

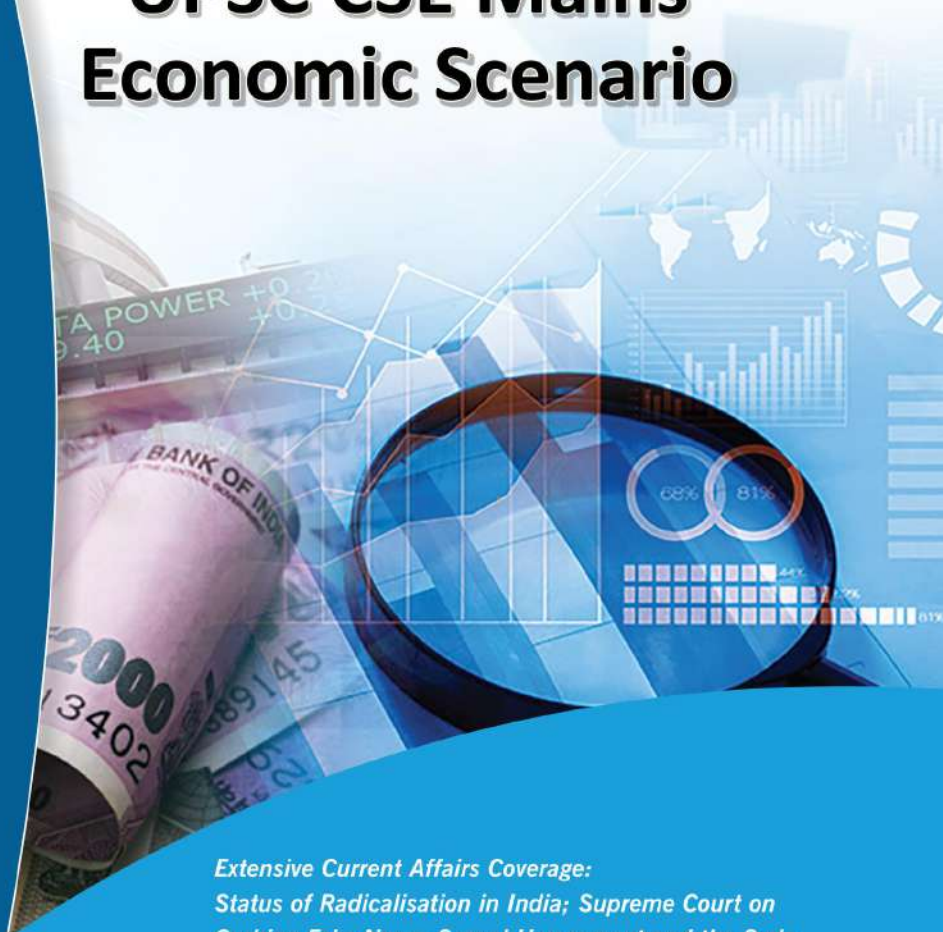


Drishti
**CURRENT
AFFAIRS TODAY**

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SPECIAL SUPPLEMENT
UPSC CSE Mains
Economic Scenario

Current Affairs
To The Point
Target Mains
Academic Vitamins
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THIS MAGAZINE IS A RESULT OF TEAM COLLABORATION. WE EXPRESS OUR GRATITUDE TO ALL OUR TEAM MEMBERS. APART FROM THE GIVEN NAMES, SEVERAL FREELANCE WRITERS HAVE ALSO MADE IMPORTANT CONTRIBUTIONS.

DEAR ASPIRANTS,

The preceding month had a special significance for those associated with education as the National Education Day was celebrated on November 11 to commemorate the birth anniversary of the first Education Minister of India, Maulana Abul Kalam Azad – a freedom fighter, renowned writer, poet, and journalist.

Maulana Azad once said that climbing to the top demands strength, whether it was the top of Mount Everest or the top of your career. These wise words are eminently relevant for an aspirant of Civil Services Examination (CSE). The patience, perseverance and persistence required throughout the CSE preparation demand enormous strength, and the required strength can only be gained if one is focussed on his/her goal.

The month of December has its significance in the year long cycle of the UPSC Civil Services Examination (CSE). The time is just right for the aspirants to start their preparation for the 2021 cycle anew and for those who have cleared the Prelims this year, the moment is critical to tie all loose ends in their preparation and put their best foot forward. The focus now should be on giving one's best and ensure that the opportunity is not wasted.

For those who could not clear the Prelims in this attempt, it becomes a bit difficult to stay focused for the next attempt. However, the most crucial thing to do at this stage is to get over the disappointment as soon as possible and hit the ground running in preparation for CSE 2021. One must learn from the mistakes made and try to incorporate them into the their preparation strategy and move forward with greater resolve.

Cognisant of these requirements, we, at Drishti, endeavour to provide our readers study materials relevant to CSE. These not only help one understand the demand of the CSE but also keep him/her focussed during the preparation journey. Taking this ideal forward we have started to provide additional content for the upcoming Mains. This edition of the Drishti Current Affairs Today comes with a special supplement on Economic Scenario. It compiles the important happenings of past one year which are relevant for the Economy section of UPSC CSE Mains. It will be of immense use to our readers.

Wishing you all the best in your future endeavours.

We look forward to your feedback and suggestions.

With Best Wishes

(Dr. Vikas Divyakirti)

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Polity & Governance

Article 32 of the Constitution

Recently, the **Chief Justice of India (CJI)**, during a hearing of a plea, said that the court is trying to discourage petitions filed under Article 32.

Key Points

- **CJI's View:** The CJI noted that there is a spate of Article 32 petitions and reiterated that the High Court can also uphold **fundamental rights (under article 226)**.
- **Article 32 of the Constitution (Right to Constitutional Remedies):** It is a fundamental right, which states that individuals have the right to approach the Supreme Court (SC) seeking enforcement of other fundamental rights recognised by the Constitution.
 - The SC has power to issue directions or orders or writs for the enforcement of any of the fundamental rights. The writs issued may include **habeas corpus, mandamus, prohibition, certiorari and quo-warranto**.
 - The right to move the SC shall not be suspended except as otherwise provided for by the Constitution. Thus, the Constitution provides that the President can suspend the right to move any court for the enforcement of the fundamental rights during a national emergency (**Article 359**).
 - In case of the enforcement of Fundamental Rights, the jurisdiction of the SC is **original but not exclusive**. It is **concurrent with the jurisdiction** of the high court under Article 226.
 - ◆ **Original**, because an aggrieved citizen can directly go to the SC, not necessarily by way of appeal.
 - ◆ **Concurrent** means when the Fundamental Rights of a citizen are violated, the aggrieved party has the option of moving either the high court or the Supreme Court directly.
 - Since the right guaranteed by **Article 32 (ie, the right to move the SC where a fundamental right is infringed)** is in itself a fundamental right, the availability of alternate remedy is no bar to relief under Article 32.

- However, the SC has ruled that where relief through the high court is available under Article 226, the aggrieved party should **first move the high court**.

- In the **Chandra Kumar case (1997)**, the SC ruled that the writ jurisdiction of both the high court and the Supreme Court constitute a part of the **basic structure** of the Constitution.

■ Counter-Argument:

- Even as the SC underlines the powers of the high courts, it has in the past transferred cases to itself from the high courts.
 - ◆ Most recently, the SC transferred the case involving land use for the national capital's Central Vista project to itself from the Delhi High Court. Incidentally, the petitioners had not sought such a transfer.
- When such transfers are made, the petitioners lose a stage of appeal that would otherwise have been available had the high courts heard and decided the case.
- Recently, the SC also conveyed its concerns that in many matters involving personal liberty, the High Courts are not exercising their jurisdiction as constitutional courts.

Article 226 of the Constitution

- **Article 226** of the Constitution empowers a **high court** to issue writs including habeas corpus, mandamus, certiorari, prohibition and quo warranto for the enforcement of the **fundamental rights of the citizens and for any other purpose**.
 - The phrase '**for any other purpose**' refers to the enforcement of an ordinary legal right. This implies that the writ jurisdiction of the **high court is wider than that of the SC**.
 - ◆ This is because the SC can issue writs only for the enforcement of fundamental rights and not for any other purpose, that is, it does not extend to a case where the breach of an ordinary legal right is alleged.
- The high court can issue writs to any person, authority and government **not only within its territorial jurisdiction** but also outside its territorial jurisdiction if the cause of action arises within its territorial jurisdiction.

Nation & States

Draft Data Centre Policy 2020

Recently, the **Ministry of Electronics & Information Technology (MeitY)** has released the **Draft Data Centre Policy**, which aims to simplify clearances for setting up data centres in the country.

Key Points

■ Vision of the Draft Data Centre Policy:

- Making **India a Global Data Centre hub**,
- **Promote investment** in the sector,
- Propel **digital economy** growth,
- Enable provisioning of trusted hosting infrastructure to fulfil the growing demand of the country and facilitate state of the art **service delivery to citizens**.

■ Terms Defined:

- **Data Centre:** It is a dedicated secure space within a building / centralized location where computing and networking equipment is concentrated for the purpose of collecting, storing, processing, distributing or allowing access to large amounts of data.
- **Data Centre Parks:** These are specialized secure Data Zone, strategically located with the most conducive non-IT and IT infrastructure, and regulatory environment for housing mix of small scale/large scale clusters of Data Centres to serve the high needs of compute, storage, networking and provision of a wide range of data-related services.

■ Provisions:

- Providing **Infrastructure Status to the Data Centre Sector**, at par with other sectors like Railways, Roadways, and Power.
 - ◆ The status will help the sector **avail long-term credit from domestic and international lenders** at easier terms and will give a boost to the investments.
- **Demarcation of specific zones** with necessary infrastructure such as roads, running water and electricity to set up data centre parks.

- A **single-window, time-bound clearance system** for all the approvals required to set up a data-centre park.
- **Formulation of Data Centre Incentivization Scheme (DCIS)** which will specify the intended beneficiaries, applicability criteria and fiscal and non-fiscal incentives for the sector.
- Setting-up at least four **Data Centre Economic Zones (DCEZ)** in the country, as a Central Sector Scheme - DCEZ Scheme. DCEZs would create an ecosystem of Hyperscale Data Centres, Cloud Service Providers, IT companies, R&D units and other allied industries.
- In order to address the issues around the high consumption of power, data centre parks would be encouraged to **set up their own power generation units**, and use **renewable energy**.
- Data centres will be declared as an **Essential Service** under "**The Essential Services Maintenance Act, 1968 (ESMA)**" which means that there would be a continuity of services even during times of calamities or crisis.
- **Strengthening the Atmanirbhar Bharat initiative** by identifying possible opportunities of manufacturing of data centre equipment (IT as well as non-IT) in the country.
 - ◆ The Policy also identifies possible areas of participation by micro, small, and medium enterprises and start-ups.
- Collaboration with the **Ministry of Skills Development and Entrepreneurship (MSDE)** and leading academic institutes to impart large scale training to workforce on Data Centre, Digital and Cloud technologies, and facilitate sector linkages for such trained workforce.
- An **Inter-Ministerial Empowered Committee (IMEC)** would be set up under the Chairmanship of Secretary, MeitY, with participation from various Central Ministries and State Governments.
 - ◆ It shall be the **key decision-making body** to facilitate the implementation of various

Economic Scenario

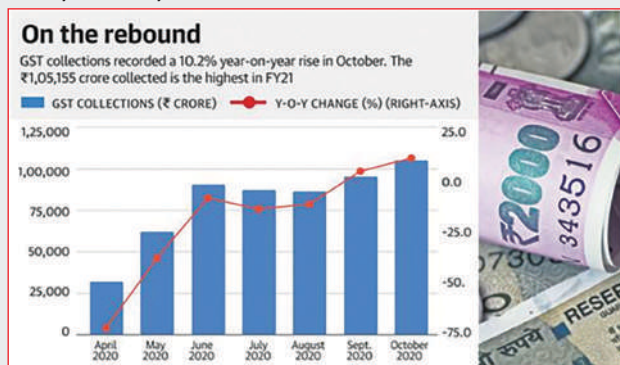
Rising GST Revenues

According to the recent data released by the Finance Ministry, the gross **Goods and Services Tax (GST)** revenue collected in **October 2020** was **₹1.05 lakh crore**.

- It is **10.25% higher than in 2019** and **10.1% more than the revenue garnered in September 2020**.

Key Points

- The **total revenue** earned in October by the **Central and State governments** stood at **₹44,285 crore** and **₹44,839 crore, respectively**.
- **GST cess** collections, used to compensate the States for switching to the GST regime, **rose to ₹8,011 crore**, which is over 5% more than in 2019 and 12.5% higher than September 2020.
- October's **revenues from import of goods** were **9% higher**, while **domestic transactions** (including import of services) **yielded 11% higher revenues**, on a year-on-year basis.



Status of the States:

- **Andhra Pradesh and Chhattisgarh** recorded the **highest 26% growth** in GST collections in October year-on-year, followed by **Jharkhand (23%)** and **Rajasthan (22%)**.
- The **trend in the more industrially developed States was mixed**, with 15% growth in Gujarat, 13% in Tamil Nadu and just 5% in Maharashtra.

Reasons:

- The surge in October's GST inflows could be attributed to the **festive demand and input tax credits** as well as other **reconciliations that were due for businesses in September**.

- ◆ Many companies raised sale invoices in **September** by pushing out their finished products which they had planned in March itself.

- ◆ **Input Tax Credit:** The GST that a merchant pays to procure goods or services (i.e. on inputs) can be set off later against the tax applicable on supply of final goods and services. The **set-off tax is called an input tax credit**.

- India's **manufacturing sector activities started to show signs of growth** in August and September, driven mainly by a pick-up in production along with improvement in customer demand.

Goods and Services Tax

- It is a **comprehensive, multi-stage, destination-based indirect tax** that is levied on every value addition.
- The **Goods and Service Tax Act** was passed in the Parliament on **29th March 2017** and came into effect on **1st July 2017**.
- Under the GST Council and 101st constitutional amendment 2017, the tax is levied at every point of sale.
- GST is **categorised into Central GST (CGST), State GST (SGST) and Integrated GST (IGST)** depending on whether the transaction is **intra-State or inter-State**.
 - **Central GST:** CGST is a tax levied on **intra-State supplies of both goods and services** by the Central Government and is governed by the CGST Act.
 - **State GST:** SGST is also levied on the **same intra-State supply** but will be governed by the State Governments.
 - ◆ This implies that both the Central and the State governments agree on combining their levies with an appropriate proportion for revenue sharing between them.
 - ◆ However, it is clearly mentioned in Section 8 of the GST Act that the taxes be levied on all intra-State supplies of goods and/or services but the rate of tax shall not be exceeding 14%, each.
 - **Integrated GST:** IGST is a tax levied on all inter-State supplies of goods and/or services and is governed by the IGST Act.
 - It is applicable to any supply of goods and/or services in both cases of import into and export from India.

Implications:

- GST inflows crossing the **₹1 lakh crore mark** for the **first time in the financial year (FY) 2020-21** is a **clear sign of a recovery** in the economy after its **23.9% contraction in the first quarter of 2020**.

International Relations

17th ASEAN-India Summit

Recently, India has participated in the **17th ASEAN-India Virtual Summit** on the invitation of Vietnam, the current Chair of **Association of Southeast Asian Nations** (ASEAN).

- The summit focused on **measures to recover from the economic turmoil triggered by the Covid-19 pandemic** and ways to **further broad-base strategic ties**.

Key Points

■ ASEAN's Centrality with respect to:

● India's Act East Policy:

- ◆ Against the backdrop of aggressive moves by China, including the **Ladakh standoff**, India placed the ASEAN at the centre of India's **Act East policy** and held that a cohesive and responsive ASEAN is essential for security and growth for all in the region.

● India's Indo-Pacific Vision and Security And Growth for All in the Region Vision:

- ◆ India underscored the importance of strengthening convergence between India's **Indo-Pacific Oceans Initiative** (IPOI) and the ASEAN Outlook on **Indo-Pacific**, to ensure a free, open, inclusive and rules-based region.
- ◆ It also highlighted the importance of cooperation by ASEAN in for the **Security And Growth for All in the Region** (SAGAR) Vision.

● Regional Comprehensive Economic Partnership:

- ◆ India would explore ways to **increase trade despite** its exit from the 15-nation **RCEP agreement** in 2019.
- ◆ The RCEP free trade agreement is **expected to be signed on 15th November 2020** between **China, Australia, South Korea, Japan, and the ASEAN Members**.
- ◆ However, experts have warned that **once the RCEP is adopted, trade between RCEP nations will assume primacy, which could affect trade ties with other countries** including India.

● South China Sea:

- ◆ Affirmed the importance of maintaining and promoting peace, stability, safety and security in the **South China Sea**, and **ensuring freedom of navigation and overflight**.
- ◆ Noted the importance of promoting a rules-based order in the region including through **upholding adherence to international law**, especially the **United Nations Convention on the Law of the Sea** (UNCLOS).

● Regulating Covid-19 Pandemic:

- ◆ India welcomed ASEAN's **initiatives to fight the pandemic** and announced a **contribution of USD 1 million to Covid-19 ASEAN Response Fund**.
- ◆ It also underlined the importance of cooperation and regular exchanges in the field of traditional medicines as a source of healthy and holistic living.

● Trade and Investment:

- ◆ India underlined the **importance of diversification and resilience of supply chains** for post-Covid-19 economic recovery.
- ◆ India called for an early review of **ASEAN-India Trade in Goods Agreement** (AITIGA), which is pending for a long time.

● Connectivity:

- ◆ Underscoring the importance of greater physical and digital connectivity, India reiterated its offer of **USD 1 billion Line of Credit to support ASEAN connectivity**.

■ India's Significance Highlighted by ASEAN:

- Towards **promoting peace and stability in the region** and India's support to ASEAN centrality.
- Welcomed the adoption of the new **ASEAN-India Plan of Action for 2021-2025**.
- Acknowledged **India's capacity-building initiatives**, including the **PhD Fellowship Programme** at IITs and **setting up of Centres for Excellence** in Software Development and Training.

Environment & Ecology

International Snow Leopard Day

Every year, **International Snow Leopard Day** is observed on **23rd October**.

Key Points

- **Aim:** To raise awareness on conservation and protection of snow leopards.
- **Background:** **International Snow Leopard Day** came into being on **23rd October, 2013**, with the adoption of the **Bishkek Declaration** by 12 countries on the conservation of snow leopards.
 - The **12 countries** included, India, Nepal, Bhutan, China, Mongolia, Russia, Pakistan, Afghanistan, Kyrgyzstan, Kazakhstan, Tajikistan, and Uzbekistan.
 - The **Global Snow Leopard and Ecosystem Protection Programme (GSLEP)** was also launched on the same day to address high-mountain development issues using conservation of the snow leopard as a flagship.

Snow Leopard

- **Top Predator:** The Snow Leopard (also known as **Ghost of the mountains**) acts as an indicator of the health of the mountain ecosystem in which they live, due to their position as the **top predator** in the food web.
- **Habitation:** The Snow Leopard lives at high altitudes in the steep mountains of **Central and Southern Asia**, and in an extremely cold climate.
- They inhabit the **higher Himalayan and trans-Himalayan landscape** in the states/union territories of Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim, and Arunachal Pradesh.
- **India is a unique country to have a good presence of 5 big cats**, including **Snow Leopard**. The other 4 are, **Lion, Tiger, Common Leopard, and Clouded Leopard**.
- **Snow Leopard capital of the world:** Hemis, **Ladakh**.
 - **Hemis National Park** is the biggest national park of India and also has a good presence of Snow Leopard.

- **Threat:** Factors that have contributed to the decline in the snow leopard populations include, **reduction in prey populations, illegal poaching and increased human population infiltration into the species habitat and illegal trade of wildlife parts and products** among others.
- **Protection:**
 - IUCN Red List- Vulnerable
 - Convention on International Trade in Endangered Species (CITES)- Appendix I
 - Convention on Migratory Species (CMS)- Appendix I
 - ◆ **Appendix I** includes species **threatened with extinction**.
 - Indian Wildlife (Protection) Act 1972- Schedule I
 - ◆ **Schedule I** provides absolute protection and offences under this have the highest penalties.
- **Conservation Efforts Launched by India:**
 - **HimalSanrakshak:** It is a **community volunteer programme**, to protect snow leopards, launched on 23rd October 2020.
 - In 2019, **First National Protocol** was also launched on **Snow Leopard Population Assessment** which has been very useful for monitoring populations.
 - **SECURE Himalaya: Global Environment Facility (GEF)-United Nations Development Programme (UNDP)** funded the project on conservation of high altitude biodiversity and reducing the dependency of local communities on the natural ecosystem.
 - ◆ This project is now operational in four snow leopard range states, namely, Jammu and Kashmir, Himachal Pradesh, Uttarakhand, and Sikkim.
 - **Project Snow Leopard (PSL) :** It was **launched in 2009** to promote an inclusive and participatory approach to conserve snow leopards and their habitat.
 - Snow Leopard is in the list of **21 critically endangered species for the recovery programme** of the Ministry of Environment Forest & Climate Change.

Science & Technology

CSIR-CMERI's Municipal Solid Waste Processing Facility

Recently, the **Council of Scientific and Industrial Research's Central Mechanical Engineering Research Institute (CSIR-CMERI)** has developed a **Municipal Solid Waste (MSW) Processing Facility (Decentralised Solid Waste Management Plant)** to solve the problem of waste management in India.

Key Points

■ Challenges in Waste Management:

- With an ever-increasing population and rapid pace of urbanisation, India faces a huge challenge of waste management.
- The volume of waste is projected to rise from the present 62 million tonnes to about 150 million tonnes by 2030.
- Indiscriminate dumping of garbage at the current rate without appropriate scientific treatment would impose a huge requirement of landfill area per year.
- Studies suggest that the MSW generated in India mostly consists of a large fraction of organic wastes and their unscientific disposal produces **greenhouse gas (GHG) emissions and other air pollutants like methane (CH₄)**.
- The ineffective processing of MSW also is the root cause of many diseases as the dumped landfills transform into contamination hubs for pathogens, bacteria and viruses.
- The most commonly used process "**composting**" also does not yield impactful economic returns for the entrepreneurs.
 - ◆ It requires more land space and labour, pasteurisation for effective disinfection and has restricted utilisation due to presence of heavy metals.
 - ◆ During the rainy season, managing it becomes difficult due to the presence of excessive moisture.

■ MSW Processing Facility:

- It is developed following the **Solid Waste Management (SWM) Rules 2016** prescribed by the Ministry of Environment, Forests and Climate Change.
- It has been developed with the potential to scientifically manage the solid waste including the Covid-19 wastes.
 - ◆ The facility is equipped with special disinfection capabilities to help break the Covid-19 chain through **UV-C lights** and hot-air convection methods.
- The plant is self-sufficient in terms of energy requirement through the installation of roof-mounted solar panels, which can also feed the surplus energy supply onto a mini-grid.

■ Objectives:

- To unburden the common households from the segregation responsibilities through advanced segregation techniques.
- To achieve decentralised decimation of solid wastes.
- To help create value-added end-products from abundantly available redundant stuff such as dry leaves, dry grass, etc.

■ Mechanism:

- The mechanised segregation system segregates solid waste into metallic waste (metal body, metal container, etc.), biodegradable waste (foods, vegetables, fruits, grass, etc.), non-biodegradable waste (plastics, packaging material, pouches, bottles etc.) and inert wastes (glass, stones etc.).

■ Significance:

- It opens up the opportunities to realise the dream of generating **100 GW Solar Power by 2022** and a city with a "**Zero-Waste and Zero-Landfill Ecology**".
- It may become a source of job creation through both process-engagement and manufacturing, which can help support the Micro Small Enterprises (MSEs) and various start-ups across the nation.

History, Art & Culture

Dairy Production in Indus Valley Civilisation

Recently, a study by **Indian and Canadian** archaeologists has found that dairy products were being produced by the **Harappans** as far back as 2500 BCE. The finding reveals the earliest evidence of dairy production.

- The year 2020 also marks 100 years of discovery of **Indus Valley Civilisation**.

Key Points

■ Milk Production:

- The results of the study are based on molecular chemical analysis of residue in shards of pottery found at the archaeological site of **Kotda Bhadli, in Gujarat**.
- Traces seen in cooking vessels indicate the presence of milk, which may have been boiled for consumption.
- There are also remains of a perforated vessel, which indicates processing of milk into different forms.
- Pots are porous and absorb liquid from food. This helps the pots to preserve the molecules of food such as fats and proteins.
- Using techniques like **C16 and C18** analysis the source of foods can be identified.
- The large herd indicates that milk was produced in surplus so that it could be exchanged and there could have been some kind of trade between settlements.
- This could have also given rise to an industrial level of dairy production.

■ Types of Animals:

- Through a process called stable isotope analysis, the researchers were also able to identify that cattles used for dairy production.
- Most of the cattle and water-buffalo died at an older age, suggesting they could have been raised for milk, whereas the majority of goat/sheep died when they were young, indicating they could have been used for meat.

■ Faceless Civilisation:

- The Indus Valley Civilisation was faceless — no king, no bureaucratic organisations, but there were very close regional.
- Interactions between settlements, a symbiotic relationship of give and take that helped the civilisation survive for so long.

■ Background:

- Indus Valley Civilisation is known for its metropolitan cities and the big towns, great urban planning, trading systems, jewellery making.
- Earlier, there was no idea how the common people were living during the Harappan times, and how they were contributing to the larger network.
- However, the new study throws fresh light on the rural economy of the Indus Valley Civilisation.

Indus Valley Civilization

- The history of India begins with the birth of the Indus Valley Civilization (IVC), also known as **Harappan Civilization**.
- It flourished around 2,500 BC, in the western part of South Asia, in contemporary Pakistan and Western India.
- The Indus Valley was home to the largest of the four ancient urban civilizations of **Egypt, Mesopotamia, India and China**.
- In the 1920s, the Archaeological Department of India carried out excavations in the Indus valley wherein the ruins of the two old cities, viz. **Mohenjodaro and Harappa** were unearthed.
- In 1924, **John Marshall**, Director-General of the ASI, announced the discovery of a new civilisation in the Indus valley to the world.

Warli Art

Artists in **Hyderabad** are using traditional **Warli art (Maharashtra)** form not just to beautify Hyderabad, but also to create awareness on important issues.

Key Points

- Warli is a traditional art form of **Maharashtra**.
- Its roots can be traced to as early as the **10th century A.D.**

Social Issues

Merger of Schools in Odisha: SATH Project

The **Odisha government** has identified around 8,000 schools in 15 districts which will be merged with other schools due to low enrollment (less than 20 students).

- The merger is being carried out under the **NITI Aayog's Sustainable Action for Transforming Human Capital in Education (SATH-E) project**, and has been termed **Consolidation and Rationalisation of schools**.

Key Points

■ SATH-E Project:

- Sustainable Action for Transforming Human Capital (SATH) focusses on two main sectors - **Education and Health and to build three 'Role Model' States**.
- SATH-E aspires to be a 'saathi', to the educational system with the student and the teacher at its centre".
 - ◆ In 2017, Odisha was among three states, along with Jharkhand and Madhya Pradesh, to be selected by NITI Aayog for the project.
- The initiative **aims to transform elementary and secondary school education through goal driven exercise and create role model states for education**. The initiative culminates at the end of the 2020 academic year.
- Critical interventions including school mergers, remediation program, training, monitoring teacher recruitment/rationalization, institutional reorganization at district and state level and proper utilization of Management Information System (MIS) are in execution mode since January, 2018.
 - ◆ Merger of schools is advocated to help consolidate resources such as teachers, libraries, laboratories and play equipment.
 - ◆ MIS can assist the school manager in determining the aims of the school, formulating strategic plans, distributing resources, and evaluating staff performance as well as organizational success.

- Progress of the project is being monitored through a **National Steering Group (NSG) and Central Project Monitoring Unit (CPMU) at national level and State Project Monitoring Unit (SPMU) at State level**.
- **Concerns with Merger of Schools:**
 - Activists have argued that closure or merger of schools is in violation of section 3 and 8 of the **Right to Education (RTE) Act, 2009**.
 - ◆ Section 3 provides to every child of the age of six to fourteen years the right to free and compulsory education in a neighbourhood school till the completion of elementary education.
 - ◆ Section 8 assigns duties to the appropriate Government to ensure that it provides free and compulsory elementary education to every child, in a neighbourhood school.
 - Majority of these schools are from tribal belts on hilly terrains. Closure of schools in a village will only increase the dropout rate as it won't be feasible for students to travel far to attend school.
 - Parents are also concerned that if their children fail to attend school, they will also be deprived of the midday meals.
- **State Government's Response:**
 - Students who will have to travel to a distant school will be provided with a daily allowance of ₹20 and students from schools facing closure will also be provided a one-time facilitation allowance of ₹3,000.
 - ◆ If the distance to school is more than 1 km, students will be provided travel allowance as per Right To Education (RTE) norms.
 - Further, the district collectors have been authorised to cancel the merger if genuine concerns arise.

Way Forward

- The merger would make schools aspirational for students and result in improvement of **Pupil-Teacher Ratio**. There would be better infrastructure facilities,

DID YOU KNOW?

Prof. A N Bhaduri

Memorial Lecture Award-2020

Recently, Dr. Susanta Kar of **Council of Scientific and Industrial Research- Central Drug Research Institute (CSIR-CDRI)**, Lucknow has been chosen for this year's **Prof. A N Bhaduri Memorial Lecture Award by the Society of Biological Chemists (India)**.

- The Society of Biological Chemists (India) was founded in 1930, with its Headquarters at **Indian Institute of Science, Bangalore**.
- The award has been given to recognize the significant contributions towards defining the survival tactics of *Leishmania donovani*.

Leishmaniasis

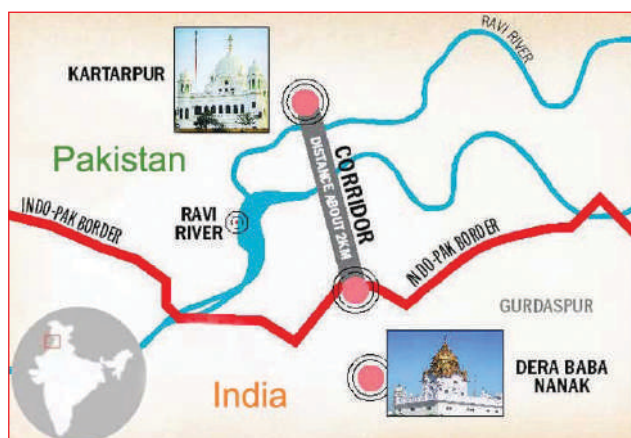
- It is a **neglected tropical disease** affecting almost 100 countries including India.
 - Neglected tropical diseases are a diverse group of communicable diseases that prevail in tropical and subtropical conditions in 149 countries.
- It is caused by a **parasite called Leishmania**, which is transmitted through the bite of **sand flies**.
- There are three types of leishmaniasis:
 - **Visceral leishmaniasis**, which affects multiple organs and is the most serious form of the disease.
 - **Cutaneous leishmaniasis**, which causes skin sores and is the most common form.
 - **Mucocutaneous leishmaniasis**, which causes skin and mucosal lesions.
- **Visceral leishmaniasis**, which is commonly known as **Kala-azar** in India, is fatal in over 95% of the cases, if left untreated.
- **Leishmania Donovanii** is a protozoan parasite that infects macrophages and is a causative agent of **visceral leishmaniasis (Kala Azar)**, a lethal infectious disease affecting millions worldwide.
- **DR. Susanta Kar's research group** studied the interaction of *Leishmania* with **immune cells** like

macrophages, dendritic cells and T cells and the impact of these interactions on immune response/ infection progression.

Kartarpur Sahib

Recently, India has criticised **Pakistan's decision to transfer the management of the Kartarpur Sahib Gurdwara from a Sikh body to a separate trust**.

- Gurdwara Kartarpur Sahib, also known as the **Gurdwara Darbar Sahib**, is located in **Pakistan's Narowal district across river Ravi**. It is one of the most significant historical and spiritual places for Sikhs.
- According to historians, **Guru Nanak Dev** (the first Sikh Guru) arrived at **Kartarpur between 1520 and 1522**, and spent the last 18 years of his life there.
- The corridor was built in 2019 to **commemorate the 550th birth anniversary of Guru Nanak Dev**, founder of Sikhism.
- The agreement facilitates the **visa-free movement of Indian pilgrims** who would **only need a permit** to cross over to Pakistan.



Dobra-Chanti Bridge

Recently, the Uttarakhand Chief Minister has inaugurated **Dobra-Chanthi suspension bridge** in **Tehri-Garhwal district**.

ECONOMIC AND POLITICAL WEEKLY



SUMMARY OF EDITORIALS AND ARTICLES: 29 AUGUST AND 5, 12, 19 SEPTEMBER

Why did India Not Go to War with China?

India had the military ability to evict the intrusions in Ladakh or carry out a quick grab action of its own in the early stages of the crisis. Yet, it did not exercise the offensive military options. The explanation for such strategic reticence lies at the political level.

Chinese intrusion

- An extensive Chinese troop exercise reported in late May in Korla in Xinjiang Uyghur autonomous Region, close to Aksai Chin, failed to trigger an alarm.
- Besides, the pattern of Chinese transgressions over the past decade, such as at Depsang in April 2013 and Chumar in September 2014, has seen an eventual falling back by them.
- At last, 73-day long crisis, at Doklam, India had shown its resolve, leading to a belief that this would deter China.

Indian strategy

- In the present crisis, India preferred not to follow the Kargil model of evicting intrusions. India maintains force levels in Ladakh sufficient to react to contingencies such as small-scale intrusions if launched timely, before the Chinese firmed in or built up reserves.
- If the opportune time is lost for early eviction or a counter grab (taking over a sliver of territory elsewhere), then additional troops would be required and as would the time for acclimatisation and familiarisation.
- By then, it would be too late as the Chinese, taking advantage of their better lines of communication and having seized the initiative, would have firmed in.
- Thus, India lamely settled for mirror deployment, or a troop build-up intended to deter further intrusions.

- Even as the developments in Ladakh were playing out, China had prudently taken care to beef up other sectors, evidenced by the 9 May face-off at Naku La in north Sikkim, to deter the option of horizontal expansion of the crisis by India.

Explaining the Riddle

- India's operational formations have their primary operational task cut out - of defending national territory - and have the requisite resources either under command or on call.
- Doctrinally, India has been long prepared. India's "pivot" towards China preceded the American one under Barack Obama.
- Over the 2000s, having catered for the Western front by drawing lessons from the Operation Parakram in a changed doctrine, colloquially called 'cold start,' the Indian army came up with the "transformation" study that built up the China threat.
- The answer for a lack of robust military response, despite the preparedness, can be looked for using the levels of war framework that includes five levels, namely political, grand strategic, strategic, operational and tactical.
- At the strategic level, it cannot be that India was awaiting the five Rafale fighters that landed in Ambala amidst much fanfare to even the balance in the power asymmetry with China.
- As a former military adviser in the National Security Council secretariat writes, "Power is a relational variable and therefore the context in which power is compared is certainly closer to the truth than absolute power calculations".
- At the political level, there are reputational costs for a rising power such as India for not using the military instrument at a juncture at which states normally resort to it; for territorial defence.



GIST OF MAJOR ARTICLES FROM THE NOVEMBER 2020 ISSUE

Facilitating Self-Reliance

India's Industrial Policy has evolved over the years, and relevant changes have been introduced based on the exigencies of time.

Industrial policy of the past

- At the time of independence, the Indian economy was staring at myriad problems that seemed intractable.
- The main challenge that lay ahead for Indian policy-makers was to transform a poor agrarian economy into a modern industrialised one.
- A decisive effort was made in the second Five Year Plan (FYP) drafted by P. C. Mahalanobis, where the main emphasis was on state led industrialization, resting on the strategy of import substitution.
- This strategy was based on the infant industry argument wherein domestic industries can develop behind the high tariffs till they become self-sustaining and are no longer in need of government support.
- The first important industrial policy state was made in the Industrial Policy Resolution, 1948 issued by the government which accepted the importance of both private and public sectors in the industrial economy of India.
- This was followed by the Industrial Policy Resolution, 1956 and the Industrial (Development and Regulation) Act, 1951, which laid stress on the cooperation between the public and private sector.
- The National Manufacturing Policy was released by the Government in 2011. The main objectives of the Policy were increasing manufacturing sector growth to 12-14% over the medium term and increasing the share of manufacturing in GDP to 25% by 2022.

Rethink due to COVID-19

- The thinking that the government must reduce its role in directing investments and facilitate market

forces in different sectors requires a relook in the light of the Covid-19 pandemic.

- The government has also announced the Atma Nirbhar Bharat Abhiyan, economic capabilities and capacities via a number of measures and incentives, to reduce dependence on imports, especially imports of critical components.
- The pandemic has taught us a few key lessons like reducing import dependence for certain critical inputs, boosting domestic capacity and making supply chains more resilient.
- Typically, an industrial policy comprises various policy tools like direct and indirect subsidies, protection from foreign competition, preferential access to capital, guaranteed public procurement and mandate from the government on production, and import export decisions.
- The government plays a proactive role to guide the development of particular sectors of the economy via these tools.

Components of an industrial policy in the post-COVID-19 world

- Making in India for the world, which requires focusing on a few sectors to build comparative advantage so that in due course India becomes a major player in the global market in the sectors.
- The slogan of Make in India for the world requires defining world-class quality standards. Quality of products and services is a key driver of competitiveness.
- Improving infrastructure and reducing logistic cost which will work from the supply side and help in reducing production cost thus making Indian manufacture products more competitive globally.
- Technological advancement of industry in India has not kept pace with that of many other manufacturing nations. There is a strong need to encourage Indian



GIST OF MAJOR ARTICLES FROM THE NOVEMBER 2020 ISSUE

Innovation and Entrepreneurship for Sustainable Growth

Promoting entrepreneurship and startups will ensure the long deserved growth, prosperity and well being that serve the interests of the spirit of New India.

Challenge posed by COVID-19

- The global COVID-19 crisis has descended with the speed and intensity that has stirred and shaken nations worldwide.
- The COVID-19 crisis has left countries gasping for immediate solutions even as the world's finest scientists, healthcare and biotech researchers fervently race towards finding a curative solution or vaccine to bring this crisis to an end.
- A crisis of this magnitude and speed of spread needs urgent preventive assistive, treatment related solutions in various categories.
- With the challenging task of keeping over 1.3 billion people safe from clutches of the coronavirus, the government of India is exercising many initiatives in parallel to ensure that this global pandemic does not wreak havoc in a country with as diverse a set of challenges as one could imagine having.
- The challenges in India are many. These include controlling the spread of COVID-19 in its cities with their share of very dense areas of population, its vast network of villagers with lack of adequate hospitals, healthcare equipment or doctors, and highly migrant workforce who are mostly daily wage earners.
- The solutions needed therefore are myriad in nature that also need to be customised to the local needs. Affordability combined with high quality and accessibility to the same are the major challenges and requirements in a country like India.
- Creating a nation of job creators and not job seekers is the key. Central to this is the need for an extensive

collaboration between the corporate industry, academia, and the government at the village, district, state and central levels.

- Such synergies have indeed gained momentum with the COVID-19 crisis and need to be further capitalised on.

The five pillars through the lens of innovation and entrepreneurship

- **Demographic dividend:** Over 65% of our country under 35 years of age. With more than 1.4 million schools and 10,500 engineering and related institutions, and a whopping 39,000 colleges and Universities, India enjoys options to reap the demographic dividend like no other in the world.
 - Innovative ways of leveraging emerging digital technologies can create and promote ecosystems.
 - Existing government initiatives such as Atal Tinkering Labs and AI curriculum at school levels, incubators and innovation cells at university level, fostering startups and vocational training in emerging new areas must also be accelerated.
- **Infrastructure:** India has over 715 districts, more than 4000 cities and 6 lakh villages. Undisputedly, innovation and entrepreneurship will be key to ensuring the development of both physical and digital infrastructure across all these reasons in the country.
 - The nation needs smart villages and several hundred smart cities to become active hubs of livelihood enablement, innovation, and job creation.
 - Smart water management, and housing present tremendous opportunities for innovation and startups.
- **Demand:** India has a perfect environment for the demand. It has over 1.3 billion people, a youthful population, a growing middle class, one of the fastest

possesses appropriate skills to create robust livelihood support systems.

- However, due to lower skill or mismatched skill levels, the rate of unemployment in rural areas is higher than the rate in urban areas.
- The rural economy is primarily based on agriculture. Though the agriculture sector contributes 16% to the country's GDP. It has been observed that it is not being taken up as a desired profession by rural youth.
- The farming sector is gradually being perceived by rural youth as non lucrative due to several factors.
 - Dovetailing of farming and the non farming sector is missing.
 - Traditional and ancestral livelihood activities, arts and crafts in rural areas are getting extinct.
 - Earlier the education system had inadequate focus on vocational training, rendering the young population academically qualified but unskilled.
- All these factors contributed to a lack of skill sets which are required to work across sectors.
- As a concrete solution to bridge this gap, numerous initiatives and reforms have been taken up vigorously and afresh post 2015 by the government of India in harmony with the state governments towards skill development.

Scope of CSR

- **Sincerity:** Sincere efforts and strategic engagement of the corporate sector in skill development makes the job of the government easy.
- **Goal:** Companies with their corporate social responsibility agenda can complement and supplement the action of the government towards it.
- **Market:** Industry sector has ample scope for contributing to the purpose of developing a robust skill network in rural India.
- **Long term:** In the long term, investing in skill building of youth makes a strong business sense for both public sector enterprises as well as private companies.
- **Sustainability:** This investment shall yield sustainable development and create a workforce that is future ready.

- **Ethics:** From the ethical perspective there is social expectations from the corporates that they should build the skill of local human resources as they use them in their operation and management.
- **Resources:** Under Section 135 of the Companies Act, 2013, profitable companies are mandated to spend 2% of their profit in CSR activities. Schedule VII of the Act prescribes areas like skill development, livelihood generation and rural development among many to be taken up under CSR initiatives.
- **Responsibility:** Corporate sector is always connected with the skilling ecosystem. Companies possess an inherent understanding of the skilling needs and trends of a region be it local or global.



Conclusion

The objective of the Skill India Mission can be successfully completed only if rural skilling is given right and proper importance. With the growing and vibrant CSR sector in the country, nowadays, matching contributions from companies to the efforts of the government in skilling rural youth is exceedingly desired. CSR support in terms of funding, expertise, experience and infrastructure will add momentum and sustainability to the skilling drive.

DOWN TO EARTH



GIST OF MAJOR ARTICLES FROM 31 OCTOBER AND 15 NOVEMBER ISSUES

Borderline Unethical

Administration of an experimental COVID-19 vaccine to a healthy person and then infecting him/her with the novel coronavirus to check if the vaccine has immunised the individual against the pathogen raised the question of ethics.

Key points

- The question is at the centre of a global debate ever since the UK allowed a study, called Human Challenge Trial (HCT), on a COVID-19 vaccine which will be conducted in January 2021.
- Normally, a vaccine goes through three phases of human trials. The first phase tests for safety, the second immunogenicity (ability to trigger immune response) and the third involves large-scale testing on tens of thousands of participants of varied populations, who are injected with the vaccine and observed over a long period, even years, for efficacy.
- HCT is not a new concept. It was used for the development of anti-malarial and cholera vaccines in the 1970s.
- But when HCT was undertaken to develop vaccines for these diseases, drugs to treat them were already there. If a participant became ill, there was a cure available. This is not the case with COVID-19, because there is no guaranteed cure.

Conclusion

If a patient is severely sick and is given an experimental drug whose efficacy is not proven, it might be a risk worth taking. But vaccines are given to somebody who is perfectly fine and can have repercussions if due to an unproven vaccine the participant suffers adverse events.

Chance to Start Clean

An effective scrappage policy will not only help India deal with pollution and waste material from retiring vehicles, but also charter it towards green recovery.

Key points

- By 2025, India is estimated to have a monumental load of over 20 million vehicles nearing the end of their lives.
- These, along with other unfit vehicles, will cause huge pollution and environmental damage while the number of new vehicles continues to explode.
- Since 2016 the Union government is debating a scrappage policy to weed out old and polluting vehicles and to set up formal systems for safe disposal and recovery of reusable material from the clunker.
- This fleet modernisation strategy is expected to create a market for new vehicles and work for emissions gains. But the draft scrappage policy of the Union Ministry of Road Transport and Highways awaits approval from the Cabinet.
- Fleet renewal is an opportunity today because the Bharat Stage VI (BS-VI) emissions standards and electric vehicle incentives are in place, and polluted cities have planned a phase-out of old vehicles as part of their clean air action plans under the National Clean Air Programme.

Awaiting scrap policy

- The original draft of the scrappage policy in 2018 is reported to have focused on fleet renewal for commercial vehicles, especially old heavy-duty vehicles, with a proposed age cap of 20 years.
- The fiscal stimulus programme needs to prioritise old trucks, diesel buses, light commercial vehicles and three-wheelers, especially diesel three-wheelers, for fleet renewal (pre-BS-III) because these are the most polluting segments.
- There is also a need to consider options to phase out other categories of vehicles and to replace these with electric-vehicles for a bigger transformation of the fleet.



ESSAY WRITING

COMPETITION

“A drop of ink may make a million think.”

- PAPER-I (250 Marks, UPSC CS Main Examination): “Essay: Candidates may be required to write essays on multiple topics. They will be expected to keep closely to the subject of the essay to arrange their ideas in orderly fashion and to write concisely. Credit will be given for effective and exact expression.” That is what the UPSC says about the Essay paper in the CSE notification. Through an essay, the commission wants to know if you will make the right civil servant who has balance of judgement, variety and depth of interest, logical exposition and other such bureaucratic qualities.
- Keeping this in mind, we present a forum where you are asked to practice your writing skills by writing essays on the given topics. The topics are decided keeping in view the thematic trends in CS (Mains) examination.
- If that is not all, the best essays shall be rewarded and published. We’ll judge the essay based upon four parameters viz. Structure of the essay, Content, Flow and Language.
- The prize details are as follows:

First Prize: 6 Months Subscription

Second Prize: 4 Months Subscription

Third Prize: 2 Months Subscription

Essay Writing Competition—56

Topic:

‘Does Indian cinema shape our popular culture or merely reflect it?’

Terms and Conditions—

1. The essay shall be of length between 1000-1200 words.
2. It should be neatly written or printed on A4 sheets.
3. Only one entry per participant is allowed.
4. Entries are to be sent by Registered/speed post only on following address: EXECUTIVE EDITOR, DRISHTI CURRENT AFFAIRS TODAY, 641, FIRST FLOOR, DR. MUKHERJEE NAGAR, DELHI-110009. Please mention ‘For Essay Competition’ in capital letters on the envelope.
5. Remember to submit your personal details on the form printed on this page after neatly tearing it off the marked pointers. Submissions without this form shall not be entertained.
6. Your essay must reach the given address before **20th December, 2020**. Entries reaching us after the given date will not be accepted.
7. Essays should be original and not plagiarized or copied except for properly quoted references. Prior published or awarded essays will not be accepted.
8. All rights related to the results of the competition are secure with ‘Drishti Current Affairs Today’. The winners shall be announced in the subsequent issue of the magazine and the winners shall be contacted by email and telephone.
9. Copyrights of the rewarded essays will lie with the magazine which may be used in any way by ‘Drishti Publications’.



Form for Essay Competition-56

(Kindly cut and attach this form along with your essay. Use original form and not photocopy.)

Name of participant: Mobile no.

Address:

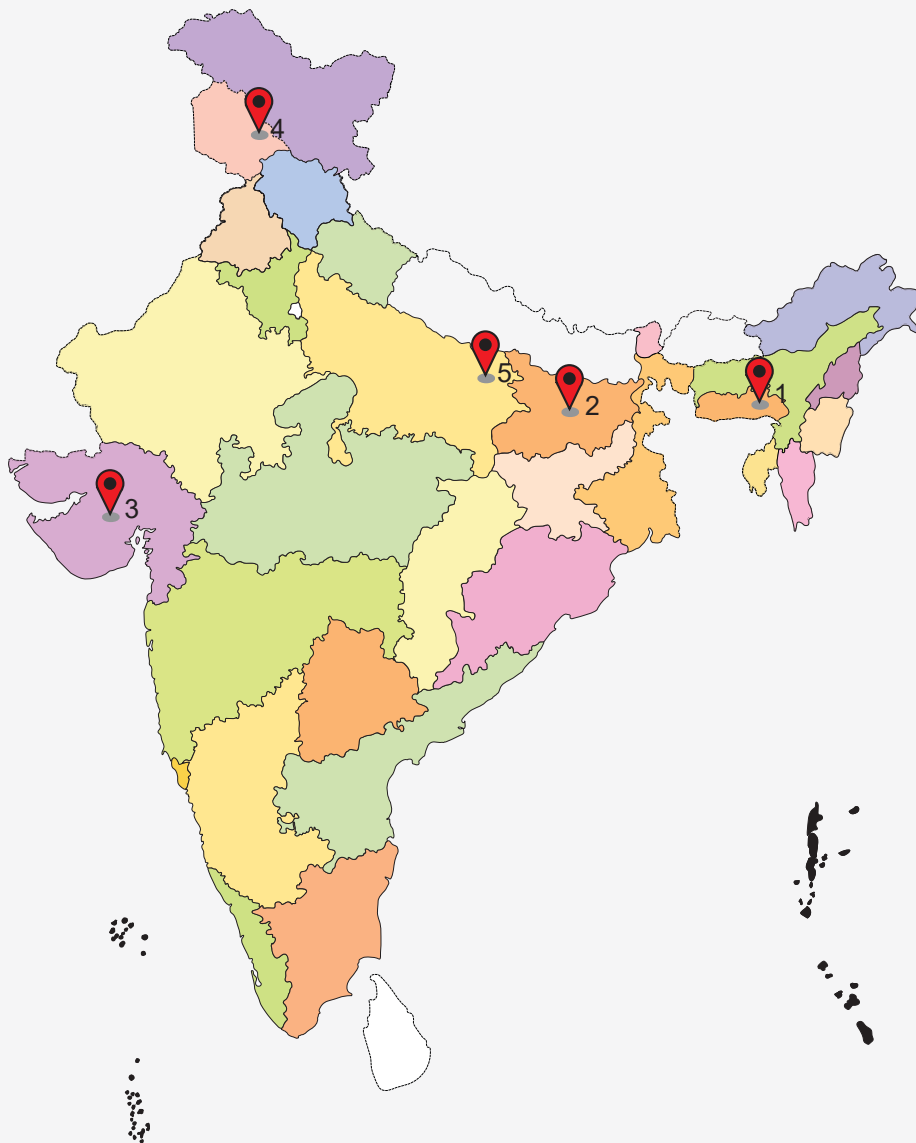
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Pin code: Email ID:



LEARNING

MAP-1



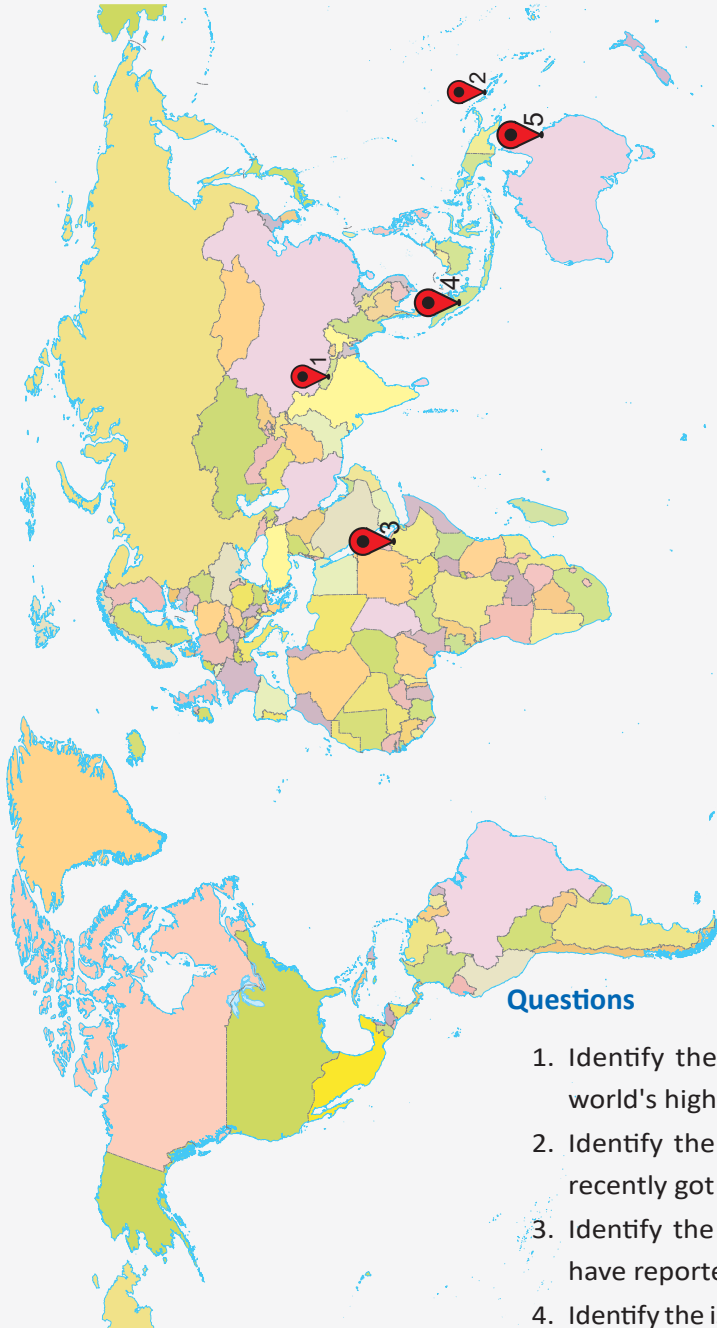
Questions

1. Identify the state where the Cherry Blossom festival is held.
2. Identify the wetland from Bihar which has recently been declared a Ramsar Site.
3. Identify the Harappan Site which is believed to be the centre of dairy production.
4. Identify the region where Asia's longest bi-directional tunnel would be built.
5. Identify the region where India's first red headed vulture care centre will be developed.

(Answers : Refer to Page No. 162)

THROUGH MAPS

MAP-2



Questions

1. Identify the lake which has been discovered as the world's highest lake.
2. Identify the newest country of the world which has recently got independence.
3. Identify the region in Ethiopia where several people have reportedly been killed.
4. Identify the island where the Leuser Ecosystem has been destroyed recently.
5. Identify the region where a mountain of coral reef taller than Eiffel Tower has been discovered.

(Answers : Refer to Page No. 162)



TO THE POINT

Designed to hit the bull's eye: Point wise, short, crisp material in an easy-to-understand format.

Integrated Farming System (IFS)

Integrated Farming has become a new attraction for cultivators of high end Saffron crop of Kashmir.

What is IFS?

- Integrated Farming System (IFS) is an interdependent, interrelated often interlocking production systems based on few crops, animals and related subsidiary enterprises in such a way that maximize the utilization of nutrients of each system and minimize the negative effect of these enterprises on the environment.
- IFS is a farming practice meant for all-round development of agriculture with animal husbandry and other occupations related to core agricultural practices. It has the capability to make the sector profitable.

IFS: Guiding Principles

- **Enhanced productivity:** The demand for food, feed, fodder and fiber is increasing. The IFS provides an excellent opportunity to increase the yield.
- **Higher income:** The IFS has the ability to reduce cost of production through recycling wastes as by-products of one enterprise become input to other enterprises.
- **Employment generation:** IFS is a labor intensive system, which creates on-farm employment and most of the labor required in the production process is contributed by the farmer and his family members.
- **Risk minimization:** A single commodity-based agriculture is more vulnerable to climatic, biotic (pests and diseases) and economic (relative prices of input and output) changes compared to IFS.
 - Adoption of IFS would help farmers escape such situations and reduce the risk involved in the crop failure.
- **Resource utilization and conservation:** The IFS leads to efficient utilization, recycling and conservation of natural resources.
- **Climate change mitigation and adaptation:** Since the industrial revolution, the concentration of greenhouse gases (GHGs) in the atmosphere has increased which are

mainly responsible for global warming and associated climate change. The IFS has an important role in reducing atmospheric CO₂ concentration because

- integration of woody perennials (trees and shrub) enhances carbon storage,
- integration of livestock provides manure which enhances carbon storage in the soil.

Challenges for Indian farmers to adopt IFS

- Adequate transport, processing and marketing facilities is a prerequisite for full realization of the economic potential of IFS involving horticulture and livestock components.
- For harnessing full benefits of IFS, the producers have to understand the management of various enterprises and their interactions, and plan to determine the best combination of enterprises which requires good management skills.
- Most of the programmes and policies implemented for agricultural development are commodity specific, i.e., targeting food grain, pulses, oilseed, milk, etc. There is a lack of programmes for promoting diversified and integrated farming systems.

Way forward

In order to widen the implementation of IFS and harness its full potential, the research, policy and practice will have to progress towards:

- Creating adequate storage, transportation and marketing facilities for agricultural products (particularly animal and horticultural products) in rural areas.
- Strengthening extension activities including periodical training of farmers and imparting of knowledge and skill for implementation of IFS.
- Continuous assessment (in terms of yield, profitability, employment, resource use efficiencies, climate change mitigation and adaptation potential) and refinement of developed IFS models in farmer participatory approach.

D C A T

TARGET MAINS

PAPER-I

Question 1. *The superiority of Indus Valley Civilization manifests in its urban planning. Discuss the statement with relevant examples of the urban sites of Indus Valley Civilisation.*

Answer: Indus Valley Civilization (around 2500 BC) spanned most of the northern Indian subcontinent that included much of modern Sindh, Gujarat, Rajasthan, Haryana, Punjab, and western UP.

Urban Planning of Indus Valley Civilization

- **Streets:** The streets were straight and cut each other at right angles. They were 13 to 34 feet wide and were well lined.
 - The streets and roads divided the city into rectangular blocks.
 - Archaeologists have discovered the lamp posts at intervals. This suggests the existence of some sort of street lights.
 - Dustbins were also provided on the streets. These prove the presence of some municipal administration.
- **Drainage System:** One of the most remarkable features of the Indus valley civilization is that the city was provided with an excellent closed drainage system.
 - Each house had its own drainage and soak pit which was connected to the public drainage.
- **The Great Bath:** The most striking feature evident from **Mohenjodaro** is the Great Bath. It consists of a large quadrangle.
 - In the centre, there is a huge swimming pool with the remains of galleries and rooms on all four sides. There were arrangements for hot water baths in some rooms.
- **Granaries:** The largest building in **Mohenjodaro** is the granary.
 - In **Harappa**, there are a series of brick platforms which formed the base for two rows of 6 granaries each.
 - In the Southern part of **Kalibangan**, brick platforms have also been found. These granaries safely stored

the grains, which were probably collected as revenue or store houses to be used in emergencies.

- **Buildings:** People of Indus valley civilization built houses and other buildings by the side of roads. They built terraced houses of burnt bricks. Every house had two or more rooms.
 - Besides residential quarters, elaborate structures have also been found.
 - They also built a dockyard at **Lothal**.

Question 2. *There is an urgent need to reach young people both for reproductive health education and services as well as to cultivate gender equity norms. Discuss.*

Answer: It is observed that there is an urgent need to reach young people both for reproductive health education and services as well as to cultivate gender equity norms.

Reasons for such a need

- Fertility has been declining in India for some time now. The Sample Registration System (SRS) Statistical Report (2018) estimated the Total Fertility Rate (TFR), the number of children a mother would have at the current pattern of fertility during her lifetime, as 2.2 in the year 2018.
- Many people believe that the population would stabilise or begin to reduce in a few years once replacement level of fertility is reached.
- The most troubling statistics in the SRS report are for sex ratio at birth.
 - Biologically normal sex ratio at birth is 1,050 males to 1,000 females or 950 females to 1,000 males.
 - The SRS reports show that sex ratio at birth in India, measured as the number of females per 1,000 males, declined marginally from 906 in 2011 to 899 in 2018.
- There is considerable son preference in all states, except possibly in Kerala and Chhattisgarh. The UNFPA State of World Population 2020 estimated the sex ratio at birth in India as 910, lower than all the countries in the world except China.

- The country's economic policies should also be attuned with the changing scenario. Eradication of poverty, attracting foreign investment, forging trade pacts are, no doubt, important. However, these need to be tweaked keeping a larger perspective and longer time horizon in mind.
- Investments towards metallic nodules, rare earth metals, thorium based nuclear energy, space science should be given their due attention.
- Above all, there has to be a revamp of the decision making mechanism so that any adversarial situation is dealt with quickly and effectively.

It has rightly been said that the wars of the 21st century may not be fought on land, air or water. India should be prepared for it.

Question 9. *The Defence Acquisition Procedure 2020 not only protects the interests of domestic manufacturers by indigenization of technology but also provides impetus to foreign investment in the country. In light of the above statement, discuss whether the DAP can make India self-reliant in defence production.*

Answer: The Defence Acquisition Procedure (DAP) 2020 focuses on foreign investment in defence manufacturing and indigenization of the manufacturing prices.

Indigenization of technology

- Reservation in Categories for Indian Vendors: Some categories like Buy (Indian Indigenously Designed Developed and Manufactured or IDDM), Production Agency in Design and Development, etc. will be exclusively reserved for Indian vendors and FDI of more than 49% is not allowed.
- Ban on Import of Certain Items: With a view to promote the domestic and indigenous industry, the Ministry of Defence will notify a list of weapons / platforms banned for import.
- Indigenisation of Imported Spares: Steps to promote manufacturing of parts in India have been taken. This includes the establishment of co-production facilities through IGAs achieving 'Import Substitution' and reducing Life Cycle Cost.
- FDI in Defence Manufacturing: Provisions have been incorporated like a new category 'Buy (Global-Manufacture in India)', to encourage foreign companies to set up manufacturing through subsidiaries in India.

- There will be no offset clause in government-to-government, single vendor and Intergovernmental Agreements (IGA).

Thus, the Defence Acquisition Procedure 2020 not only protects the interests of domestic manufacturers by indigenization of technology but also provides impetus to foreign investment in the country. It is a good step towards making India self-reliant in defence production but still a lot needs to be done.

Public expenditure on research and development in the defence sector is still meagre which is the reason India is dependent on other countries for advanced technologies. India can also consider democratising the defence sector given the fact that all the major global players in this segment are corporates and not the governments.

Paper-IV

Question 10. *What does the following quote mean to you?*

All persons ought to endeavour to follow what is right, and not what is established."

Answer: The established rules and customs are not always correct. Change is the only constant and, thus, the rules and customs also need to change with the changing or evolving circumstances. Similar was the sentiment when Aristotle said that all persons ought to endeavour to follow what is right, and not what is established.

It is probable that the first men, whether they sprung out of the earth or were first to make the rules, had very little understanding or knowledge. Their successors must have a better understanding as per the contemporary requirements. Thus, it shall be the endeavour to follow what is right depending on the circumstances.

For example, a needy old woman from a tribal hinterland is the most appropriate person to get entitlements under government schemes but she couldn't due to lack of documents. The rules may bar her from receiving the entitlements but the endeavour of the concerned civil servant shall be to help her get the documents and get enrolled in the scheme as a beneficiary. Merely following the rules won't work.

Likewise, burning of widows on husband's funeral pyre (sati) was an established norm in the medieval times but it has to change as some enlightened persons fought for what is right.

UPSC CSE MAINS ECONOMIC SCENARIO

The Mains Capsule for Economic Scenario has been prepared with the aim of revisiting the important topics from this segment that have been in news over the past one year. In the preparation for Mains exam, it is almost always a case of racing against time as the syllabus is quite vast. The smart way to cover the syllabus is to link the conventional areas of the syllabus with current developments.

In preparing this supplement we have gone through the current developments of past one year with respect to the syllabus of Economy and have curated the most important and relevant topics which have a higher probability of being asked in this year's Mains by UPSC. We have tried to organise the study material in a crisp format to enable a quick read and revision. The coverage of the topics has been done in both brief and detailed formats as per the requirement of the issue, covering most important ones holistically along with their various dimensions, critiques, way forward etc., while others have been covered keeping in mind that even if they may not be asked directly, they might help as extra feeder points to supplement and enrich your answers.

This exercise will serve you the purpose with which it has been prepared and will help you successfully tide over this most formidable but exciting phase of the UPSC exam.

All the very best!!!

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POLICIES AND INITIATIVES

The End of Coal Nationalisation in India

Recently, an ordinance amending the Mines and Minerals (Development and Regulation) Act, 1957 (MMDRA) and Coal Mines (Special Provisions) Act, 2015 (CMSP) was promulgated. With this, changes have been introduced in the coal block allocation and auctions.

Key provisions

- **Composite PL-cum-ML:** Earlier, there was no provision for grant of composite Prospecting Licence-cum-Mining Lease (PL-cum-ML) in respect of coal. A coal block could be either allocated for PL or for ML. The amendment has enabled the allocation of coal blocks for composite PL-cum-ML. Coal blocks with different grades and in a wide geographical distribution will now be available for allocation.
- **Eligible Companies:** The amendments provide for any company selected through auction/allotment to carry on coal mining operation for own consumption, sale or for any other purposes, as may be specified by the Central Govt. It will allow wider participation and competition in auction.
- **FDI:** With the new eligibility provisions, companies which do not possess any prior coal mining experience in India but are financially strong and or have mining experience in other minerals or in other countries can now participate in auction of coal/lignite blocks. This would also allow the implementation of the 100% FDI through the automatic route for sale of coal.
- **End Use:** The amendment has provided flexibility to the Central government in deciding the end use of coal mines. This would allow wider participation in auction coal mines, for a variety of purposes such as own consumption, sale or for any other purpose, as may be specified by the Central government.
- **Reallocation and Compensation:** There was no provision related to subsequent allocation of coal mines upon termination of allocations as well as the rights and liabilities of the allottee, whose allocation has been terminated. The amendments provide for

allocation of the coal mine to the next successful bidder or allottee, subsequent to termination of its allocation. It also provides for compensation to the allottee whose allocation has been terminated.

- **Designated Custodian:** Earlier, there was no provision for appointment of designated custodian for the management of mines under production whose vesting/allotment order has been cancelled. The amendment provides for appointment of custodian to have effective management over mines after their termination, which have come under production.
- **Previous Approval:** The provision requiring previous repetitive approval of the Central government even in cases where the allocation or reservation of coal/lignite block was made by the Central government itself has been done away with. This would significantly reduce the time taken for operationalisation of coal/lignite mines.
- **Start of Mining Operations:** To start the mining operations, the new lessee had to obtain a multitude of approvals from different Central Ministries and the State Government. In normal course, it delayed the commencement of mining operations. With the amendment to MMDR Act, the successful bidders of the mining leases deemed to have acquired all valid rights and approvals for a period of two years and can start mining operation without loss of time.

Impetus for the amendments

- **Import Bill:** Import of coal has been on the rise despite India having a good amount of coal reserves. Coal imports in 2018-19 were 235 million tonnes (₹1.71 lakh crore), of which 130 million tonnes were substitutable in nature. This means that similar quality of coal in terms of calorific value was available in India is itself.
- **State Monopoly:** India has been dependent on public sector monopoly which is alleged to be plagued by bottlenecks and inefficiency. Currently, Coal India and Singareni Collieries account for more than 90% of India's coal production.

- It is being implemented by the Indian Highways Management Company Limited (IHMCL) and the National Payments Corporation of India (NPCI) in coordination with Toll Plaza Concessionaires, tag issuing agencies and banks.

Benefits of FASTag?

- **Environmental:** Due to delays caused by slow movement of traffic and congestion at toll plazas additional fuel is consumed by the vehicles. With FASTag, not only the wastage of fuel will be checked but also the consequent air pollution will be reduced. The use of paper, common in conventional mode of toll payments, will also reduce.
- **Social:** The conventional mode of toll payment is full of hassles like long queues, need of cash etc. FASTag will reduce the toll payment hassles. It will also provide analytics for better highway management.
- **Economic:** The heavy traffic and congestion at toll plazas causes delays resulting in losses to the overall economy. By means of bribery and corruption, transaction in cash also leads to **revenue leakages** and thus causes loss to the exchequer.
- **Policy Formulation:** The centralised system of FASTag provides authentic and real-time data to government agencies for better analysis and policy formulation.
- **Monitoring:** FASTag will help revenue authorities to check whether goods vehicles are actually headed to the specified destination. Suppliers and transporters will be able to keep track of their vehicles through SMS alerts generated at each toll plaza.

Issues involved?

- **Track and Trace:** FASTag is projected as the 'Aadhaar' identification for vehicles. The tracking of vehicles by the authorities can amount to breach of right to privacy.

- **Data Protection:** One has to provide personal information (such as KYC documents, photographs, and mobile number) to obtain a FASTag. The toll booths also take photographs of the vehicles and drivers passing through it. There is no stated mechanism to protect these personal data.
- **Technological Troubles:** There have been complaints by users that the tag-reader is often not able to read the tag and the SMS alert often comes late.
- **Awareness:** A large section of the populace are not technically sound and lack awareness. Attainment of 100% financial inclusion is still elusive. Combined with widespread financial illiteracy, this will create hurdles for the masses to use highways.

Way forward

- **Data Protection:** The information related to FASTag needs to be strongly protected by all the stakeholders. In this regard the Data Protection Bill needs to be enacted at the earliest.
- **Technology:** The successful operation of FASTag depends on the seamless Internet connectivity. It needs to be ensured that the tag-reader is functional at all times.
- **Awareness Generation:** The government needs to create awareness among the people regarding the technicalities of FASTag.
- **State Highways:** Under **One Nation One FASTag** scheme NHAI is trying to get States on board to use one tag seamlessly across all highways. Recently, Karnataka, Andhra Pradesh and Haryana have signed MoUs with the Centre to accept FASTags in state highways. This needs to be expedited.

RULINGS AND REPORTS

SC Ruling on Cryptocurrency

Recently, the Supreme Court (SC) quashed the 2018 circular of the Reserve Bank of India (RBI) that prevented banks and institutions from dealing in virtual currencies (cryptocurrencies) and providing services to those engaged in trading in such currencies.

Key points

- The Central Bank had contended that allowing cryptocurrency (like bitcoin and ethereum) can compromise the integrity of the banking system. The verdict would allow companies in the sector to use the banking platform to **trade and transact in cryptocurrency**.

Technology that Underpins Fintech

Data-focused Technologies

- Analytics
- Artificial Intelligence and Machine Learning
- Sensor-based Technologies
- Biometrics

Front-End interface

- Intuitive User Interface
- Gamification
- Augmented and Virtual Reality

Operational Excellence

- Robotic Process Automation
- Chatbots
- Distributed ledger Technology (DLT)

Infrastructural Enablers

- Platformification
- Cloud
- Open APIs



- **Fintech for cybersecurity:** The usage of fintech to bolster cybersecurity, fraud control and money laundering. Also, the fintech firm specialising in this field should be encouraged to set up their businesses in India and provided necessary regulatory approvals for expanding their services in the country.
- **Expanding agricultural credit guarantee schemes:** Those NBFCs who have made significant progress in leveraging Fintech to increase their outreach, may be incentivised to work in the agricultural space by including them in credit guarantee schemes.
- **Reforming P2P markets and creating a marketplace model for debt financing:** The Government should develop a marketplace model of debt financing in India by reforming the present model of P2P lending platforms.
- **Reformed KYC process in the light of the recent Supreme Court judgement on Aadhaar:** Various options, including the possibility of video-based KYC, documents verification through DigiLocker, etc. may be considered.

General policy, technology and databases related measures

- **Dedicated innovation teams in Public Sector Financial Services companies:** They should establish innovation teams and sandboxes with bright talent (from inside and outside the PSEs) to experiment with cutting edge technology and evolve promising fintech solutions.
- **Artificial Intelligence for back-end processes:** To harness opportunities that exist to increase the levels of automation using Artificial Intelligence (AI), cognitive analytics and machine learning in back-end processes of PSU banks, especially risk management, compliance management and fraud control.
- **Expanding open government data:** National Data Sharing and Accessibility Policy needs wider acceptance and implementation, making way for sharing of data generated by state entities in real-time through Open APIs.
- **Competitive 'neutrality' in regulation:** Regulators should approach fintech keeping in view the principle of 'competitive neutrality' with a view to enhancing competition while making regulations.

- **Regulatory Sandboxes:** Regulators should introduce mechanisms, such as regulatory sandboxes and laboratories, that enable learning and adaptation of regulatory responses which can play an important role, without further delay, in order to maintain India's competitive edge.
- **Consumer Protection framework:** A legal framework for consumer protection should be put

in place early, keeping in mind the rise of fintech and digital services.

- **Regulation Technology (RegTech):** The financial sector regulators (RBI, SEBI, IRDAI, and PFRDA) must develop standards and use-cases for RegTech by financial sector service providers to make compliance with regulations easier, quicker and more automated for regulated entities.

FISCAL SITUATION

Committee to Review

Fiscal Consolidation Roadmap

Recently, the 15th Finance Commission constituted an 8 member committee to review the fiscal consolidation roadmap. The Committee will be chaired by the Chairman of 15th Finance Commission NK Singh.

Terms of reference

- The Committee will make recommendations on the **definition of deficit and debt** for the General Government (Centre, state, and local), and Public Sector Enterprises (PSEs) by considering all explicit and measurable liabilities of the sovereign and by bringing consistency between the definition of debt and deficit.
- The Committee shall also **lay down the principles for arriving at the debt of the general government** and consolidated public sector with appropriate netting to avoid double-counting.
- It will **define contingent liabilities**, provide quantifiable measures of such liabilities, wherever possible, and specify conditions under which contingent liabilities become **explicit liabilities** of the public sector.
- Based on the above definition, the Committee will review the current status of deficit and debt at different levels.
- The Committee will also **recommend a debt and fiscal consolidation roadmap** for Financial Year 2021-25 for the General Government and attempt building up scenarios for PSEs.

What is fiscal consolidation?

- Reduction in the fiscal deficit of a government indicating improved fiscal health of the economy is termed as fiscal consolidation.
- It can be done through various means like cutting down subsidies, stopping leakages in subsidies, reforming tax structures, improving the performance of PSUs, recovering black money, etc.
- Thus, improved tax revenue realization and better-aligned expenditure are major components of fiscal consolidation.
- In India, the Fiscal Responsibility and Budget Management (FRBM) Act provided the fiscal roadmap for the centre that gave revenue and fiscal deficit targets (3% of GDP) for fiscal consolidation in India.
- The government has envisaged the following measures to achieve fiscal consolidation:
 - To realize improved tax revenue, increasing efficiency of tax administration by reducing tax avoidance, eliminating tax evasion, enhancing tax compliance etc. are to be done.
 - Widening the tax base to enhance tax GDP ratio and minimizing tax concessions and exemptions also help in improving tax revenues.
 - Better targeting of Government subsidies by extending Direct Benefit Transfer for more subsidies.

Fiscal consolidation in India

- In 2003, the Parliament enacted the **Fiscal Responsibility and Budget Management (FRBM) Act**

rate of banks under the current Marginal Cost of Funds based Lending Rate (MCLR) framework was not satisfactory.

Concerns

- For banks, mandating external benchmarking of lending rates could lead to **interest rate risks**. As external benchmarking will sever the link between bank deposit and lending rates, banks interest margins may come under pressure in a scenario where interest rates are falling, as lending rates will fall faster than deposit rates.
- The new framework may also lead to banks wanting to link their deposit rates to an external benchmark. This may not be in favour of depositors as they may prefer the option of having fixed rates.

Why banks have not been able to transmit rates?

- Unfavourable liquidity conditions have been a key reason for weak transmission. If a bank is facing a liquidity crunch it is unlikely that it will lower deposit rates, even when the RBI reduces its policy rate.
- The Indian banking system is struggling with high non-performing assets and intends to protect margins. In a competitive environment, with a reduction in the cost of funds, banks should reduce rates to attract borrowers and expand their balance sheets.
- Poor transmission reflects friction and inefficiency in the system. Also, a higher fiscal deficit and a large borrowing by the Government affect the transmission of policy rates.

AGRICULTURE SECTOR

MK Jain Committee on Farm Loans

The MK Jain Committee appointed by the Reserve Bank of India to address gaps in credit delivery to the agriculture sector has submitted its report.

Key recommendations

- **Credit Guarantee Fund:** Underscoring that there is no guarantee scheme available to banks to cover the default risk of borrowers, the committee suggested that the Government of India, in partnership with State Governments, should set up a credit guarantee fund for the agriculture sector.
- **Federal Institution:** In order to consult States and build consensus among them over reforms related to agriculture, the committee recommended a federal institution on the lines of GST Council, established on the principle of cooperative federalism, having representation from both Central as well as State Governments.
- **Loans for Small and Marginal Farmers (SMFs):** The committee sought enhancement in the sub-target for SMFs from the existing 8% of adjusted net bank credit to 10% with a roadmap of two years. SMFs account for more than half of the total agricultural

output at the national level and hold a major share in the high-value crop production.

- **Farm-loan Waivers:** The committee suggested that the Central and State Governments should undertake a holistic review of the agricultural policies and their implementation, as well as evaluate the effectiveness of current subsidy policies with regard to Agri inputs and credit, in a manner which will improve the overall viability of agriculture in a sustainable manner. In view of this, loan waivers should be avoided.
- **Priority Sector Lending (PSL):** Banks should be allowed to give consumption loans to farmers up to a sanctioned limit of ₹1 lakh under PSL, provided they are able to obtain collateral security and are satisfied with their repayment capacity based on the cash flows of the borrowers. However, such loans will not classify for PSL-Agri.
- **Interest Subvention:** Interest subvention scheme should be replaced with direct benefit transfer to targeted beneficiaries such as SMFs, tenant farmers, sharecroppers, landless labourers as individual borrowers or through self-help group/joint liability group model, with an overall limit of ₹3 lakh per individual farmer.

They also face **challenges in marketing their products** due to lack of economic strength.

- FPOs help in the **collectivization of such small, marginal and landless farmers** in order to give them the collective strength to deal with such issues.

Farmer Producer Organisation (FPO)

- FPO is a **legal entity** formed by the farmers. An FPO can be a producer company, a cooperative society or any other legal form which **provides for sharing of profits/benefits among the members**.
- The **ownership of the FPO is with its members**. It is an organization of the producers, by the producers and for the producers.
- Members of the FPO **manage their activities together** in the organization to get better access to technology, input, finance and market for faster enhancement of their income.
- NABARD, Small Farmers' Agribusiness Consortium (SFAC), Government Departments, corporates and domestic & international aid agencies provide financial and technical support for promotion and hand-holding of the PO.

Challenges faced by FPOs

- **Inadequate Professional Management:** FPOs are required to be efficiently managed by experienced, trained and professionally qualified CEOs under the supervision and control of democratically-elected Boards of Directors.

- However, such trained manpower is presently not available in the rural space to manage FPO business professionally.
- **Weak Finances:** FPOs are mostly represented by small and medium farmers with poor resource base and hence, initially they are not financially strong enough to deliver vibrant products and services to their members and build confidence.
 - Lack of access to affordable credit for want of collaterals and credit history is one of the major constraints the FPOs are facing today.
- **Inadequate Access to Market:** Marketing of produce at remunerative prices is the most critical requirement for the success of FPOs. The cultivators lose through the complex gamut of market processes in the input and output prices.
- **Inadequate Access to Infrastructure:** FPOs have inadequate access to the basic infrastructure required for aggregation like transport facilities, storage, value addition (cleaning, grading, sorting, etc.) and processing, brand building and marketing.
 - Further, in most of the commercial farming models, the primary producers are generally excluded from the value chain.
- **Lack of Technical Skills:** Among FPOs, there is a lack of legal and technical knowledge about various Acts and Regulations related to the formation of FPOs and statutory compliances.

INFRASTRUCTURE SECTOR

Privatisation in Railways

Indian Railways is planning to rope in private players to run trains that would provide world-class facilities.

Key points

- The Indian Railway Catering and Tourism Corp. Ltd (IRCTC) recently launched the state-of-art high speed Tejas Express for its first run from Lucknow-New Delhi. Its service performance will help railways prepare the blueprint for more such offerings. The

Ministry of Railways has also constituted a Committee under **Amitabh Kant** (NITI Aayog CEO) to work on the development of 50 railway stations and handing over operations of trains to private operators.

- Over the next few years, as many as 150 trains will be run by private operators offering world-class technology and services.
- These private operators will be identified through a bid process and will run trains connecting key routes and cities. The trains will ply on routes allocated by Indian Railways on payment of certain fees.

- The task force also recommended policy directions ranging from tapping overseas investors more aggressively and monetisation of existing railway, power and highway projects to raise money, which can then be redeployed for creating fresh infrastructure.
- NIP is expected to enable a forward outlook on infrastructure projects which will **create jobs**, improve **ease of living**, and provide **equitable access to infrastructure** for all, thereby **making growth more inclusive**.

Challenges

- **Private funding:** The NIP envisages 22% stake of the private sector. There are chances that the target set for the private sector might not be realised. As the banks and corporates are battling twin balance sheet problem, it would be difficult for the private sector to make new investments.
- **States' participation:** The failure to meet GST collection targets has resulted in delaying of transfer of GST compensation to the states, thus affecting the balance sheet of the state governments. The

states are left with limited financial resources to contribute their part of the share.

- **Delays:** Project delays, due to land acquisition or controversies over pricing, have always been a major issue with large infrastructure projects resulting in cost overrun and losses. The NIP is likely to materially underperform unless there is a sharp focus on prioritisation, clearance, financing and delivery of projects.

Way forward

- Currently, 42% of the NIP consists of projects already under implementation. Assessing why past projects did not work out is important, before embarking on new ones.
- Given the limitations of the private sector and states, there is a need to tap new sources of investment. The monetisation of existing railways and power project is an initiative in a good direction. The long-pending task of expanding India's nascent bond market through wider retail and institutional participation is also a must.

MULTILATERAL TRADE SYSTEMS

India Opts out of RCEP

At the 16th India-ASEAN Summit in Bangkok, India announced that it is dropping out of the Regional Comprehensive Economic Partnership (RCEP) agreement citing its negative effects over India.

What is RCEP?

- RCEP is a free trade agreement that was negotiated between 16 countries. These included the 10 Association of Southeast Asian Nations (ASEAN) members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and the six countries with which ASEAN has Free Trade Agreements (FTAs) - India, Australia, China, South Korea, Japan, and New Zealand.
- The purpose of the agreement is to create an integrated market spanning all these countries. This

means that it would be easier for the products and services of each of these countries to be available across the entire region.

- The RCEP is billed to be the largest regional trading agreement - the countries involved account for almost **50% of the world's population**, contribute over a **25% of world exports**, and makeup around **30% of the global Gross Domestic Product**.
- On 15 November 2020, Ministers from all the RCEP participating countries, **except India**, signed the Agreement.

Why did India decide to opt-out?

- **Trade Deficit:** Free trade pacts have mostly hurt India's trade position. India registered a bilateral trade deficit **with 11 of 15 RCEP participating countries** in 2018-19. It was expected that these deficits would increase if India joined the RCEP.

- On the positive side, India, which has three pending cases before the Appellate Body, need not have to worry about an adverse ruling anytime soon. The cases involve India's export promotion programme, safeguards against the import of Japanese steel, etc.
- On the negative side, several disputes whose resolution would have benefitted India have been left in limbo. For example, India had raised a case against the allegedly illegal measures adopted by the USA in the renewable sector.
- India has also filed complaints against the US for its steel and aluminium tariffs, and fee hikes for non-immigrant visas, including the H-1B.
- The WTO agreements cover **goods** (General Agreement on Tariffs and Trade, **GATT**), **services** (General Agreement on Trade in Services, **GATS**) and **intellectual property** (Trade-Related Aspects of Intellectual Property Rights, **TRIPS**).
- With its **164 members**, WTO accounts for about 95% of world trade.
- The WTO Secretariat is based in **Geneva** and is headed by a **Director-General**. **Roberto Azevêdo** is the current Director-General of WTO.

Dispute Settlement at the WTO

Background

- The World Trade Organisation (WTO) is a global international organisation dealing with the rules of trade between nations. Its goal is to ensure that global trade flows as smoothly, predictably and freely as possible.
- WTO came into being in 1995 as the **successor to the General Agreement on Tariffs and Trade (GATT)** which was established in the wake of the Second World War.
- The WTO's top-level decision-making body is the **Ministerial Conference** which meets at least once every two years. Below this, is the **General Council** (normally ambassadors, heads of delegations and officials sent from members' capitals).
- WTO's agreements, negotiated and signed by its member countries, are the legal ground-rules for international commerce. The WTO's agreements have to be ratified in all the members' parliaments.
- WTO's dispute settlement procedures, often called the "crown jewel" of the body, allow the member states to seek action against other members for violating WTO rules.
- Settling disputes is the responsibility of the Dispute Settlement Body which consists of all WTO members. It has the sole authority to establish panels of experts to consider the case and to accept or reject the panels' findings or the results of an appeal.
- Dispute settlement begins with consultations to give the involved parties the opportunity to resolve the dispute themselves.
- If consultations fail, the complainant can seek the establishment of a panel, which will receive submissions from both parties and submit a report of its findings.
- Here's where the Appellate Body (AB) comes into play. If a panel report is appealed by any involved party, AB hears appeals and then makes the final and binding decision in disputes.

CONCEPTS IN NEWS

Universal Basic Income

Many advocate the Universal **Basic Income (UBI)** programme to be a solution to deal with the **economic inequality, unemployment and poverty** created by the COVID-19 pandemic,

Key points

- Regular payment through **Universal Basic Income (UBI)** can ensure the sustenance of the workers

engaged in the informal sector, at least till the economy normalises. Countries across the world, which include **Kenya, Brazil, Finland, and Switzerland**, have bought into this concept.

- The **Economic Survey of India 2016-17** has advocated the concept of **Universal Basic Income (UBI)** as an alternative to the various social welfare schemes in **an effort to reduce poverty**.

- Idea behind the Universal Basic Income is that every person should have a **right to a basic income to cover his needs, just by virtue of being a citizen.**
- **UBI has five components**
 - **Universality:** It is universal in nature.
 - **Periodic:** Payments at periodic regular intervals (not one-off grants)
 - **Payments to individuals**
 - **Payments in cash** (not food vouchers or service coupons).
 - **Unconditionality:** There are no preconditions attached with the cash transferred to the beneficiary.

Benefits

- UBI will provide secured income to individuals.
- The scheme **will reduce poverty and income inequality** in society.
- It will **increase the purchasing power** of every poor which will further increase aggregate demand.
- It will reduce the wastage of government money because its implementation is very simple.

Challenges

- **Lack of the political will** because of the **costs involved.**
- The fiscal cost of a UBI pegged at ₹7,620, at 75% universality, was 4.9% of the GDP.
- **Difficulty in reducing some of the existing subsidies** to balance the resultant deficit.
- There is no guarantee that the given cash will be spent on productive activities, health & education, etc. It may be spent on tobacco, alcohol, drugs, and other luxury goods etc.
- Free cash to the people will **increase the rate of inflation** in the economy.
- Workers **can refuse to work as a labourer or demand higher wages** which can increase the cost of production of agricultural goods.

Way forward

- The 2017 Economic Survey had flagged the UBI scheme as “a conceptually appealing idea” and a

possible alternative to social welfare programmes targeted at reducing poverty.

- If universal basic income ever had a time, it is now. It can be implemented to deal with the unemployment, income inequality and poverty posed by Covid-19 pandemic.

Gig Economy

Recently, Delhi has emerged as the top destination for migrant workers joining India’s tech-enabled gig economy.

Key points

- The gig economy is “a labour market characterised by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs”.
- An estimated 56% of new employment in India is being generated by the gig economy companies across both the blue-collar and white-collar workforce.
- The reasons for this exponential growth are:
 - In the digital age, the worker need not sit at a fixed location - the job can be done from anywhere, so employers can select the best talent available for a project without being bound by geography.
 - The millennial generation seems to have quite a different attitude to careers. They seek to do work that they want to do rather than have careers that may not satisfy their inner urges.
 - This suits businesses as well. In a gig economy, they save resources in terms of benefits like provident fund, paid leave and office space.
 - Heightened migration and readily available job training.

Challenges

- The gig economy thrives largely unregulated, therefore workers have little job security and few benefits. But, with the tech companies coming in, there is data available, making it a possibility to enable job security.
- A worker needs to be skilled enough. Unless a person is extremely talented, his bargaining power will necessarily be limited.

1. What is meant by 'gig economy'? Discuss its potential and challenges with respect to India.

Ans: Gig economy: It is a temporary work system based on a short-term relationship between workers and companies. Workers perform "gigs," in which they are employed for a specific task or time. This is done to achieve advantage of cost, quality, and flexibility. Once the task is complete, the worker is free to move on.

The concept of work is changing. Gig economy (open talent economy) has emerged as one of the most important and rising trends. Also called the "flex economy" or "mobile economy," it reflects the cultural change brought by a new generation of workers, especially millennials.

Potential and Challenges

- With the advent of start-ups there is a rise in gig economy and in India 70% corporates have used gig workers at least once for major organisational issues in 2018, according to a report. It is projected that globally gig workers will comprise half the workforce by 2020, and as much as 80 percent by 2030. The rise and advancement of technology has given people more options in the kinds of work they can do and it is rising. More and more people are opting for it as a matter of choice over a regular 9-5 job.
- There are practical challenges for a country like India—the traditional mindset, lack of networking platforms, a large variance in billing rates and a feeling of isolation. Companies struggle to retain their corporate culture and staff lack in team spirit when workers are temporary. Geographic flexibility means you have competition from across the world which complicates availability of works.
- A gig-economy self-employed individual doesn't have certain basic rights such as employee benefits, social security or pension like the organised sector employees. There is a regulation vacuum here which is needed for those not being given employment status.

2. What is peer to peer (P2P) lending? Elucidate the risks and opportunities in P2P lending.

Ans: P2P lending is a popular type of crowdfunding, whereby an internet platform collects small amounts of funds from individuals in a crowd to finance collectively a larger loan to individuals or businesses. P2P lending is also known as social lending and has been in existence since 2005.

Benefits of P2P lending

- **Accessibility:** P2P lending establishes a direct connection between a lender and a borrower using a web platform. The website sets the rate of interest and terms and facilitates the transaction.
- **Lower administration cost and enhanced efficiency:** P2P loans are provided at much less costs and rate of interest as compared to bank loans. Also, the time taken in processing of loan application is much shorter as the whole process of verification is done electronically.
- **Transparency:** The P2P lending process is transparent as no human interface is required in the process, hence eliminating corruption.
- **No mandatory collateral:** Corporate borrowers have the ability to obtain P2P-loans without providing collateral.

Risks associated with P2P lending

- **Lack of legal disclosure of risks for lenders:** Due to lack of disclosure standards, lenders are unaware of the market risks associated with the P2P lending.
- **No uniform standards to calculate profit returns:** Because national laws and regulators have not formulated a common standard for measuring the performance of P2P-loan investments, the profit returns vary from platform to platform.
- **Lack of disclosure about platforms and borrowers:** There are no disclosure standards for information about borrowers or platforms' credit assessment methods.
- **Lack of transparency regarding credit assessment:** Borrowers may not know what kind of data their platforms are using and how credit ratings are calculated.
- **Lack of central regulation:** Often the countries do not have dedicated laws related to the P2P lending which could pave the way for these platforms to be used for illegal activities like money laundering, etc.

Web-based financial intermediation on a peer-to-peer basis will eventually prevail as an economically superior form of the organisation compared to the traditional banking business model. A uniform and dedicated regulation for crowdfunding through P2P is needed to provide financial service platforms and their users with the necessary legal confidence and certainty to expand their activities freely.

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