitis B and C (HBV and HCV), and the establishment of effective screening routines, have virtually eliminated the risk of transmission via blood products.
- Three main causes of blood-borne infections – Hepatitis B, Hepatitis C and HIV – all have been identified.

### India and Hepatitis C

- With a target to eliminate Hepatitis C by 2030, India has managed to put 50,000 people on treatment since 2018, when the National Viral Hepatitis Control Programme (NVHCP), was launched.
- An estimated 0.5-1 per cent of the country's population (or 10-13 million people) suffers from Hepatitis C.
- Punjab has a larger burden of disease due to high drug-abuse and injectable drugs usage.

### What is Viral Hepatitis?

- Hepatitis means inflammation of the liver.
- The liver is a vital organ that processes nutrients, filters the blood, and fights infections. When the liver is inflamed or damaged, its function can be affected.
- Heavy alcohol use, toxins, some medications, and certain medical conditions can cause hepatitis.
- However, hepatitis is often caused by a virus.
- The most common types of viral hepatitis are hepatitis A, hepatitis B, and hepatitis C.
- There are five main strains of the hepatitis virus – A, B, C, D and E. Together, hepatitis B and C are the most common cause of deaths, with 1.3 million lives lost each year.
- The hepatitis A virus (HAV) is transmitted through ingestion of contaminated food and water or through direct contact with an infectious person. Almost everyone recovers fully from hepatitis A with a lifelong immunity.
- Hepatitis B is a potentially life-threatening liver infection caused by the hepatitis B virus (HBV).
- Hepatitis C is a liver disease caused by the hepatitis C virus (HCV).
  - ✓ Houghton was able to identify the new virus in 1982, after which it was named Hepatitis C.
- How do they spread?
  - ✓ Like HIV, the hepatitis B and hepatitis C viruses spread.
  - ✓ By sharing needles, syringes, and other injection equipment.
  - ✓ From mother to child: Pregnant women can pass these infections to their infants. HIV-HCV coinfection increases the risk of passing on hepatitis C to the baby.
  - ✓ Sexually: Both viruses can also be transmitted sexually, but HBV is much more likely than HCV to be transmitted sexually. Sexual transmission of HCV is most likely to happen among gay and bisexual men who are living with HIV.
- Hepatitis D virus (HDV) is a virus that requires hepatitis B virus (HBV) for its replication. HDV infection occurs only simultaneously or as super-infection with HBV.
- Hepatitis E is a liver disease caused by infection with a virus known as hepatitis E virus (HEV). The hepatitis E virus is transmitted mainly through the fecal-oral route due to fecal contamination of drinking water.

### Vaccination:

- Hepatitis A is preventable by vaccine. It spreads from contaminated food or water or contact with someone who is infected.
  - Symptoms include fatigue, nausea, abdominal pain, loss of appetite and low-grade fever.
- Hepatitis B: Vaccination is the best way to prevent all of the ways that hepatitis B is transmitted.
- Hepatitis C: No vaccine exists for HCV and no effective pre- or post-exposure prophylaxis is available.
- Hepatitis D: A vaccine against hepatitis B is the only method to prevent HDV infection.

### What is SMART test, and why it matters

India successfully conducted the flight test of a Supersonic Missile Assisted Release of Torpedo (SMART) system developed by the Defence Research and Development Organisation (DRDO).

### About the test:

- The Supersonic Missile Assisted Release of Torpedo (SMART) was tested from the APJ Abdul Kalam Island, earlier known as Wheeler Island, off the Odisha coast.
- An anti-submarine torpedo of the lightweight category was used.
- It met all the objectives "flawlessly".

- **Institutes involved in the experiment:** A number of DRDO laboratories including DRDL, RCI Hyderabad, ADRDE Agra and NSTL Visakhapatnam have developed the technologies required for SMART

#### SMART system

- The system comprises a mechanism by which the **torpedo is launched from a supersonic missile system** with modifications that would take the torpedo to a far longer range than its normal range.
- Torpedoes are **self-propelled weapons that travel underwater** to hit a target.
- They are limited by their range.
- In the mid-2010s, DRDO undertook a project to build capacity to launch torpedoes assisted by missiles.

#### Recent naval advancements by India

- Recently indigenously developed nuclear capable **hypersonic missile 'Shaurya'** with a strike range of around **1,000 km** was tested successfully.
  - ✓ Shaurya is a land-based parallel of the submarine-launched K-15 missile.
- DRDO recently conducted two successful tests of the K Family's **K-4 missiles**.
  - ✓ The missile, developed by the DRDO, has a range of 3,500 km.
  - ✓ The missile is being developed for **integration with India's Arihant class nuclear submarines**.
- The Navy has concluded the contract for the **Advanced Torpedo Decoy System Maareech**, capable of being fired from all frontline warships.
- The **nuclear-powered Arihant submarine** and its class members in the pipeline are assets capable of launching missiles with nuclear warheads.

#### Significance:

- SMART is a game-changing technology demonstration in **anti-submarine warfare**.
- India's anti-submarine warfare capacity building is crucial in light of **China's growing influence in the Indian Ocean region**.
- The capability of launching nuclear weapons from submarine platforms has great strategic importance in light of the "no first use" policy of India.

#### Rudram: Anti-radiation missile

Recently, India's first indigenous anti-radiation missile, Rudram, developed for the Indian Air Force, was successfully flight-tested from a Sukhoi-30 MKI jet.

#### About an anti-radiation missile:

- **Detect, track and neutralise:** The adversary's radar, communication assets and other radio frequency sources, which are generally part of their air defence systems.
- **Components:** Comprises an inertial navigation system - a computerised mechanism that uses changes in the object's own position - coupled with satellite-based GPS.
- **An air-to-surface missile:** Designed and developed by the Defence Research and Development Organisation (DRDO). The project of this type was started around eight years ago.
- **Range:** The missile has an operational range of more than 100 km, based on the launch parameters from the fighter jet.
- **Adaptability:** While the system has been tested from a Sukhoi-30 MKI, it can be adapted for launch from other fighter jets too.
- **Passive homing head:** A system that can detect, classify and engage targets (radio frequency sources in this case) over a wide band of frequencies as programmed.
  - ✓ **For example:** Once the Rudram missile locks on the target, it is capable of striking accurately even if the radiation source switches off in between.
- Significance of such missiles in aerial warfare:
  - ✓ **Developed for the IAF's requirement:** To enhance its Suppression of Enemy Air Defence (SEAD) capability.



- ✓ **Neutralising or disrupting adversary's early warning radars:** Command and control systems, surveillance systems that use radio frequencies and give inputs for anti-aircraft weaponry, can be very crucial.
- ✓ **Enhancing India's prowess in modern-day warfare:** Which is more and more network-centric, which means it comprises elaborate detection, surveillance and communication systems that are integrated with the weapons systems.

### Cultivation of heeng in the Indian Himalayas

The scientists at CSIR-Institute of Himalayan Bioresource, Palampur (IHBT), are on a mission to grow heeng in the Indian Himalayas. The first sapling has been recently planted in Himachal Pradesh's Kwarling village in Lahaul valley.

#### More on the news:

- **Council of Scientific & Industrial Research (CSIR) Institute of Himalayan Bioresource Technology (IHBT), Palampur** brought in seeds of asafoetida and developed its agro-technology.
- The **first seedling of asafoetida was planted by CSIR-IHBT** recently at farmer's field in village Kwarling of Lahaul valley to mark the initiation of cultivation of asafoetida in India.
- CSIR-IHBT made relentless efforts for the introduction of this important crop in the country.
  - ✓ The institute **introduced six accessions of seeds from Iran through ICAR-National Bureau of Plant Genetic Resources (ICAR-NBPGR).**
  - ✓ CSIR-IHBT raised the plants of heeng at CeHAB, Ribling, Lahaul & Spiti, H.P. under the vigil of NBPGR.

#### Prolonged dormant phase and the rate of seed germination

- The challenge for the scientists here was that heeng seeds remain under a prolonged dormant phase and the rate of **seed germination is just one per cent.**
  - ✓ However, Each of the six accessions imported showcased varying degrees of germination
- To tackle this dormancy, which according to scientists is part of the plant's adaptation technique to survive in desert conditions, they **subjected the seeds to some special chemical treatments.**

By the end of this year, the **target is to cover one hectare with heeng cultivation and take it to 300 hectares during the next five years.**

#### Asafoetida (Heeng)

- It is one of the top condiments and is a high-value spice crop in India.
- *Ferula asafoetida* is a herbaceous plant of the umbelliferae family.
  - ✓ It is a perennial plant whose oleo gum resin is extracted from its thick roots and rhizome. The plant stores most of its nutrients inside its deep fleshy roots.
- Ideal Conditions for plant:
  - ✓ The plant prefers cold and dry conditions for its growth and takes approximately five years for the production of oleo-gum resin in its roots.
  - ✓ The plant can withstand a maximum temperature between 35 and 40 degree, whereas during winters, it can survive in temperatures up to minus 4 degree. During extreme weather, the plant can get dormant.
  - ✓ Regions with sandy soil, very little moisture and annual rainfall of not more than 200mm are considered conducive for heeng cultivation in India
  - ✓ Therefore cold desert areas of Indian Himalayan region are suitable for the cultivation of asafoetida.
  - ✓ It has a range of medicinal properties of heeng, including relief for digestive, spasmodic and stomach disorders, asthma and bronchitis.
  - ✓ The herb is commonly used to help with painful or excessive bleeding during menstruation and premature labour.
  - ✓ Being anti-flatulent, the herb is fed to new mothers.

# Social Justice & Development

## NCRB Crime in India report, 2019

Crime against Scheduled Castes (SCs) and Scheduled Tribes (STs) increased by over 7% and 26% respectively in year 2019 compared to 2018, according to the annual Crime in India 2019 report published by the National Crime Records Bureau (NCRB).

### Annual Crime in India report

- The annual data for 'Crime in India' is furnished by the 36 states and UTs and 53 metropolitan cities, which have a population of 1 million (10 lakh or more as per population census 2011) by respective State Crime Records Bureau's (SCRBs) or Crime Investigation Departments (CIDs).
- The NCRB compiles and collates the data and presents it in the form of this report.
- The idea is that such data collection would help the government formulate its policies better in tackling crimes.

### Key takeaways from the data:

- Cases for committing crime against SCs, showing an increase of 7.3% over 2018.
  - ✓ Uttar Pradesh recorded the highest number of crimes against SCs in 2019, followed by 6,794 cases in Rajasthan and 6,544 cases in Bihar, the report said.
  - ✓ Rape of women belonging to SCs: Rajasthan topped the list with 554 cases, followed by Uttar Pradesh at 537 and Madhya Pradesh at 510 cases.
- Crime against STs: A total of 8,257 cases were registered for committing crime against STs, an increase of 26.5% over 2018.
  - ✓ Madhya Pradesh recorded the highest number of cases against STs, followed by Rajasthan, and Odisha.
  - ✓ Rape of tribal women: Madhya Pradesh topped, followed by Chattisgarh and Maharashtra.
  - ✓ Simple hurt cases against STs -These cases formed the highest number of cases of crimes and atrocities against STs, accounting for 20.3% of the total crimes committed in 2019.
  - ✓ It was followed by rape of tribal women, which accounted for 13.4%
  - ✓ Assault on women with the intent to outrage the modesty that accounted for 10.7% of the total cases.

### Crimes against SCs and STs include the following categories-

- Atrocities committed by non-SC/ST members under the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities Act), 1989
- the Indian Penal Code and
- the Protection of Civil Rights Act, 1955.
- Cognizable crimes comprising Indian Penal Code (IPC) ones and Special and Local Laws (SLL) crimes showed an increase of 1.6% in registration of cases over 2018.
- Crime against women showed an increase of 7.3% from 2018.
  - ✓ The country recording an average 87 rape cases every day in 2019.
  - ✓ Majority of these cases under the Indian Penal Code were registered under 'cruelty by husband or his relatives' (30.9%) followed by 'Assault on women with intent to outrage her modesty' (21.8%), 'kidnapping and abduction of women' (17.9%),
  - ✓ Assam reported the highest rate of crimes against women at 117.8 per lakh population.
  - ✓ The rape vulnerability of a girl or woman has increased up to 44 per cent in the last 10 years.
- **Cybercrimes** increased by 63.5% in 2019.
  - ✓ 60.4% of cybercrime cases registered were for the motive of fraud (26,891 out of 44,546 cases), followed by sexual exploitation, with 5.1% (2,266 cases), and causing disrepute with 4.2% (1,874 cases).

- **Crimes against children:** From 2018, crimes against children have gone up by 4.5% in 2019.
  - ✓ About 46.6% of the total number of cases were of kidnapping and 35.3% cases were related to sexual offences.
  - ✓ Uttar Pradesh had the highest number of crimes against girl children under the POCSO Act with 7,444 cases, followed by Maharashtra (6,402) and Madhya Pradesh (6,053).
- **Murder cases** across India in 2019 reported a slight dip of 0.3% from 2018.
  - ✓ The country recorded an average of 79 murder cases daily in 2019.
- **Kidnapping cases** also reported a decline of 0.7% in 2019. Among the kidnapping victims, 23,104 were male and 84,921 were female in 2019.
  - ✓ During 2019, a total of 96,295 kidnapped people (22,794 male and 73,501 female) were found and 95,551 of them were rescued alive.
- **Deaths due to 'negligence by civic bodies':** Bihar recorded 66 deaths followed by Karnataka (50) and Telangana and Chandigarh.
- **In rioting cases,** Bihar remained on top.
  - ✓ Bihar also remained on top with 29 cases of sectarian violence.
  - ✓ 940 cases of agrarian violence were reported in Bihar.
  - ✓ Bihar ranked third in rioting by students with 50 incidents and 169 victims.
- **Dowry deaths:** Uttar Pradesh topped the chart with 2424 dowry deaths followed by Bihar and Madhya Pradesh.
- **'Offences Against the State',** which includes charges under the UAPA and Official Secrets Act (OSA), sedition – saw a steep fall of 11.3 per cent from the year before.
  - ✓ This decline is due to the drop in cases registered under the Prevention of Damage to Public Property Act.
  - ✓ Cases of sedition and under the stringent UAPA showed a rise in 2019, but only 3 per cent of the sedition cases resulted in convictions.
  - ✓ Karnataka saw the maximum sedition cases last year (22), followed by Assam (17) and Jammu and Kashmir (11).
  - ✓ The maximum UAPA cases were seen in Manipur (306), followed by 270 in Tamil Nadu, and 255 in J&K.
  - ✓ Court disposal of 'Offences Against the State', 35.7 percent of the cases in which trial was over, saw convictions.
  - ✓ The UAPA charges had among the highest conviction rates in 2019 (29.2 per cent), while sedition the lowest (3.3 per cent).
  - ✓ Another reason is that people approach police freely which reflects in the increased number of criminal cases.
- **Lower registration of crime against SCs:** The Commonwealth Human Rights Initiative (CHRI), a police reforms advocacy group, said the low percentage of cases registered just under the POA Act alone indicates that very few cases alleging specific discriminatory actions on the basis of caste and tribal identity that are defined as atrocities under Section 3 of the Act are being registered on their own.
  - ✓ Such actions are registered mainly when accompanied by any of the IPC offences.
  - ✓ There is no data on total complaints received on crimes against the Scheduled Castes.
- **Women of Dalit communities** are more vulnerable because of their cast. They hesitate to report rape cases.
- **Poor medical infrastructure** in states like Bihar might be a reason behind deaths due to civic negligence.
  - ✓ Most of the districts in these states don't have ventilator support.
  - ✓ Posts of doctors are lying vacant.
  - ✓ ASHAs and auxiliary nurses are underpaid and do not visit vulnerable areas.

### Tech for Tribals Initiative

TRIFED under the Ministry of Tribal Affairs will be launching Tech for Tribals initiative for providing skill upgradation and entrepreneurial capacity.

**More on the news:**

- Under this initiative, **TRIFED has tied up reputed national institutions** such as IIT, Kanpur for conducting Vandhan-ESDP Training Programs in the States of Chhattisgarh, Kerala, Karnataka, Maharashtra, Odisha, Tamil Nadu and Rajasthan.
- This will **help Van Dhan tribal beneficiaries** in establishing their sustainable enterprise under the ESDP scheme.

**Entrepreneurship and Skill Development Programme (ESDP)**

- It is a **Ministry of Micro, Small & Medium Enterprises programme** to motivate youth representing different sections of the society including **SC/ST/Women, differently-abled, Ex-servicemen and BPL persons** to consider self employment or entrepreneurship as one of the career options.
- The ultimate objective is to promote new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country.

**About Tech for Tribals initiative:**

- It aims at the **holistic development of tribals** with a focus on entrepreneurship development, soft skills, IT, and business development through SHGs operating through Van Dhan Kendras (VDVKs).
- It is a unique program to make tribals of India "**Aatmanirbhar**", focussing to bridge the gap between tribal entrepreneurs and urban markets.
- The beneficiaries **will undergo a 30 days program with a training module** developed by IIT, Kanpur.

**Significance:**

- The expected outcome shall be **successful, aspiring and confident tribal entrepreneurs** ready to compete with the best products in the market with feasible business plans.
- This program will mainly entail **three aspects of development** for sustainable entrepreneurship
  - ✓ Engagement,
  - ✓ **Capacity Building, and**
  - ✓ Market linkages.
- This will lead to the path of **commercialization of the tribal entrepreneurs**.

**Tribal Cooperative Marketing Development Federation of India (TRIFED)**

- Established in 1987: Under the Multi-State Cooperative Societies Act, 1984 by the Government of India as a National level Cooperative body.
- Under the administrative control: Of the then Ministry of Tribal Affairs, Government of India.
- Mandate: Socio-economic development of tribals, to empower these downtrodden people of the country by institutionalising the trade of Minor Forest Produce (MFP) & Surplus Agricultural Produce (SAP) collected/ cultivated by them.
  - ✓ TRIFED plays the dual role of both a market developer and a service provider, empowering tribals with knowledge and tools to better their operations in a systematic, scientific manner and also assist them in developing their marketing approach.
  - ✓ TRIFED is involved actively in capacity building: Of the tribal people through sensitisation and the formation of Self Help Groups (SHGs).
  - ✓ TRIFED is engaged in training: The tribals in several activities, so that they can effectively carry them out.
  - ✓ The organisation also assists them: In exploring and creating opportunities to market the developed products in national and international markets on a sustainable basis.
  - ✓ TRIBES India: Is the brand under which the sourced handcrafted products from the tribal people are sold. There are 120 brick-and-mortar TRIBES India outlets across the country, making it a sustainable and reliable brand.



### Pradhan Mantri Van Dhan Yojana (PMVDY)

#### About:

- Pradhan Mantri Van Dhan Yojana (PMVDY) is a retail marketing led value addition plan for Minor Forest Produce (MFP), meant for forest-based tribes to optimize the tribal income, locally.
- Under the program, MFP-based tribal groups / enterprises of around 300 members are formed for collection, value addition, packaging & marketing of Minor Forest Produces (MFPs).
- These tribal enterprises will be in the form of Van Dhan SHGs which will be a group of 15-20 members and such 15 SHG groups will further be federated into a larger group of Van Dhan Vikas Kendras (VDVKs) of around 300 members.

#### Supported by TRIFED:

TRIFED will support the VDVks through providing them with model business plans, processing plans & tentative list of equipment for carrying out the value addition work of MFPs. The details would be made available on the TRIFED's website.

### India trailing in the Global Hunger Index ranking

According to the recently released Global Hunger Index 2020, India has the highest prevalence of wasted children under five years in the world, which reflects acute undernutrition.

#### Key highlights of the report:

- **India ranks 94 out of 107** countries in the Index, lower than her neighbors such as Bangladesh (75) and Pakistan (88).
  - ✓ India was ranked 102 among 117 countries in Global Hunger Index (GHI), 2019 report.
- **Poor performance:** In the region of the south, east, and south-eastern Asia, the only countries which fare worse than India are Timor-Leste, Afghanistan, and North Korea.
- **Child stunting:** Although it is still in the poorest category, however, child stunting has actually improved significantly, from 54% in 2000 to less than 35% now.
- **Child wasting:** It has not improved in the last two decades, and is rather worse than it was a decade ago.
- **Child mortality rates:** India has improved in both child mortality rates, which are now at 3.7%, and in terms of undernourishment, with about 14% of the total population which gets an insufficient caloric intake.

#### Key reasons for India's poor performance

- **Large existence of small and marginal holdings:**
  - ✓ The agriculture output from small and marginal holdings are either stagnant or declining due to reasons such as **reduced soil fertility, fragmented lands or fluctuating market price** of farm produce.
  - ✓ Almost 50 million households in India are dependent on these **small and marginal holdings**.
  - ✓ Though we have **surplus food**, most small and marginal farming households do not produce enough food grains for their year-round consumption.
- **Declining relative income:**
  - ✓ The relative income of one section of people has been on the decline.
  - ✓ This has **adverse effects on their capacity to buy adequate food**, especially when food prices have been on the rise.
- **Unemployment:**
  - ✓ The kind of work a section of people have been doing are **less remunerative or there is less opportunity** to get remunerative work.
  - ✓ The Periodic Labour Force Survey (PLFS) 2017-18 revealed that **rural unemployment stood at a concerning 6.1 per cent**, which was the highest since 1972-73.
  - ✓ The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) continues to be the lone rural job programme.

- **MGNREGA too, had been weakened over the years** through great delays in payments and non-payments, ridiculously low wages and a reduced scope of employment due to high bureaucratic control.
- **Inefficient PDS system:** The public distribution system (PDS) of the state is not functioning well or is not accessible to everyone.

**Way ahead:**

- **Renewed focus on small and marginal holdings:**
  - ✓ More crops have to be grown, especially by small and marginal farmers with support from the Union government. A renewed focus on small and marginal holdings is imperative.
- **Create provisions to supply cooked nutritious food to the vulnerable section of the society:**
  - ✓ A model of **cheap canteen**, which provides cooked food to vulnerable sections of the society for just Rs 15-20, is being successfully run during the coronavirus pandemic in many parts of West Bengal.
  - ✓ This has to be done in **addition to the existing provisions of healthy diets from Anganwadi and schools through mid-day meals** for children, mothers and students.
- **Increase employment and wages**
  - ✓ The rural employment schemes such as **MGNREGA should be given a boost to increase employment and wages.**
  - ✓ Several organisations and individuals working under the scheme have suggested that the **guaranteed work-days be increased to 200.**
  - ✓ Also, commensurate wages need to be given in **accordance with the minimum agricultural wages of the states.**
- **Improve access to food grains under the PDS**
  - ✓ The access to food grains under the PDS needs to be streamlined by simplifying technical processes and **reducing Aadhaar-related glitches.**
  - ✓ This can be the right time to universalise PDS: COVID-19 has exposed the weaknesses of the targeted nature of the scheme.
  - ✓ The government should also ensure that the '**One Nation One Ration card**' scheme, if brought into effect, is operationalised through proper preparations such as proper grain allotments to shops, identification procedures and proper issuance of ration cards to individuals seeking food grain.

# Internal Security & Defence

## FDI in defence up to 74%

The Centre has raised the foreign direct investment (FDI) limit for the defence sector through the automatic route to 74 per cent from 49 percent. The raised limits are for companies seeking new industrial licences.

### New FDI guidelines

- Now, FDI is allowed up to 74 per cent through automatic route and beyond 74 per cent through the government route.
- Licence applications will be considered by the Department for Promotion of Industry and Internal Trade (DPIIT) in consultation with the Ministry of Defence and Ministry of External Affairs.
- Conditions:
  - ✓ FDI up to 74 per cent under automatic route shall be permitted only for companies seeking new industrial licences.
  - ✓ FDI will be allowed through the government route beyond 74 per cent wherever it is likely to result in access to modern technology or for other reasons to be recorded.
  - ✓ To protect India's security concerns, foreign investment in the sector is subject to security clearance by the Ministry of Home Affairs and as per guidelines of the Ministry of Defence.

### Significance:

- This will enhance Ease of Doing Business and contribute to growth of investment, income and employment.
- It may bring in more investments and fresh technology.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT) data, defence industries have received FDI equity inflows of \$9.52 million (₹56.88 crore) during April 2000 and March 2020.

### Foreign direct investment (FDI)

- It happens when a company takes controlling ownership in a business entity in another country.
- With FDI, foreign companies are directly involved with day-to-day operations in the other country.
- This means they aren't just bringing money with them, but also knowledge, skills and technology.

### FDI in India

- FDI is an important monetary source for India's economic development.
- Economic liberalisation started in India in the wake of the 1991 crisis and since then, FDI has steadily increased in the country.

### Routes through which India gets FDI

- **Automatic route:** The non-resident or Indian company does not require prior nod of the RBI or government of India for FDI.
- **Govt route:** The government's approval is mandatory.
  - ✓ The company will have to file an application through Foreign Investment Facilitation Portal, which facilitates single-window clearance.
  - ✓ The application is then forwarded to the respective ministry, which will approve/reject the application in consultation with the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce. DPIIT will issue the Standard Operating Procedure (SOP) for processing of applications under the existing FDI policy.

**Sectors which come under up to 100% Automatic Route' category are**

- Infrastructure Company in the Securities Market: 49%
- Insurance: up to 49%
- Medical Devices: up to 100%
- Pension: 49%
- Petroleum Refining (By PSUs): 49%
- Power Exchanges: 49%

**Sectors which come under the 'up to 100% Government Route' category are**

- Banking & Public sector: 20%
- Broadcasting Content Services: 49%
- Core Investment Company: 100%
- Food Products Retail Trading: 100%
- Mining & Minerals separations of titanium bearing minerals and ores: 100%
- Multi-Brand Retail Trading: 51%
- Print Media (publications/ printing of scientific and technical magazines/ specialty journals/ periodicals and facsimile edition of foreign newspapers): 100%
- Print Media (publishing of newspaper, periodicals and Indian editions of foreign magazines dealing with news & current affairs): 26%
- Satellite (Establishment and operations): 100%

**FDI prohibition**

There are a few industries where FDI is strictly prohibited under any route. These industries are

- Atomic Energy Generation
- Any Gambling or Betting businesses
- Lotteries (online, private, government, etc)
- Investment in Chit Funds
- Nidhi Company
- Agricultural or Plantation Activities (although there are many exceptions like horticulture, fisheries, tea plantations, Pisciculture, animal husbandry, etc)
- Housing and Real Estate (except townships, commercial projects, etc)
- Trading in TDR's
- Cigars, Cigarettes, or any related tobacco industry.

**What are defence offsets?**

The Defence Ministry released its latest Defence Acquisition Procedure 2020 (DAP 2020).

**More about news:**

- **It changed a 15-year old policy by removing the clause for offsets** if the equipment is being bought either through deals or agreements between two countries, or through an ab initio single-vendor deal.

**About defence offsets**

An offset provision in a contract makes it obligatory on the supplier to either "reverse purchase, execute export orders or invest in local industry or in research and development" in the buyer's domestic industry.

**Objectives of offset policy:** The Comptroller and Auditor General (CAG) defined offsets as a "mechanism generally established with the triple objectives of:

- Partially compensating for a significant outflow of a buyer country's resources in a large purchase of foreign goods
- Facilitating induction of technology and
- Adding capacities and capabilities of domestic industry



**Rationale behind offsets:**

- **Boosting domestic defence industry:** Since defence contracts are costly, the government wants part of that money either to benefit the Indian industry, or to allow the country to gain in terms of technology.
- **Leverage capital acquisitions** to develop Indian defence industry by
  - ✓ Fostering development of internationally competitive enterprises,
  - ✓ Augmenting capacity for Research, Design and Development related to defence products and services and
  - ✓ Encouraging development of synergistic sectors like civil aerospace, and internal security”

**Background of offset policy**

- The policy was adopted on the recommendations of the Vijay Kelkar Committee in 2005.
- The first policy said that all defence procurements exceeding Rs 300 crore, estimated cost, will entail offset obligations of at least 30%, which could be increased or decreased by the DAC (Defence Acquisition Council).
- The Sixth Standing Committee on Defence (2005-06) had recommended in its report on Defence Procurement Policy and Procedure that modalities for implementation of offset contracts should be worked out.
- The first offset contract was signed in 2007.

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