



Monthly Editorial Consolidation



1st April to 30th April 2022

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Opportunities to Women Entrepreneurs

This editorial is based on “*Women Entrepreneurs must Join the Startup Utsav*” which was published in Hindustan Times on 30/03/2022. It talks about the initiatives for women entrepreneurs in India and the challenges faced by them.

Tags: Social Justice, GS Paper 2, Government Policies & Interventions, Issues Related to Women, Gender, GS Paper 3, Employment, Growth & Development

In this nation of a million possibilities and huge talent, the focus is shifting to **start-ups** and job creation from grabbing jobs. The phenomenal **growth of unicorns in India, led by young entrepreneurs**, is inspiring thousands of aspirational startups in the country.

However, entrepreneurship is **often seen as a male preserve**, with women given the cold shoulder.

For India to become a \$5 trillion economy, **entrepreneurship by women must play a bigger role in its economic development**. India's gender balance is among the lowest in the world and improving it is **important not just for gender equality, but the entire economy**.

What is the Scenario of Startups in India?

- After the United States (US) and China, India has emerged as **the world's third largest startup ecosystem**
- In 2021, India **added three unicorns** (startup firms valuing more than \$1 billion) **per month**, bringing the total to **51**, ahead of the United Kingdom (32) and Germany (32).
 - Five among those 51 unicorns in India are led by women.
- Data under MSME has shown that women have shown a surge in startups in the **domain of fashion, textiles, and homemade accessories**.

Why Should More Women Entrepreneurs Join the Startup Rally?

- **Growth in Market Capitalisation:** India is **predicted to remain the fastest-growing economy** in the years to come and India's **market capitalisation is growing even faster** than its nominal **Gross Domestic Product**.
 - Market segments such as **consumer durables to textiles, food to footwear, agro-products to automobiles**, all are **expected to have double-digit growth** as the economic recovery is gaining momentum.
- **More Ideas and Mentorships Available:** Given the market demand, startups need **three basic ingredients:**

Idea, mentorship and finance. All three of them are available like never before to aspiring women entrepreneurs in India.

- Most of the **colleges are offering mentorship programmes to women** to encourage startup ideas by female graduates.
- Incubation and acceleration support is available through the **Women Entrepreneurship Programme (WEP)** offered by **NITI Aayog**.
- Special category benefits are available under the **Pradhan Mantri Employment Generation (PMEG) programme** of the Ministry of Small and Medium Enterprises (MSME).
- **Opportunities for Financial Inclusivity:** The Government of India and many state governments are running schemes to improve financial inclusivity for women. **Pradhan Mantri Mudra Yojana** is one such high-potential scheme for women because it **offers collateral free loans**.
 - The **Dena Shakti Scheme** provides loans up to ₹20 lakh for women entrepreneurs in **agriculture, manufacturing, micro-credit, retail stores, or small enterprises**.
 - The scheme also provides a **concession of 0.25%** on the rate of interest.
 - The Government of India also launched the **Stand Up India Scheme** to **leverage the institutional credit structure to reach out to the underserved sector** of people such as SCs, STs and **Women Entrepreneurs**.
 - **Stree Shakti Yojana** and **Orient Mahila Vikas Yojana** support women who have **majority of ownership** in the business.
 - Women who want to enrol themselves in **catering business** can attain loan via the **Annapurna Yojana**.

What Challenges do Women Entrepreneurs Face?

- **Lack of Female Mentors:** With fewer female business founders, the pool of **women who can mentor and advise fellow entrepreneurs** is consequently smaller.
 - One of the major barriers to women-owned-startups is the lack of role models for women which makes it **harder for enterprising women to learn from their peers** and tap the help of those who have 'been there, done that'.
 - It is also **harder for women to maximise the value of a business network**, because networking has traditionally been done in male-centric groups and organisations.

- **Biological Aspects Assessing Cerebral Capacities:** One long-standing perception has been that **men are wired to be more logical (hence more fit for risky ventures)** while women are more likely to be empathetic (hence, **fit for only a certain set of professions**).
 - The argument makes little sense when it is used to bar women from entering certain fields based on average estimates drawn from psychological observations.
- **Patriarchal Construct and Familial Constraints:** Even though a lot of women have the potential as well as ambition to make it to the top in arenas that are usually **dictated by a stark male presence**, they are often denied their dreams by the patriarchal construct of society.
 - When a woman says she wants to do business, the public, relatives and even parents say it's **not her field**. If she wants to do something, she can take up a job but **business is considered inappropriate for women to do**.
- **Raising Finance & Management:** Another lamentable difficulty is in raising finance and its management, because in most cases, women are **not considered credit-worthy**.
 - **Venture capitalists, angel investors** and bankers **do not usually trust them to repay their loans**.
 - Even if they get finance, women from a middle-class background find few avenues to turn to for its management, though they have been doing it so well on their own for years without knowing it.
 - When it comes to **managing finances** for their businesses, they seem to be **less confident and most of the time they rely on others**.

How can Women

Participation in Startups be Increased?

- **Increasing Risk Appetite:** Since women have several financial options to avail from, **it needs increased risk appetite in India's women** before they leave behind men in the startup race.
 - Women in India should grab the golden opportunities arising out of this **Unicorn 'utsav'** to start their own business and lead the journey towards Atmanirbhar Bharat.
 - It's time for society, financial institutions, angel investors and the government to understand that the **country cannot foster sustainable progress without the participation of women**, who can catalyse economic growth.

- **Bringing Women to Leadership:** The key drivers of women entrepreneurship are investment in infrastructure and education, which predict a higher proportion of businesses started by women in India.
 - Efforts like **better education and health, reducing wage differentials** encourage more effort and result in better career-advancement practices, thus promoting talented women into leadership and managerial roles.
- **Women Role Models for Women: Higher female ownership of local businesses** in related industries predict greater relative female entry rates.
 - **Existing women entrepreneurs shall actively reach out** to other aspiring female entrepreneurs, if not far than within their own industries or fields of work and provide them guidance.
 - Organising **seminars or workshops specifically for women** aspiring to be the owners of local businesses is one of the fruitful ways to do it.
- **Encouraging Women Investors:** A majority of investor groups are composed of and are led by men, and investment committees are mostly male-dominated. **Only 2% of the angel investors are women**.
 - To overcome such unconscious biases, at least one or **more women investors shall be included in the investment group**.
 - If there is a **diversity of gender** in the decision-making group, there is a **likelihood that women seekers of funds will get a fairer hearing** and possibly receive more favourable decisions.



Sri Lanka's Economic Crisis

This editorial is based on "Explaining Sri Lanka's economic crisis" which was published in The Hindu on 31/03/2022. It talks about the causes of the economic crisis in Sri Lanka and India's role as the country's immediate neighbour.

Tags: International Relations, GS-2, Effect of Policies & Politics of Countries on India's Interests, India and its Neighbourhood

The **Sri Lankan economy** has been facing a crisis owing to a serious **Balance of Payments (BoP)** problem. Its **foreign exchange reserves** are depleting rapidly and it is becoming increasingly **difficult for the country to import essential consumption goods**.

The current Sri Lankan economic crisis is the product of the **historical imbalances in the economic structure**, the **International Monetary Fund (IMF)'s loan-related conditionalities** and the misguided policies of authoritarian rulers.

Why is Sri Lanka Suffering from Crisis?

- **Background:** When Sri Lanka emerged from a **26-year long civil war in 2009**, its post-war GDP growth was reasonably high at 8-9% per annum till 2012.
 - However, its average **GDP growth rate almost halved after 2013** as **global commodity prices fell, exports slowed down** and **imports rose**.
 - Sri Lanka's budget deficits were high during the war and the **global financial crisis of 2008** drained its forex reserves which led to the country borrowing a **loan of \$2.6 billion loan from the IMF** in 2009.
 - It again approached the IMF in 2016 for **another US\$1.5 billion loan**, however the **conditionalities of the IMF** further deteriorated Sri Lanka's economic health.
- **Recent Economic Shocks:** The **Easter bomb blasts of April 2019** in churches in Colombo resulting in 253 casualties, consequently, **dropped the number of tourists sharply** leading to a decline in foreign exchange reserves.
 - The newly led government by Gotabaya Rajapaksa in 2019 **promised lower tax rates and wide-ranging SoPs for farmers** during their campaign.
 - The **quick implementation of these ill-advised promises** further exacerbated the problem.
 - The **Covid-19 pandemic in 2020** made the bad situation worse -
 - Exports of tea, rubber, spices and garments suffered.
 - Tourism arrivals and revenues fell further
 - Due to a rise in government expenditures, the **fiscal deficit** exceeded 10% in 2020-21, and the **debt to GDP ratio rose from 94% in 2019 to 119%** in 2021.
- **Sri Lanka's Fertiliser Ban:** In 2021, all fertiliser imports were completely banned and it was declared that Sri Lanka would **become a 100% organic farming nation overnight**.
 - This overnight shift to organic fertilisers heavily impacted food production.
 - Consequently, the Sri Lankan President declared an **economic emergency to contain rising food prices**, a depreciating currency, and rapidly depleting forex reserves.
- The lack of foreign currency, coupled with the disastrous overnight ban on chemical fertilisers and pesticides, has sent food prices soaring. **Inflation is currently over 15% and is forecast to average 17.5%**, pushing millions of poorer Sri Lankans to the brink.

How has India Assisted Sri Lanka in this Crisis?

- Beginning January 2022, **India has been providing crucial economic support** to the island nation in the grip of a severe dollar crisis that, many fear, might lead to a sovereign default, and a severe shortage of essentials in the import-reliant country.
- The **relief extended by India** from the beginning of 2022 **totals over USD 1.4 billion** - a **USD 400 currency swap**, a **USD 500 loan deferment** and a **USD 500 Line of Credit for fuel imports**.
- More recently, India **extended a USD 1 billion short-term concessional loan** to Sri Lanka to help the country as it faces an unprecedented economic crisis.

Why Helping Sri Lanka is in India's Interests?

- Crucially, any disillusionment in Sri Lanka with China **eases India's effort to keep the Lankan archipelago out of China's 'string of pearls' game in the Indo-Pacific**.
 - It is in India's interest to contain Chinese presence and influence in this region.
- To the extent India can extend low-cost **help to alleviate the hardships of Sri Lankans**, it should, however it must be done with due care keeping in mind that the **optics of its aid** matters too.

What Can Be the Way Forward?

- **Measures for Sri Lanka:** The government should take **measures for economic recovery** of the country **as soon as the shortage of certain essential commodities ends**, which is expected before the start of the Sinhala-Tamil New Year (in mid-April).
 - The government should also **join hands with the Tamil political leadership to create a roadmap for the economic development** of the war-affected northern and eastern provinces, among the areas badly hit by the current crisis.
 - It would be best to **raise domestic tax revenue and shrink government expenditure to limit borrowing, particularly sovereign borrowing** from external sources.
 - Tough measures should be taken for **restructuring the administration of concessions** and subsidies.
- **India's Assistance:** It would be completely unwise for India to let the Chinese take over expanding chunks of Sri Lankan territory. India must **offer Sri Lanka financial help, policy advice and investment from Indian entrepreneurs**.
 - Indian businesses must **build supply chains** that intertwine the Indian and Sri Lankan economies in goods and services ranging from the export of tea to information technology services.

- India, rather than any other nation, should **help steer Sri Lanka towards realising its potential**, to reap the rewards of a **stable, friendly neighbourhood**.
- **Preventing Illegal Refuge:** The state of Tamil Nadu has already started feeling the impact of the crisis with the **reported arrival of 16 persons from Sri Lanka through illegal means**.
 - Tamil Nadu was home to nearly three lakh refugees after the **anti-Tamil pogrom of 1983**.
 - The authorities, both in India and Sri Lanka, should **ensure that the present crisis is not used to step up smuggling activities** and trafficking or whip up emotions in both countries.
- **Crisis as an Opportunity:** Neither Sri Lanka nor India can afford to have strained ties. As a much larger country, the **onus is on India**; it needs to be extremely patient and engage Sri Lanka even more regularly and closely.
 - There is also a need to **step up our people-centric developmental activities** while scrupulously staying clear of any interference in Colombo's domestic affairs.
 - The crisis should be used as an opportunity for New Delhi and Colombo to thrash out a **solution to the Palk Bay fisheries dispute** - a longstanding irritant in bilateral ties.



Enhancing Cooperation Within BIMSTEC

This editorial is based on "BIMSTEC After the Colombo Summit" which was published in The Hindu on 02/04/2022. It talks about the key highlights of the fifth summit of the BIMSTEC grouping and its significance.

Tags: International Relations, GS Paper 3, Groupings & Agreements Involving India and/or Affecting India's Interests, India and its Neighbourhood, Global Groupings

The economic and strategic significance of the Bay of Bengal is growing rapidly with a re-emergence of the idea of the '**Indo-Pacific**' region.

The recently held **fifth summit of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)** has advanced the cause of regional cooperation and integration.

As the BIMSTEC turns 25 this year, it needs single-minded focus and cooperation among the member countries to make visible progress across sectors such as security, trade, connectivity and innovations.

Why is BIMSTEC Significant?

- The **BIMSTEC** has **huge potential as a natural platform** for development cooperation in a rapidly changing geopolitical calculus and can leverage its unique position as a pivot in the Indo-Pacific region.
 - The growing value of BIMSTEC can be attributed to its **geographical contiguity, abundant natural and human resources, and rich historical linkages** and a **cultural heritage** for promoting deeper cooperation in the region.
 - The Bay of Bengal region has the **potential to become the epicentre of the Indo-Pacific** idea, a place where the **strategic interests of the major powers of East and South Asia intersect**.
 - It serves as a **bridge between two major high-growth centres of Asia** — South and Southeast Asia.

What are the Highlights of Colombo Summit?

What is The Colombo Package?

- The Summit resulted in a package of decisions and agreement which includes the grouping's charter. The charter, adopted formally, presents **BIMSTEC as "an inter-governmental organisation"** with **"legal personality"**.
 - The charter defines BIMSTEC's purposes, enlisting 11 objectives with key focus on the **acceleration of "the economic growth and social progress** in the Bay of Bengal region", and **promotion of "multidimensional connectivity"**.
 - The grouping now views itself **not as a sub-regional organisation but as a regional organisation** whose destiny is linked with the area around the Bay of Bengal.
 - The second element of the 'Colombo package' is the decision to re-constitute and **reduce the number of sectors** of cooperation from the unwieldy 14 to a more **manageable seven**. Each member-state will serve as a lead for a sector:
 - Trade, investment and development (Bangladesh)
 - Environment and climate change (Bhutan)
 - **Security, including energy (India)**
 - Agriculture and food security (Myanmar)
 - People-to-people contacts (Nepal)
 - Science, technology and innovation (Sri Lanka)
 - Connectivity (Thailand)
 - The countries also adopted the **Master Plan for Transport Connectivity** applicable for 2018-2028 which was devised and backed by the **Asian Development Bank (ADB)**.

- It lists 264 projects entailing a total investment of \$126 billion; projects worth \$55 billion are under implementation.
- The package includes three new agreements signed by member states, relating to **mutual legal assistance** in criminal matters, **cooperation between diplomatic academies**, and the **establishment of a technology transfer facility** in Colombo.

How is the Summit Significant?

- BIMSTEC has special significance for India as the Bay of Bengal region is integral to **India's 'Neighbourhood First' and 'Act East' policies** which can accelerate the process of regional integration.
- The adoption of the Charter at this summit promises to **re-energise the 25-year-old grouping** at a time of **growing global uncertainties**.
- It is expected to help **impart a more connected vision** to the seven-member organisation.
- The summit's decision for **India to lead the 'security pillar'** out of the seven designated pillars of the revived BIMSTEC, has **given India's regional aspirations a new orientation**, away from the **stalemated SAARC** that has been unable to meet since 2014.

What are the Roadblocks to Smooth Multilateral Cooperation?

- **Bilateral Issues between Members:** One of the major obstacles to enhanced cooperation among the countries is the **Rohingya crisis** that has weakened bilateral Bangladesh-Myanmar ties, with Dhaka seeking full repatriation of the refugees and **Naypyidaw disinclined to respond positively** to international pleas.
- **Inadequate Focus on Economic Cooperation:** A quick look at the unfinished tasks and new challenges gives an idea of the **burden of responsibilities on the grouping**.
 - Despite signing a framework agreement for a comprehensive **Free Trade Agreement (FTA)** in 2004, BIMSTEC stands far away from this goal.
 - Of the seven constituent agreements needed for the FTA, **only two are in place as of now**.
- **Unfinished Projects:** The general formulations of the Colombo Declaration instil **little confidence about prospects of early progress**.
 - Despite talks for the need for expansion of connectivity, much of the **work is unfinished when it comes to finalising legal instruments** for coastal shipping, road transport and intra-regional energy grid connection.
- **Role of BCIM:** The formation of another sub-regional initiative, the **Bangladesh-China-India-Myanmar**

(BCIM) Forum, with the **proactive membership of China**, has created more **doubts about the exclusive potential of BIMSTEC**.

What Can Be The Way Forward?

- **Multilateral Discussions:** Given the complexity of domestic and geopolitical factors, this sphere will require **sustained bilateral and group-level discussions to prevent problems such as the Rohingya crisis** from becoming impediments to the smooth delivery of economic and security outcomes.
 - India too will have to ensure equally sustained **political engagement with partners** such as Nepal, Sri Lanka and Bangladesh to **prevent any domestic political spillover** from affecting bilateral and group-level working relationships.
 - India and other members will also need to be **astute in managing Myanmar's engagement** until the **political situation in the country** becomes normal.
- **Boosting Connectivity and Cooperation:** For India's vision to bolster trade connectivity in the grouping, an **FTA spanning the maritime resource-rich members** such as **Myanmar and Sri Lanka** could bring dramatic gains for all members.
 - A **'coastal shipping ecosystem'** and an **interconnected electricity grid**, in addition to the adopted Master Plan for Transport Connectivity, have the **potential to boost intraregional trade** and economic ties.
 - Also, BIMSTEC needs to generate **additional funding and push for timely implementation** of the projects.
- **Lessons From Past:** Having walked away from mega trade blocs such as the **China-led RCEP**, India's willingness to explore an FTA within the framework of a near-home regional grouping may provide **greater accommodation for multi-party interests**.
 - The security- and trade-related lessons from the troubled SAARC experiences also ought to serve BIMSTEC well in the long run.
 - Unlike SAARC, which is burdened by India-Pakistan hostilities, BIMSTEC is relatively free of sharp bilateral disagreements and **promises to provide India with a co-operative sphere of its own**.
- **India as the Torchbearer:** For the revived grouping to realise its trade and economic potential, India will have to take a leadership role **in assuaging any apprehensions among the smaller members** of intragroup power imbalances and strive to **facilitate greater cross-border connectivity and flow of investments** by lowering barriers to the movement of people and goods.

- Even at the summit, India was the **only country to offer additional funding to the Secretariat** and also to support the Secretary General's proposal to establish an **Eminent Persons Group (EPG)** for producing a vision document.
 - **Other countries need to emulate this** sincere matching of words with action.
- **Others Areas of Focus:** BIMSTEC should focus more in the future on new areas such as the **blue economy**, the **digital economy**, and **promotion of exchanges and links among start-ups and Micro, Small and Medium Enterprises (MSMEs)**.



Criminal Procedure Bill

This editorial is based on "This is a Criminal Attack on Privacy" which was published in The Hindu 01/04/2022. It talks about the significance and issues related to the Criminal Procedure (Identification) Bill, 2022.

Tags: Governance, GS Paper 2, Judgements & Cases, Fundamental Rights, Government Policies & Interventions

Recently, the Union Minister of State for Home Affairs introduced the **Criminal Procedure (Identification) Bill, 2022** in **Lok Sabha** with an objective to ensure more efficient and expeditious investigation of crime by the use of modern technology.

However, the proposal to enable the collection of biometric and biological data raises **serious questions about its legal validity**. For a law that collides with the right against self-incrimination and right to privacy, **several terms in the Bill are too broad or too vague**.

Criminal Procedure (Identification) Bill, 2022

Why is the Bill Introduced?

- The Bill aims to replace the **Identification of Prisoners Act, 1920** whose amendment was proposed in the 1980s by the **Law Commission of India** (in its 87th Report) and SC judgement of the **State of U.P. vs Ram Babu Misra (1980)**.
 - The criticism and the need for amendment was predominantly in respect of the **limited definition of 'measurements'** as under that Act.

What are the Provisions of the Bill?

- It would allow the **police and prison authorities to collect, store and analyse physical and biological samples**, including **retina and iris scans**.
 - These provisions will further be made **applicable to the persons held under any preventive detention law**.

- The **National Crime Records Bureau (NCRB)** will be the **repository** of physical and biological samples, signature and handwriting data that can be **preserved for at least 75 years**.
 - NCRB has also been **empowered to share the records** with any other law enforcement agency.
- It also authorises for **taking measurements of convicts and "other persons"** for identification and investigation in criminal matters.

Why is the Bill Significant?

- The bill makes provisions for the **use of modern techniques** to capture and record appropriate body measurements.
 - The existing law - Identification of Prisoners Act, 1920 allowed taking **only fingerprint and footprint impressions of a limited category** of convicted persons.
- Expanding the "ambit of persons" whose measurements can be taken will help the investigating agencies to **gather sufficient legally admissible evidence** and **establish the crime of the accused person**.
- More accurate physical and biological samples will make the **investigation of crime more efficient and expeditious** and will also **help in increasing the conviction rate**.
- It is expected to **minimise the threat from organised crime, cybercriminals and terrorists** who are **proficient in identity thefts and identity frauds**. The bill will help to **check serious national and global threats** posed by them.

What are the Issues

Associated with the Bill?

- **Ambiguous Provisions:** Replacing the 1920 Identification of Prisoners Act, the proposed law **considerably expands its scope and reach**.
 - The phrase 'biological samples' is not described further, hence, it **could involve bodily invasions** such as drawing of blood and hair, collection of DNA samples.
 - These are acts that **currently require the written sanction of a magistrate**.
- **Undermines the Right to Privacy:** Seemingly technical, the legislative proposal **undermines the right to privacy of not only persons convicted** of crime but also every ordinary Indian citizen.
 - The Bill proposes to collect samples even from protestors engaged in political protests.
- **Violation of Article 20:** Apprehensions have been raised that the Bill enabled coercive drawing of samples and

possibly involved a violation of Article 20(3), which protects the **right against self-incrimination**.

- The Bill implied use of force in collection of biological information, could also lead to **narco analysis and brain mapping**.
- **Handling Data:** The Bill allows the records to be preserved for 75 years; the other concerns include the **means by which the data collected will be preserved**, shared, disseminated, and destroyed.
- **Unawareness among Detainees:** Although the bill provides that an arrested person (not accused of an offence against a woman or a child) may refuse the taking of samples, **not all detainees may know that they can indeed decline** to let biological samples be taken.
 - And it may be **easy for the police to ignore such refusal** and later claim that they did get the detainee's consent.

What Can Be The Way Forward?

- **Ensuring Data Protection:** The concern over privacy and the safety of the data is undoubtedly significant. Such practices that involve the collection, storage and destruction of **vital details of a personal nature ought to be introduced only after a strong data protection law**, with **stringent punishment for breaches**, is in place.
 - Any encroachment on personal space **must pass the test of constitutionality** as laid down by the **Supreme Court**.
- **Parliament Scrutiny:** The Bill was neither put up for pre-legislative consultation nor indicated in the session's legislative agenda in Parliament. However, it would be in the fitness of things if the **bill is referred to a Standing Committee for deeper scrutiny** before it is enacted into law.
- **Better Implementation:** Depriving law enforcement agencies of the use of the latest technologies would be a grave disservice to victims of crimes, and the nation at large. Besides better scrutiny and data protection law, measures need to be taken for **better implementation of the law** as well.
 - The need is to have **more experts to collect measurements** from the scene of crime, more forensic labs, and equipment to analyse them to identify possible accused involved in a criminal case.
 - The **training of the investigation officers, prosecutors, judicial officers and collaboration with doctors and forensic experts** need to be prioritised too.



India - Australia ECTA

This editorial is based on "To Reach Full Potential of Trade Pacts, Accept Investment Protection" which was published in Indian Express on 06/04/2022. It talks about the significance of the Economic Cooperation and Trade Agreement (ECTA) signed recently between India and Australia.

Tags: International Relations, GS Paper 2, International Treaties & Agreements, Government Policies & Interventions, Groupings & Agreements Involving India and/or Affecting India's Interests

India and Australia have signed a historic interim **Economic Cooperation And Trade Agreement (INDAUS ECTA)**, which will give a fillip to India's exports in the textiles, leather, gems, and jewellery sector Down Under.

For India, the ECTA with Australia is the **first agreement with a large developed economy** of the world after more than a decade. Australia is also the **third OECD country after Japan and South Korea** with which India has signed a **Free Trade Agreement (FTA)**.

The two sides will be negotiating for a full-fledged **Comprehensive Economic Cooperation Agreement (CECA)**.

What is the India-Australia ECTA?

- It **covers almost all the tariff lines** dealt in by India and Australia respectively.
 - India will benefit from **preferential market access** provided by Australia on **100% of its tariff lines**.
 - India will be offering preferential access to Australia on **over 70% of its tariff lines**.
- Under the agreement, Indian graduates from **STEM (Science, Technology, Engineering and Mathematics)** will be granted **extended post-study work visas**.
- It will provide **zero-duty access to 96% of India's exports** to Australia and will give about **85% of Australia's exports zero-duty access** to the Indian market
- It will boost bilateral trade in goods and services to USD 45-50 billion over five years, up from around USD 27 billion, and generate over one million jobs in India, according to a government estimate.

What is Its Significance?

- **Enhanced Exports:** Currently, **Indian exports face a tariff disadvantage of 4-5%** in many labour-intensive sectors vis-à-vis competitors in the Australian market such as China, Thailand, Vietnam, South Korea, Japan, Indonesia and Malaysia.
 - Removing these barriers under the ECTA can **enhance India's merchandise exports significantly**.
- **Cheaper Raw Materials:** Australian exports to India are more concentrated in raw materials and intermediate

products. Due to zero-duty access to 85% of Australian products, **many industries in India will get cheaper raw materials** and thus **become more competitive**, particularly in sectors like steel, aluminium, power, engineering and so on.

- **Change in Perceptions for India:** The recent trade agreement will also **assist in changing perceptions in the developed world** which has always typecast India as 'protectionist' and address scepticism around India's openness to do business with the world.
- **Stronger Indo-Pacific:** Strong Australia India economic ties will also **pave the way for a stronger Indo-Pacific economic architecture**, that's not just based on flows of physical goods, money and people, but on the basis of building capacity led connections, complementarities, sustainable commitments and mutual dependence across countries and sub-regions.

Where do the Two Countries Stand on Investment Protection?

- While ECTA makes references to investment as part of the trade in services, it **lacks provisions on investment protection such as providing foreign investment to most favoured nation and national treatment; protection from expropriation; assurance to provide fair and equitable treatment to foreign investment; recognising foreign investor's right to bring claims against the State for alleged treaty breaches.**
- Article 14.5 of ECTA, which includes a list of topics on which negotiations will take place to transform the interim ECTA into a comprehensive **CECA, also does not talk of a chapter on investment protection.**
- It needs to be noted that Australia has signed comprehensive economic agreements with Peru, Indonesia, and Hong Kong which include a chapter on investment protection.
 - On the other hand, **India's recent CECA with the United Arab Emirates (UAE)** as well as **Mauritius** (signed in 2021) does not include an investment chapter.
 - The pattern that seems to be emerging is that **India is not too keen to include an investment protection chapter in CECAs.**

How Excluding Investment would Impact India?

- India's rationale for signing a comprehensive economic agreement with these countries is to be part of the **global value chains (GVCs)**; both, trade and foreign investment are central to GVCs.
 - Therefore, **decoupling trade from investment in these CECAs defies economic sagacity.**

- Many recent mega economic treaties such as the **RCEP Agreement** and the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** include chapters on investment protection.

What can be the Way Forward?

- **Investment Protection:** India's overly defensive stand on investment protection under international law is a consequence of several international claims under BITs.
 - India should **come out of its shell and accept investment protection** as part of its broader economic commitments under international law. This will enable **India to realise the full potential of these CECAs.**
- **Adding Investment Chapters:** If investment protection is made a part of such CECAs, India will have a **better bargaining position** to negotiate balanced investment chapters in comparison to a standalone investment treaty.
 - When several related issues are part of the same deal, there is a greater **likelihood of "give and take" and reaching a win-win compromise.**
- **Improving Competitiveness:** While the Government of India has successfully negotiated an excellent trade deal for businesses, it is important to realise that **accessing the Australian market wouldn't be a cakewalk** given the fact that **Australia has currently 16 FTAs** under operation.
 - We would still have to work on improving our competitiveness, as in most trade sectors, **India would be competing with the likes of China, ASEAN, Chile, Japan, Korea and New Zealand**, which have already-functional FTAs with Australia.
- **APEC Partnership:** Time is also **opportune for India's Asia-Pacific Economic Cooperation (APEC) membership**; the goal of a free and open Indo-Pacific is incomplete without the presence of the world's fastest growing major economy in APEC.
 - It would further **enhance India's role in global governance**, encouraging **greater economic reforms** with improved **domestic competitiveness**, and economic integration with the region as a whole.
 - Also, with the deepening of Australia India bilateral ties, **Australia can explore initiating a support lobby within APEC for India's membership.**



Supporting Migrants

This editorial is based on "Push the Policy Needle Forward on Migrant Support" which was published in The Hindu

on 05/04/2022. It talks about the need for and the challenges to policy making for the migrant workers in India.

Tags: Social Justice, Population and Associated Issues, GS Paper 2, Poverty, Government Policies & Interventions, Human Resource, Poverty and Developmental Issues, GS Paper 3, Inclusive Growth, Growth & Development

In the wake of a **nationwide lockdown**, India was left shocked by the plight of **migrant workers** walking hundreds of kilometres, facing hunger, exhaustion and violence, to get to the safety of their home villages.

The dire circumstances of the migrants made them the focus of large-scale relief efforts by governments and civil society alike.

The ramping up of **One Nation One Ration Card (ONORC)** project and introduction of the **Affordable Rental Housing Complexes (ARHC)** scheme and **e-Shram portal** reflected a ray of hope. However, the story of migrants is still a **tale of distress** in India.

Migration and Migrants

What is its Significance?

- Migration **fills gaps in demand for and supply of labour**, efficiently allocates skilled labour, unskilled labour, and cheap labour.
- It **enhances the knowledge and skills of migrants** through **exposure and interaction** with the outside world.
- It also **enhances chances of employment** and economic prosperity which in turn improves quality of life.
- Economic well being of migrants provides **insurance against risks to households in the areas of origin**, increases consumer expenditure and **investment in health**, education and **assets formation**.

What is the Present Situation of Migrant Workers?

- Currently, **a third of the nation's workforce is mobile**. Migrant workers in India **fuel critical sectors such as manufacturing**, construction, hospitality, logistics and commercial agriculture.
- The Covid-19 Pandemic has **un-done the post-1991 poverty alleviation** of almost 300 million Indians, driven by migration out of farm work.
- Repeated surveys have found that the **incomes of migrant households continue to be lower than pre-pandemic levels**, even after returning to cities. Migrants are finding less work and their children eating less.

What about the Policy Scenario for Migrants?

- Despite clear economic and humanitarian reasoning to bring migrants back into the policy discourse, the **current policy scenario is at best fragmented** and at worst waning.

- Recently, **NITI Aayog**, along with a working subgroup of officials and members of civil society, has prepared a **draft National Migrant Labour policy**.
 - The draft recommends to **acknowledge migration as an integral part of development**, and that government policies should **not hinder but seek to facilitate internal migration**.

What Factors are Slowing the Migration Policy Momentum?

- **Politicisation of Migration:** Migration is a **highly politicised phenomenon in India**; states are highly influenced by the political economy of migration.
 - 'Destination States' experience a tension between **economic needs (which require migrant labour)** and **political needs (which promote nativist policies** of imposing domicile restrictions on employment and social security).
 - However, the 'sending States' are highly motivated to serve their "own people" because they vote in their source villages.
 - The **response to internal migration follows from State-specific calculations** on what political dividends might be reaped (or lost) by investing fiscal and administrative resources towards migrants.
 - **Inaccurate Identification of Migrants:** Migrants are **located inside two larger categories** that have long troubled policymakers: the **unorganised worker** and the **urban poor**. Even the e-Shram portal has been **unable to accurately distinguish and target migrants**.
 - Policy interventions in major urban destinations continue to **conflate the urban poor with low-income migrants**.
 - Hence, **slum development continues as the primary medium for alleviating migrant concerns**, while in reality, most migrants live on worksites that are entirely out of the policy gaze.
- **Failure of Official Datasets for Migration:** Migration policy discourse is seemingly paralysed by the now well-acknowledged failure of official datasets to **capture the actual scale and the frequency of internal migration** in India.
 - Data systems designed to periodically record only one spatial location have posed great challenges to welfare delivery for up to 500 million people who are part of multi-locational migrant households.
 - Covid-19 pandemic placed a sharp focus on problems such as educating and vaccinating those children who accompany their migrant parents, or ensuring that migrant women avail maternity benefits at multiple locations.

What Can Be The Way Forward?

- **Role of Centre:** Migrants would be well served if the Centre played a proactive role by **offering strategic policy guidance** and a **platform for inter-State coordination**.
 - State-level political economy constraints make the Centre's role particularly crucial in addressing issues of inter-State migrant workers at 'destination States'.
- **Bringing Migration Policy in Force:** At a time when economic recovery and inclusive growth are urgent policy goals, migration policy can hardly afford to be delayed.
 - NITI Aayog's Draft Policy on Migrant Workers is a positive step forward in articulating policy priorities and indicating suitable institutional frameworks, and **deserves a speedy release**.
 - Strategic initiatives to **provide migrants safety nets regardless of location** as well as **bolster their ability to migrate safely** and affordably must keep up the momentum towards migrant-supportive policy.
- **Recognition of Migrants:** Recognition of **circular migrants as part of India's urban population** might compel authorities to at least consider how proposed policies might impact these communities.
- **Women Migrants:** Special Measures should also **take into account particularly the situation of migrant women**, who are mainly involved in domestic work.
 - Although the new policy aims to be inclusive of all kinds of marginalised migrants, it could do more to explicitly mention the challenges faced by domestic workers.
 - It would be very easy for them to remain excluded as **India has not ratified the ILO Convention on Domestic Workers** and **The Domestic Workers Bill 2017 has not become law**.



Equitable Development

This editorial is based on "To Develop Equitably, Address Five Priorities" which was published in Hindustan Times on 07/04/2022. It talks about challenges to equitable development.

Tags: Governance, GS Paper 2, Government Policies and Interventions, Health, Poverty, Education, Gender, Issues Relating to Development, GS, Paper 3, Growth & Development, Inclusive Development, Environmental Pollution & Degradation

The **Covid-19 pandemic** has exposed the **inequitable and unsustainable systems** in which people across the world live and work, consume and exist. The pandemic,

on the other hand, also highlighted that if **decision-making is transparent**, evidence-based and inclusive, people will support bold and far-reaching policies that protect their health, families and livelihoods.

The world is at a pivotal moment right now; the decisions we make now can either "lock in" development patterns that do permanent and escalating damage to the ecological systems, or they can **promote a healthier, fairer, and greener world**. The need is to collectively raise our voice and **proactively respond to protect our planet, health, and future**.

How is Equitable

Development being Compromised?

- **Poor Air Quality:** Globally, over **90% of people breathe unhealthy air**, resulting in around **seven million deaths every year**.
 - Globally, **two-thirds of exposure** to outdoor air pollution results from the burning of the same **fossil fuels that are driving climate change**, which between 2030 and 2050 is expected to cause an **additional 250,000 deaths annually**.
- **Unsustainable Food Systems:** Food systems that are **unsafe, unhealthy and unsustainable cause** millions of **premature deaths annually**, primarily from **Non-Communicable Diseases (NCDs)**, and are a leading contributor to climate change and **antimicrobial resistance** – two of the greatest health risks facing humanity.
- **Inadequate Water and Sanitation Facilities:** In 2020, around **one in four people globally lacked safely managed drinking water** in their homes, and just 50% of health care facilities in least-developed countries provided basic water services.
 - Poor quality drinking water can lead to **acute waterborne disease** and risks exposure to **toxic chemicals such as arsenic**.
 - Inadequate access to **water, sanitation and hygiene (WASH)** in health care facilities makes health care less effective and has a **disproportionate impact on women and girls**.
- **Environmental Concerns:** In total, the **World Health Organisation (WHO)** estimates that more than **13 million deaths each year are due to avoidable environmental causes** – a figure that we cannot and must not accept.
 - This includes the **climate crisis** which is the **single biggest health threat facing humanity**.
- **Poverty and Unemployment:** The present design of the economy leads to **inequitable distribution of income**, wealth and power, with too many people still living in poverty, unemployment and instability.

- According to data from the **Centre for Monitoring Indian Economy (CMIE)**, **India's unemployment rate reached as high as 7.9%** in December 2021.

How can We Ensure Equitable and Sustainable Development?

- **Prioritising Health:** Prioritising **equitable health now and for future generations** – including through long-term investments, **well-being budgets, social protection, legal and fiscal strategies** – we can build “well-being societies” that facilitate human flourishing, and fulfil every person’s **right to health** and development, **without breaching ecological limits.**
 - The target should be to achieve a region and world in which **clean air, water and food are available to all**, where **economies promote physical and mental health** and well-being, where **cities are liveable**, and where people have control over their own health and that of the planet.
- **Protect and Preserve Nature:** Policies that **reduce deforestation, promote afforestation, and end intensive and polluting agricultural practices** can improve air quality, strengthen food systems, and promote sustainable farming and forest management.
 - They **reduce the risk of emerging infectious diseases**, over 60% of which originate from animals.
- **Investments in Essential Services:** The countries must continue to protect drinking water supplies by **implementing multi-sectoral water safety plans** and including **WASH in relevant health policies**, strategies and programmes, with a focus on increasing **access at the primary health care level.**
 - The countries must continue to build **climate-resilient health facilities** that not only respond to and withstand environmental health threats, but also **promote environmentally sustainable practices.**
- **Investments in Education:** A **healthy demand for skilled workers and high-tech jobs** will offer great opportunities for India’s growth, but India can only take advantage of this opportunity if Indians have the **required knowledge and skills.**
 - The country has made phenomenal progress in **enrolment in basic education** but there is **work to be done to improve the quality of teaching** and ensure students are learning necessary skills.
- **Energy Transition:** While the countries are making commendable efforts to expand **renewable energy sources**, increased action is needed, and must be accompanied by **rigorous enforcement of air quality standards**, as well as increased **investments in public transportation** infrastructure.

- **Promote Healthy and Sustainable Food Systems:** Diseases caused by a lack of access to food, or consumption of unhealthy, high calorie diets, are a major contributor to NCDs.
 - The WHO and the associated intergovernmental bodies and the countries together shall identify and implement **high-impact and cost-effective “best buys”** that **transform the food environment**, from food reformulation and labelling, to **increased taxation of unhealthy foods** and beverages, and its **strengthened restrictions on marketing**, especially to children.
- **Build Healthy, Liveable Cities:** In this regard, the **WHO Urban Governance for Health and Well-Being initiative**, which aims to strengthen country capacities to promote health and address health inequities, can assist in doing the needful.
 - The policymakers can **expand cycleways** and increase the **provision of green and healthy spaces** to reduce **greenhouse emissions** and road traffic injuries, increase physical activity, and **promote mental health.**
- **Bringing Social Change - Gender Equality:** Indian women are healthier and better educated than they have ever been before, but because of gender norms, their **rate of labour force participation** is among the **lowest in the world** (about 25%), and it is actually dropping.
 - Gender inequality is keeping educated, energetic women from building the Indian economy. Reversing this trend by providing them **job opportunities**, better and safer transportation facilities will not only **empower individual women** but also unlock huge opportunities for the country.



Repairing India-Nepal Ties

This editorial is based on “Repairing the Complex India-Nepal Relationship” which was published in The Hindu on 07/04/2022. It talks about the challenges in Indo-Nepal Relations.

Tags: International Relations, GS Paper 2, India and its Neighbourhood, Effect of Policies & Politics of Countries on India’s Interests

The **Prime Minister of Nepal made his first bilateral visit abroad to India** since taking his oath in July 2021. The visit was a success in terms of launching connectivity projects and signing Memorandums of Understanding (MoUs).

However, there still exist some pinpricks in the relation between the two, China being one of the major ones. Bilateral dialogues, strengthened economic connections and more sensitisation towards the people of Nepal is what India needs to pursue to fulfil the objectives of its **neighbourhood first policy**.

How have been India's Ties with Nepal?

- The India-Nepal **Treaty of Peace and Friendship of 1950** forms the bedrock of the special relations that exist between India and Nepal.
- Nepal is an important neighbour of India and occupies **special significance in its foreign policy** because of the **geographic, historical, cultural and economic linkages/ties** that span centuries.
- India and Nepal share similar ties in terms of **Hinduism** and **Buddhism** with **Buddha's birthplace Lumbini** located in present day Nepal.
- In recent years, **India's relations with Nepal have witnessed some 'lows'**. The relationship between the two took a nosedive in 2015, with India first **getting blamed for interfering in the Constitution** drafting process and then for an **"unofficial blockade"** that generated widespread resentment against India.

What are the Highlights of the Recent Visit?

- The **operationalisation of the 35 kilometre cross-border rail link** from Jayanagar (Bihar) to Kurtha (Nepal) which **will be further extended** to Bijalpura and Bardibas.
- Another project includes a **90 km long 132 kV double circuit transmission line** connecting Tila (Solukhumbu) to Mirchaiya (Siraha) close to the Indian border.
- Additionally, agreements providing **technical cooperation in the railway sector**, Nepal's induction into the **International Solar Alliance**, and between **Indian Oil Corporation and Nepal Oil Corporation** on ensuring regular supplies of petroleum products were also signed.
- India called for taking full advantage of **opportunities in the power sector**, including through **joint development of power generation projects** in Nepal and development of **cross-border transmission infrastructure**.

How Influential has China been for Nepal?

- China considers Nepal an important element in its growing South Asian footprint with Nepal being a key partner in its **Belt and Road Initiative (BRI)**.
- In 2016, Nepal negotiated an **Agreement on Transit Transportation** with China and in 2017, China provided a **military grant of \$32 million** to Nepal.

- In 2019, a Protocol was concluded with China providing **access to four sea ports and three land ports to Nepal**. China is also engaged with **airport expansion projects** at Pokhara and Lumbini.
- China has **overtaken India as the largest source of foreign direct investment** with the **annual development assistance being worth \$120 million**.
- Recently the PM of Nepal pushed for the ratification of the Pancheshwar Multipurpose project with the U.S. Millennium Challenge Corporation (MCC) which saw **street protests and big-time social media campaigns supported by China**.
 - Although the Chinese Foreign Minister has assured his Indian counterpart that China would stay out of Nepal's equation with India, in reality, the Chinese engagement has been very deep.

What are the Irritants in India-Nepal Ties?

- **Issues with Peace and Friendship Treaty:** The 1950 Treaty of Peace and Friendship was sought by the Nepali authorities in 1949 to continue the special links they had with British India and to provide them an open border and the right to work in India.
 - But today, it is **viewed as a sign of an unequal relationship, and an Indian imposition**.
 - The idea of revising and updating it has found mention in Joint Statements since the mid-1990s but in a **sporadic and desultory manner**.
- **The Demonetisation Irritant:** In November 2016, India withdrew ₹15.44 trillion of high value (₹1,000 and ₹500) currency notes. Today, over ₹15.3 trillion has been returned in the form of fresh currency.
 - Yet, many Nepali nationals who were legally entitled to hold ₹25,000 of Indian currency (given that the Nepali rupee is pegged to the Indian rupee) were left high and dry.
 - The Nepal Rastra Bank (central bank), holds ₹7 crore and estimates of public holdings are ₹500 crore.
 - **India's refusal to accept demonetised bills** with the Nepal Rastra Bank and the unknown fate of the report submitted by the Eminent Persons Group (EPG) have not helped in securing it a better image in Nepal.
- **Territorial Disputes:** Another irritant in the Indo-Nepal ties is the **Kalapani boundary issue**. These boundaries had been fixed in 1816 by the British, and India inherited the areas over which the British had exercised territorial control in 1947.

- While 98% of the India-Nepal boundary was demarcated, two areas, **Susta and Kalapani remained in limbo.**
- In 2019, **Nepal released a new political map** claiming Kalapani, Limpiadhura and Lipulekh of Uttarakhand and the area of Susta (West Champaran district, Bihar) as part of Nepal's territory.

How Can India Resolve its Differences with Nepal?

- **Dialogues for Territorial Disputes:** The need today is to avoid rhetoric on territorial nationalism and **lay the groundwork for quiet dialogue** where both sides display sensitivity as they explore what is feasible. **India needs to be a sensitive and generous partner** for the neighbourhood first policy to take root.
 - The dispute shall be negotiated diplomatically under the aegis of **International law on Trans-boundary Water Disputes.**
 - In this case, **boundary dispute resolution between India and Bangladesh** should serve as a model for this.
- **Sensitising Towards Nepal:** India should **engage more proactively with Nepal** in terms of **people to people engagement**, bureaucratic engagement as well as political interactions.
 - It should maintain the policy of **keeping away from internal affairs of Nepal**, meanwhile in the spirit of friendship India should **guide the nation towards more inclusive rhetoric.**
- **Strengthening Economic Ties:** The power trade agreement needs to be such that India can build trust in Nepal. Despite more renewable energy projects (solar) coming up in India, **hydropower is the only source that can manage peak demand** in India.
 - For India, buying power from Nepal would mean managing peak demand and also saving the billions of dollars of investments which would have to be invested in building new power plants, many of which would cause pollution.
- **Investments from India:** The **Bilateral Investment Promotion and Protection Agreement (BIPPA)** signed between India and Nepal needs **more attention from Nepal's side.**
 - The private sector in Nepal, especially the cartels in the garb of trade associations, are fighting tooth and nail against foreign investments.
 - It is important that **Nepal conveys this message that it welcomes Indian investments.**



The Growth Story of Startups

This editorial is based on "How India's Early-Stage Startup Ecosystem Became an Investment Hotspot" which was published in Livemint on 11/04/2022. It talks about the factors that led to the success of startups in India.

Tags: Indian Economy, GS Paper 2, Government Policies & Interventions, GS Paper 3, Employment, Growth & Development, IT & Computers, Mobilisation of Resources

The last decade-and-a-half has witnessed a significant change in India's entrepreneurial landscape — from the **founding of new Startups**, to **global investor interest**, to the advances made in **infrastructure and policies.**

The Indian startup ecosystem did exceptionally well in 2021 - the growing investor confidence in Indian startups is overwhelming, and is seen gaining momentum across different stages of growth in a startup journey, including **seed stage funding.**

What is the Startup Growth Scenario in India?

- **India is a hotspot for startups.** In 2021 alone, Indian startups have **raised more than \$23 billion**, spread over 1,000+ deals, with 33 startups entering the coveted **unicorn club.** So far, the year 2022 has added **13 more startups in the unicorn club.**
 - After the United States (US) and China, India has emerged as the world's third largest startup ecosystem
- Currently, India is witnessing rapid growth in the number of startups. According to the **India Venture Capital Report 2021** published by Bain and Company, the number of cumulative start-ups has **grown at a CAGR of 17% since 2012** and crossed 1,12,000.

What has led to the Booming of India's Startup Ecosystem?

- **Recognition of Significance of Startups:** India has recognized the need to develop **innovation and incubation centres** for its large student community to foster innovation and **entrepreneurial mindset through academic institutions.**
 - A rising number of incubators and a steady inclination of young executives towards starting their own ventures is also propelling the entrepreneurship and early-stage startup ecosystem in India.
- **Availability of Potential:** A study on tech startups of 2021 revealed that a **sizable number of edtech founders are young graduates from IITs** and premier engineering colleges or those who worked for global consulting firms.

- This availability of young talent with the right **blend of passion, expertise and mindset of Indian entrepreneurs** puts India's early-stage startup ecosystem at an advantage in cashing on the opportunities of a booming market.
- **Startup Specific Initiatives:** The Government of India has been playing a crucial role in facilitating the growth of early-stage startups through the implementation of progressive policies and creating relevant infrastructure.
 - Under the **Startup India Initiative** launched in 2016, the government has endeavoured to simplify complex legal, financial and knowledge requirements in an effort to encourage participation of early-stage potential startups.
 - Reforms such as **opening up sectors like space-tech for private participation, tax holidays for startups** fulfilling certain eligibility criteria and **creation of state-run incubators** are lowering the odds of establishing successful startups and helping them grow.
- **Startup-Corporate Collaborations:** Established corporates who lack innovation capacity and agility, and **nimble early-stage startups who lack cash for growth** and networks for market access, provide a unique and scalable platform for such collaborations and multiplied wealth creation.
 - Various corporate-startup partnership programmes have been driving innovation and accelerating the growth of early startups in India - **Microsoft India has accelerated more than 4,000 startups**, while Tata Motors is engaged with half a dozen startups and exploring partnerships with 20 more.
- **Risk-Taking Capabilities:** There has been an extremely encouraging shift towards engineering and product start-ups. The strength of the Indian start-up ecosystem reflects the most in the **increasing risk-taking ability and ambitions of young Indians**.
 - This ability of the young generation to take risks and move faster without fear has become **India's biggest asset today**.
 - The fact that Indian startups are becoming global entities by creating products and solutions for world markets is a testament to this approach.

Which Areas require Food for Thought?

- **Lack of Domestic Funding:** The **funded start-ups are about 8% of the total** start-ups and India's share in the **number of unicorns globally stands at 4%**, in comparison to the **US's share of 65%** and **China's share of 14%**.
 - The US invests more than \$135 billion annually on venture capital and start-ups, while China invests

more than \$65 billion, with over 60% being local capital. In stark contrast, **India invests only \$10 billion a year, with 90% being overseas capital.**

- **Fear of Funding Bubble:** There is **fear of a funding bubble** or the high valuations that venture capital investors appear to pay on a few occasions.
 - This fear emanates from **inadequate understanding of the investment strategies** and risk management frameworks that successful venture capital firms deploy.
- **Foreign Domiciliation:** Currently, nearly **30 of India's unicorns are domiciled outside** the country, driven outside by **outdated forex regulations**, non-implementation of relevant federal regulations, **tax terrorism**, and **lack of local capital incentives**.
 - DeepTech and healthcare start-ups still do not get adequate early capital to grow in this country and are forced to domicile outside.
- **Education and Upskilling:** In order to transition beyond the current capabilities and achieve the demographic dividend, **education, and reskilling, and upskilling of India's workforce is crucial**.
 - It needs to be acknowledged that apart from the domestic policy environment, the **global environment and technological advances** are also changing, and it is imperative that India is prepared for this revolution.

What can be the Way Forward?

- **Role of Investors:** The accelerated development of the start-up ecosystem needs significant funding and therefore the role of **venture capital** and **angel investors** are critical.
 - Investors also need to understand that start-ups inherently have a comparatively lower success rate, and should **build their investment strategies upon this premise**.
 - The venture capital investors need to have **adequate risk management frameworks** at the portfolio level, as it is a critical part of all successful venture capital operations.
- **Role of Corporate Sector:** Apart from policy-level decisions that promote entrepreneurship, the onus is also on India's corporate sector to **foster entrepreneurialism**, and create **synergies to build impactful technology solutions**, sustainable and resource-efficient growth.
 - India stands at the cusp of unprecedented economic growth, and the opportunity to be a global game-changer - **speed, inclusion, and sustainability are key elements** in this mission along with the youth of the country.

- **Physical and Digital Connectivity:** Coupled with the nation's focus on strengthening digital infrastructure in healthcare and education, and boosting employment in manufacturing, **India@100 will be a powerhouse of the global economy.**
 - The collective future efforts of the **public and private sectors to improve physical and digital connectivity** will help unlock the **untapped potential of rural and semi-urban India** to truly lead **Industry 4.0** and beyond.
 - The Indian startup ecosystem must focus on developing solutions that allow businesses in key sectors to **meet goals of national importance.**
- **Opportunities amid Changing World Order:** With the recent events creating **capital distrust in China**, the world's attention is sharpening on the lucrative **tech opportunities in India** and the value that could be created. For this, India requires decisive policy measures in addition to the **Digital India initiative.**
 - India needs **stronger regulations for both global and domestic investments** in start-ups. **Global investors must be ensured** that they can invest freely in India and get their returns when they sell as well.
 - We need to create a repository of **investor-KYC, ensuring traceability and seamless governance.**



Urban Planning and Climate

This editorial is based on "Climate in the City" which was published in Indian Express on 12/04/2022. It talks about the impact of poor urban planning on climate change.

Tags: Biodiversity and Environment, GS Paper 1, Urbanisation, GS Paper 3, Planning, Growth & Development, Environmental Pollution & Degradation, Environmental Impact Assessment (EIA)

India is witnessing one of the largest urban growth spurts in history. However, three-quarters of the infrastructure that will exist in cities by 2050 is **yet to be built.** This presents Indian cities with an unprecedented **opportunity to look at urban planning** and development through a long-term **strategic lens to enable economic, environment and social impact.**

We cannot afford development that is not sustainable in our climate crisis-risked times. The **IPCC's latest report** suggests that **smart urban planning can mitigate the effects of climate change.**

What does the IPCC's AR6 say about Cities and Climate Change?

About Urban Growth

- The **21st-century will be the urban century**, defined by a massive increase in global urban populations.
 - About 55% of the world's population lived in cities in 2018 - this figure is expected to jump to 68% by 2050 with **Asian and African cities seeing the biggest increases.**
- As per the **IPCC AR6 Report (Part - II)**, **cities will be worst hit due to intense heat, vanishing green spaces.**
 - Rising urbanisation means the world has to **ensure climate-resilient development if it is to hit net zero.** Climate-friendly urban policies would also improve public health by reducing air pollution.

Cities' Emission Scenario

- Cities in 2020 were **responsible for up to 72% of global greenhouse gas emissions** (up from 62% in 2015).
 - For the world to have a chance of limiting global warming to within 1.5°C of pre-industrial levels, cities need to act fast and **financing would need to be boosted significantly.**
 - Aggressive climate action could bring city emissions to net-zero by 2050 but failing to act could instead see urban emissions double in that time.
- The IPCC report also found **urban infrastructure and activities caused about two-thirds of today's global emissions.** However, it also means that cities can potentially solve two-thirds of the problem.

What are the Issues

Regarding Urban Infrastructure?

- **Climate Non-Friendly:** Urban infrastructure development results in high economic value-add but often leads to **unequal and inequitable growth.**
 - Negative externalities such as **air and water pollution, climate change, flooding, and extreme heat events** impinge on the economic value of urban infrastructure.
 - The **houses are built without ventilation**, using building **materials that do not provide insulation** and with architectural design that does not work with nature - the climate crisis will exacerbate these risks.
- **Age-Old Planning Techniques:** Town and country planning acts in India have **largely remained unchanged over the past 50 years**, relying on techniques set up by the British.
 - Cities still create land use and regulatory control-based master plans which, on their own, are **ineffective in planning and managing cities.**

- Several city-centric issues such as **air pollution**, **urban flooding**, and **droughts** exist as obstacles in holistic development of urban India all of which point to **infrastructural shortcomings and inadequate planning**.
- **Procedural Delays and Law Implementation:** Master plans face prolonged delays in preparation, sanctioning and implementation. They **lack the mandate for integration with other sectoral infrastructure plans** and largely remain as wishlists.
 - Often a static, **'broad-brush' approach is taken towards cities** that have dynamic fine-grained structures and local specificities. In most cases, the **rate of implementation is quite low**.
 - Even with provisions of rainwater harvesting, sustainable urban drainage systems, etc, in regulatory mechanisms like the **Environmental Impact Assessment (EIA)**, **adoption at user end as well as enforcement agencies remains weak**.

What can be the Way Forward?

- **Synchronised Economic Planning and Climate Action:** India's hierarchical system of cities — from mega cities which are the drivers of innovation and economic growth to smaller towns which support local and regional economies and ensure linkages to the rural hinterlands — requires **targeted economic development planning and positive climate action**.
 - Research has shown if cities are developed as **compact and climate-resilient centres**, then infrastructure investments can produce **more economic gain over time with minimal climate impact** whilst ensuring equitable growth.
- **Strategic Design and Development:** Globally, cities are moving to the practice of developing strategic plans and projects along with local area plans.
 - A set of **strategic projects that have the potential to trigger growth** in the region, to achieve the vision, can be identified through a **negotiated process**.
 - The projects shall be designed and developed **in the context of land that can be made available and capital resources that are possible to be raised**.
 - **Strategic plans should be developed every five years** to increase a city's competitiveness and help it achieve its strategic goals with respect to sustainability and economic development by identifying key projects to be implemented.
- **Plans for Local Areas:** These plans should be developed to **ensure the health, safety and welfare of citizens through public participation**, contextualising local challenges, needs and ambitions, while supporting the overall objectives of the master plan.

- Cities should also aim to mainstream the use of spatialised social, economic and environmental data to **create robust links across the urban- rural continuum**.
- **Rethinking the Approach for City Development:** For India to accomplish its **Sustainable Development Goals** and the **United Nations' New Urban Agenda**, the government has to revisit, rethink, and reshape the way it plans and manages the country's settlements and the connecting networks among them.
 - The need is **not just to mitigate GHG emissions fast**, but also to undertake development in ways in which we can **"manage" the added risks of the deadly impacts of the climate crisis**.
 - Cities need to be viewed as places of several cultures and generators of employment opportunities and the natural environments within and surrounding them need to be protected too.

Conclusion

Plans are about people and not just physical spaces. Building consensus around future growth and development, with a focus on climate action, economic and social integration, is crucial. Such a participatory process is what will help build a **vibrant, inclusive and liveable urban India**.



Achieving Universal Health Care

This editorial is based on "HOPS as a Route to Universal Health Care" which was published in The Hindu on 13/04/2022. It talks about concepts of Universal Health Care and Healthcare As An Optional Public Service" (HOPS) framework for UHC.

Tags: Social Justice, GS Paper 2, Health, Government Policies & Interventions

The Covid-19 crisis has provided a good time to revive an issue that is, oddly, slow to come to life in India — **Universal Health Care (UHC)**.

Universal Health Care is seen as a route to building **robust, responsive and efficient health systems** capable of **addressing growing inequalities** in healthcare demands along with **shielding populations from spiralling healthcare and medicine costs**.

What is Universal Health Care (UHC)?

- The basic idea of UHC is that **no one should be deprived of quality health care for the lack of ability to pay**.

UHC, in recent times, has become a **critical indicator for human equity, security and dignity**.

- UHC has become a well-accepted objective of public policy around the world. It has even been **largely realised in many countries**, not only the richer ones (except the US) but also a growing number of other countries such as Brazil, China, Sri Lanka and Thailand.
- The time has come for India (or some Indian States at least) to take the plunge.

What are the Routes to Achieve UHC?

- UHC typically relies on one or both of two basic approaches: **public service and social insurance**. In the first approach, **health care is provided as a free public service**, just like the services of a fire brigade or public library.
- The second approach (social insurance) allows **private as well as public provision of health care**, but the **costs are mostly borne by the social insurance fund(s)**, not the patient,
 - Quite different from a private insurance market, it is the one where **insurance is compulsory and universal**, financed mainly from **general taxation**, and run by a single non-profit agency in the public interest.
 - The basic principle is that everyone should be covered and insurance should be **geared to the public interest rather than private profit**.

What are the Challenges to UHC?

- **Unavailability of Public Health Centres:** Even in a system based on social insurance, public service plays an essential role. The **absence of public health centres**, dedicated to primary health care and preventive work, create the **risks of patients rushing to expensive hospitals** every other day thus making the whole system wasteful and expensive.
- **Containing Costs:** Containing costs is a major challenge with social insurance, because patients and health-care providers have a **joint interest in expensive care — getting better healthcare** for one and **earning** for the other.
 - A possible remedy is to make the patient bear part of the costs but that **conflicts with the principle of UHC**.
 - Recent evidence suggests that even **small co-payments often exclude many poor patients** from quality health care.
- **Identifying Services under UHC:** Another big challenge remains in identifying **what services are to be universally provided** to begin with and what **level of financial protection** is considered acceptable.

○ Offering the same set of services to the entire population is **not economically feasible** and demands **huge resource mobilisation**.

- **Regulation of Private Sector:** Another challenge with social insurance is to regulate private health-care providers. A crucial distinction needs to be made between for-profit and nonprofit providers.
 - Non-profit health-care providers have done great work around the world
 - For-profit health care, however, is deeply problematic because of the **pervasive conflict between the profit motive and the well-being** of the patient.

What is the HOPS Framework and How will it Help Achieve UHC?

- **About:** It is possible to envisage a framework for UHC that would build primarily on health care as a public service. The framework might be called “**Healthcare As An Optional Public Service**” (HOPS).
 - Under HOPS, everyone would have a **legal right to receive free, quality health care** in a public institution if they wish.
 - It would not prevent anyone from seeking health care from the private sector at their own expense.
 - But the **public sector would guarantee decent health services** to everyone as a matter of right, free of cost.
- **Example:** Some Indian States are already doing so, such as in **Kerala and Tamil Nadu**, most illnesses can be satisfactorily treated in the public sector at little cost to the patient.
- **Significance:** If quality health care is available for free in the public sector, most patients will have **little reason to go to the private sector**.
 - Social insurance could also play a role in this framework by helping cover procedures that are not easily available in the public sector (e.g., high-end surgeries).
 - Although HOPS would not be as egalitarian as the national health insurance model initially, it would still be a **big step toward UHC**.
 - Moreover, it will **become more egalitarian over time**, as the public sector provides a growing range of health services.

What can be the Way Forward?

- **Vibrant Health System:** A vibrant health system shall include not only **good management and adequate resources** but also a **sound work culture and professional ethics**.

- A primary health centre can work wonders, but only if doctors and nurses are on the job and care for the patients.
- **Standards for UHC:** The main difficulty with the HOPS framework is to **specify the scope of the proposed health-care guarantee**, including quality standards. UHC does not mean unlimited health care: there are always limits to what can be guaranteed to everyone.
 - HOPS shall **lay down certain health-care standards** along with a **credible method to revise these standards** over time. Some useful elements are already available, such as the **Indian Public Health Standards**.
- **State Specific Legislation on Health:** Tamil Nadu is well placed to make HOPS a reality under its **proposed Right to Health Bill**. The state is already successful in providing most health services in the public sector with good effect.
 - A Right to Health Bill would be an invaluable **affirmation of the State's commitment to quality health care for all**; it would **empower patients and their families to demand quality services**, helping to improve the system further.
 - Tamil Nadu's initiative could be an **emulation for other states**.
- **Health Financing:** In order to achieve UHC, it is vital that governments intervene in their country's health financing system to support the poor and vulnerable.
 - This requires establishing **compulsory publicly governed health financing systems** with a strong **role for the state in raising funds fairly**, pooling resources and purchasing services to meet population needs.
 - Greater targeted financing for public health systems will help **tackle inherent weaknesses around quality of care and access**, reduce **out of pocket spending** on drugs and improve human resource and infrastructure shortfalls.



Tackling Methane Emission

This editorial is based on "Don't Ignore Methane, The More Potent Greenhouse Gas" which was published in Hindustan Times on 14/04/2022. It talks about the sources and impacts of methane emissions.

Tags: Biodiversity & Environment, GS Paper 2, Government Policies & Interventions, Important International Institutions, International Treaties & Agreements, GS Paper 3, Conservation, Environmental Pollution & Degradation

Methane is a rapidly accelerating part of the climate problem. It is the **primary component of natural gas**, and it **warms the planet more than 80 times as quickly** as a comparable volume of atmospheric CO₂ over a comparable amount of time

Methane receives much less attention than carbon dioxide, but it's **recently been in the news due to the conflict in Ukraine** and due to new research on **leakage of the gas in the Permian Basin** — a fossil fuel-rich part of the United States (US).

Although methane is rising in the atmosphere, there's no consensus among scientists on how much methane is coming from various sources.

Why is Methane more Harmful?

- Methane is an invisible gas that can **significantly exacerbate the climate crisis**. It is a hydrocarbon that is a major constituent of natural gas **used as fuel to run stoves, heat homes**, and also to power industries.
- Methane can be thought of as a **thicker blanket than carbon dioxide** — one that is **capable of warming the planet to a greater extent in a shorter period**.
 - It has an immediate effect on warming the planet. However, unlike carbon dioxide which remains in the atmosphere for hundreds of years, methane **exerts its warming effects for roughly a decade**.
- Methane pollution, which is a **primary component of ground-level ozone** and emitted alongside toxic chemicals such as benzene, has been **linked to heart disease, birth defects, asthma and other adverse health impacts**.

What are the Sources of Methane?

- **Biological Sources:** There are biological sources of methane - it is made from some organic compounds by **methane-generating microbes known as methanogens**.
 - Methanogens are found in various natural environments **where little or no oxygen is present**.
 - Such environments include **wetlands, landfills that are not well vented, and submerged paddy fields**.
- **Agriculture:** **Agriculture is the predominant source** of global methane emissions. Livestock emissions — from **manure and gastroenteric releases** — account for roughly **32% of human-caused methane emissions**. Cows also belch out methane.
 - **Paddy rice cultivation** — in which flooded fields prevent oxygen from penetrating the soil, creating ideal conditions for methane-emitting bacteria — **accounts for another 8% of human-linked emissions**.

- **Emissions from Fuel and Industries:** Fugitive emissions of methane from **gas, coal, and oil sites** are contributing to the climate crisis, but the extent of leakage of this potent greenhouse gas has been difficult to determine.
 - Methane leakage **occurs at every stage of the supply chain** from extraction and transport to use in homes and industries.
 - Much of the methane **being released is due to “ultra-emitters”**, which spew out copious amounts of the gas.

Recent Emissions from Permian Basin

- Findings from helicopters and drones armed with infrared cameras, and satellite images have shown **larger amounts of leakage of methane from the Permian Basin** in Texas and New Mexico, US.
- A new study in the journal *Environmental Science & Technology* has estimated over **9% of gas production in the Permian Basin being leaked as emissions**, in contrast to the 1.4% predicted by the *US Environmental Protection Agency*.

What has been Done to Curb Methane Emissions?

- **COP 26 Pledges:** At **COP26 in Glasgow**, over 100 countries signed an **agreement to cut methane emissions by 30% by 2030** as methane might be easier to deal with than carbon dioxide (which is more deeply embedded in the global economy).
 - Ahead of this agreement, the **US President announced the Global Methane Pledge**, which is an US-EU led effort to cut methane emissions by a third by the end of this decade.
- **MethaneSAT:** Controlling methane emissions will require further scrutiny of its sources. To this end, satellites that will **track methane leakage** such as **MethaneSAT** have been planned to launch.
 - MethaneSAT is a planned **American-New Zealand space mission** scheduled for launch later in 2022.
 - It will be an **Earth observation satellite** that will monitor and study global methane emissions in order to combat climate change.
- **UN Initiatives:** The **UN Food Systems Summit** in September 2021 was also aimed at helping make **farming and food production more environmentally friendly**.
 - The **UN’s Koronivia Joint Work on Agriculture initiative** is supporting the transformation of agricultural and food systems, focusing on how to maintain productivity amid a changing climate.

- **India’s Initiative:** Central Salt & Marine Chemical Research Institute (CSMCRI) in collaboration with the country’s three leading institutes developed a **seaweed-based animal feed** additive formulation that aims to **reduce methane emissions from cattle** and also boost immunity of cattle and poultry.

What is the Significance of Curbing Methane Emissions?

- Human-caused methane emissions **could be reduced by as much as 45%** within the decade.
 - This would **avert nearly 0.3°C of global warming by 2045**, helping to limit global temperature rise to 1.5°C and putting the planet on track to achieve the Paris Agreement targets.
- Every year, the subsequent reduction in ground-level ozone would also **prevent 260,000 premature deaths**, 775,000 asthma-related hospital visits, 73 billion hours of lost labour from extreme heat and **25 million tonnes of crop losses**.

What Measures can be taken Further to Reduce Methane Emissions?

- **In the Energy Sector:** Methane emissions occur along the entire oil and gas supply chain, but especially from fugitive emissions from leaking equipment, system upsets, and deliberate flaring and venting.
 - Existing cost-effective solutions can help reduce emissions, including **initiating leak detection and repair programs**, implementing **better technologies and operating practices**, and capturing and utilising methane that would otherwise be wasted.
- **In Agriculture:** The farmers can **provide animals with more nutritious feed** so that they are larger, healthier and more productive, effectively producing more with less.
 - **Indian Council of Agricultural Research (ICAR)** has developed an **anti-methanogenic feed supplement ‘Harit Dhara’ (HD)**, which can cut down cattle methane emissions by 17-20% and can also result in higher milk production.
 - When it comes to staple crops like paddy rice, experts recommend **alternate wetting and drying approaches that could halve emissions**.
 - Rather than allowing the continuous flooding of fields, paddies could be irrigated and **drained two to three times throughout the growing season**, limiting methane production without impacting yield.
 - That process would also require one-third less water, making it more economical.

- **In the Waste Sector:** The waste sector **accounts for around 20% of global human-caused methane emissions.**
 - The cost-effective mitigation solutions with the **greatest potential related to separating organics** and recycling also have the potential of creating new jobs.
 - Upstream avoidance of food loss and waste is also key.
 - Additionally, **capturing landfill gas and generating energy** will reduce methane emissions, displace other forms of fuels and create **new streams of revenue.**
- **Role of Government:** The Government of India should envision a **food system transition policy** to help its people grow and consume food differently.
 - Instead of working in silos, the government must develop a **comprehensive policy that moves farmers to sustainable modes** of plant-based food production, **diverts subsidies from industrial livestock production** and its associated inputs, and looks at **job creation, social justice, poverty reduction, animal protection and better public health** as multiple aspects of a single solution.



India-US Relations

This editorial is based on “2+2 Meet: Delhi and DC are Seeking New Opportunities” which was published in Hindustan Times on 15/04/2022. It talks about the status of India’s bilateral ties with the US in recent times.

Tags: International Relations, GS Paper 2, Government Policies & Interventions, Bilateral Groupings & Agreements, Effect of Policies & Politics of Countries on India’s Interests

If one were to look at the long list of diplomats, officials, and ministers from across the globe rushing to New Delhi in recent times, **India’s role as an emerging global superpower** is quite easy to infer.

In the context of the US, **India is the centrepiece** of the **Joe Biden administration’s Indo-Pacific strategy** - Indian Foreign and Defence Ministers recently **held the ‘2+2’ meeting with their American counterparts.**

Although the two countries are not sharing consensus over the **Russia-Ukraine Conflict** - one of the most worrying issues in global geopolitics, it is in their mutual interest to **rise above differences and ensure continuous cooperation.**

How have been India’s Relations with the US Lately?

- India-US bilateral partnership today encompasses a whole host of issues including the **response to Covid-19, economic recovery** post-pandemic, the **climate crisis** and **sustainable development**, critical and **emerging technologies, supply chain resilience, education, the diaspora, and defence and security.**
- The breadth and depth of Indo-US ties remain unmatched and the drivers of this partnership have been **growing at an unprecedented rate.**
 - The relationship remains unique insofar as this is driven at both levels: at the **strategic elite as well as at the people-to-people level.**
- Although India and the US have quite **contradictory responses towards the Russia-Ukraine crisis**, in the recent meeting, the PM of India and the US President expressed that the world’s two major democracies are **willing to work around their divergences** to arrive at mutually acceptable outcomes.
 - India and the US have underscored their commitment to continue to build on the momentum of recent years and **not lose sight of the larger strategic picture.**

What was the Outcome of the Recent 2+2 Dialogue?

- The dialogue saw the signing of the Memorandum of Understanding (MoU) on **space situational awareness** as the two nations seek to deepen **cooperation in outer space and cyberspace** to develop capabilities in both **“war-fighting domains”.**
 - They also agreed to launch an inaugural Defence **Artificial Intelligence** Dialogue, while expanding joint cyber training and exercises.
- The **defence partnership** between India and the US continues to grow rapidly with the US secretary of defence underlining that the two nations have **“identified new opportunities to extend the operational reach** of our militaries and to coordinate more closely together across the expanse of the **Indo-Pacific.”**
- The US also pointedly mentioned that China was constructing “dual-use infrastructure” along the border with India and that it would **“continue to stand alongside” India to defend its sovereign interest.**

What Could Drift the US Away?

- **Strong Indo-Russia Relations:** Russia is not a new factor in this relationship. India has **chosen to increase, rather than reduce, import of its meagre crude oil supplies from Russia,** being offered at a discount.
 - The **India-Russia de fence relationship** has also been an irritant in the Indo-US relationship.

- The **CAATSA law** has been part of the discussion for a long time on **India's purchase of the S-400 Triumf missile defence system** from Russia.
- However, there is a clear recognition in the US that any move to **sanction India would take the relationship back by decades**.
- Despite a warning by the U.S. about the “consequences to countries that actively attempt to circumvent or backfill the sanctions,” **India and Russia are exploring ways of conducting bilateral trade by bypassing the dollar-based financial system**.
- **India's Possibilities of Cooperation with China:** In recent years, China had looked at Indian moves in the region through the prism of their U.S. policy, but India's stance on Ukraine has triggered a rethink in Beijing.
- The **Chinese Foreign Minister's recent visit to India** was an exploratory step towards a larger strategic reset with the latter, driven by the **need to wean India away from the Quad**.
 - During his visit, **China offered to create a virtual G-2 in Asia** by protecting India's traditional role and collaborating on developmental projects as **'China-India Plus' in South Asia**.
- While Indian and American policies are at variance in countries such as Myanmar, Iran and Afghanistan, **China is the one interest that aligns the two countries together**.
 - If this moment provides for a reset of India's ties with China, it will **alter India's relationship with the U.S. and raise questions about the effectiveness of Quad**.

What is the Way Forward?

- **India-US Military Cooperation:** The US Secretary of State for Political Affairs during her recent visit to India, acknowledged that “India's dependence on Russia for defence supplies is crucial” and that this was a “legacy of security support from the Soviet Union and Russia at a time **when the US was less generous with India**”.
- However, with the new realities of today shaping the trajectory of this bilateral engagement, **it is time for the US to help India in building its defence manufacturing base through technology transfer as well as co-production and co-development**.
- **Exploring Opportunities:** India is emerging as a leading player in an international system that is undergoing an unprecedented transformation. It shall **use its present situation to explore opportunities to further its vital interests**.

- India and the US are **strategic partners today in the true sense of the term** - a partnership among mature major powers that is **not seeking a complete convergence but managing differences** by ensuring a continuous dialogue and channelling these differences into crafting new opportunities.
- **Cooperation in Security:** Russia's increased alignment with China as a result of the Ukraine crisis only complicates India's ability to rely on Russia as it balances China. Hence, **continuing cooperation in other security areas is in both countries' interests**.
- **Space governance will become central to the US-India** bilateral relationship, driven by mutual concern about the increasing space capabilities of the Chinese Army.



India's Stand on Ukraine Crisis

This editorial is based on “Ukraine and the anatomy of India's neutrality” which was published in The Hindu on 08/04/2022. It talks about the Russian invasion of Ukraine and India's response to take a stand on the matter.

Tags: International Relation, GS Paper - 2, Bilateral Groupings & Agreements, Effect of Policies & Politics of Countries on India's Interests

Since independence India's response to the international war crisis has not gone to a major shift. The instance has always been pro-USSR and pro-Russia after the breakup of USSR. In the present times,

What was India's Response For International Crisis in the Past?

- Russian troops were stationed in Hungary, intervening at the time of the Hungarian Revolution of 1956 but India did not condemn.
- In 1957, a year after the intervention in Hungary, Prime Minister Jawaharlal Nehru explained in Parliament why India took a non-condemnatory approach. “There are many things happening in the world from year to year and day to day, which we have disliked intensely. We have not condemned them because when one is trying to solve a problem, it doesn't help calling names and condemning.”
- Jawahar Lal Nehru's axiom has continued to guide India's approach to conflicts, especially those involving its partners. Be it the Soviet interventions in Hungary (1956), Czechoslovakia (1968) or Afghanistan (1979), or the American invasion of Iraq (2003), India has more or less followed this line.

What is India's Stand on Russia-Ukraine War?

- India's response to Russia's invasion on Ukraine — condemnation of the civilian killings without any name calling, and abstention from UN votes — is not fundamentally different from this historically cautious neutrality.
 - India abstained on a US-sponsored **United Nations Security Council (UNSC)** resolution that deplors in the strongest terms Russia's aggression against Ukraine.
 - India abstained from a **United Nations General Assembly** resolution that censured Russia for its military actions in Ukraine.
 - India also abstained from the **International Atomic Energy Agency (IAEA)** resolution that was related to safety at four nuclear power stations and a number of nuclear waste sites including **Chernobyl**, as the Russians seized control of them.
- **India's position on the Ukraine crisis is not an isolated one.**
 - South Africa, another major democracy, abstained from the UN votes that sought to condemn Russia.
 - The United Arab Emirates, a close American ally in the Gulf that hosts thousands of U.S. troops, abstained from a vote in the UN Security Council.
 - Israel, the U.S.'s closest ally in West Asia, condemned the Russian attack but refused to join the sanctions regime and said no to sending its defence systems to Ukraine.
 - Turkey, a **North Atlantic Treaty Organization (NATO)** ally, did the same and is mediating between Ukraine and Russia.
 - But none of these countries has come under the kind of pressure and public criticism from the West that India has.
 - U.S. President Joe Biden said India's position was "somewhat shaky". His Deputy National Security Adviser for International Economics warned India of "consequences" if it conducts trade with Russia circumventing American sanctions.

Why is India Being Selectively Targeted by the Western Countries?

- There could be three broad reasons — **political, economic and strategic**.
- From a **political point of view**, the West has carefully tried to construct a narrative that Russian President Vladimir Putin's attack on Ukraine is an assault on "the free world".
 - This narrative would look weak if the world's largest democracy (India) sits out of the West-led bid to punish the Russians.

- From an **economic point of view**, sanctions on Russia were imposed largely by western countries. Only three Asian nations have backed the sanctions — Japan, South Korea and Singapore. China, the world's second largest economy, has not abided by the American sanctions.
 - If India also continues to trade with Russia, working around the payment curbs, that would invariably blunt the effect of the sanctions on the Russian economy.
- **Strategically**, this is the most important global crisis since the end of the Cold War. India has improved its strategic partnership with the U.S., and the West in general, over the last 30 years, while at the same time retaining warm ties with Russia.
 - This balancing was not tested in the recent past. But with the Russian attack on Ukraine and the near-total breakdown in ties between Russia and the West, countries such as India are now faced with a difficult choice of picking a side.
 - Given the transformation of India's partnership with the U.S., which also sees India as a counterweight to China in the Indo-Pacific region, many expected India to give up its strategic autonomy and take a stand that aligns with that of the West. It did not happen.

How is the West

Responsible for the Tragedy of Ukraine?

- The West is not an innocent bystander in the whole Ukraine crisis. Ukraine was promised NATO membership in 2008 which it never got. The promise itself was enough to shake up Russia's security calculations and it moved aggressively, annexing Crimea and supporting militancy in Donbas.
- The U.S. continued to provide money and limited weapons to Ukraine but never took any meaningful measure to bolster Ukraine's deterrence against Russia.
- So, the West not only failed to deter Russia, but its limited responses to war are also pushing Russia deeper into the Chinese embrace.
- Should India accelerate this embrace by toeing the anti-Russian Western line or retain its terms of engagement with Moscow which could allow Russia to diversify its Asian relations? India has opted for the second option.

What can be the Way Forward?

- **Self-Reliance in Arms:** In order to deal with the **Chinese expansionism**, adventurism on its own borders, and a South Asian region suddenly **vacated by America's military presence in Afghanistan**, India needs both

the US and Russia to fend off a Chinese strategic and geo-economic threat in Asia.

- However, it is important to realise that when there is conflict between the two major powers, they have to fight their battles alone. Hence, self-reliance is the key.
- Only when India attains true “atma nirbharta” in arms, it will be able to look the world in the eye.
- **Balanced Approach:** If the India-Russia partnership is critical on land in Asia, the **QUAD** is imperative when it comes to countering Chinese maritime expansionism in the **Indian Ocean region**.
- The imperative to counter China remains a cornerstone of Indian foreign policy, everything-including Delhi’s position on Russian action in Ukraine- flows from that.
- **Realising West’s Interests in India:** Within India’s foreign policy establishment, there is ongoing debate on what India might gain or lose by its neutrality and the consequences of siding with the West.
 - There is also the thinking that the West cannot afford to cut away from India at this point, as it needs India’s markets, and India’s heft as a democracy as it seeks partners to contain China.

Conclusion

- India is not a client state of any great power (even client states have not joined the sanctions regime). It is not a member of any alliance system — the **Quad** (India, Australia, Japan and the U.S.) is not an alliance.
- Like any other country, India also retains the right to take policies based on pragmatic realism and its core national interests. And India thinks that a neutral position anchored in strategic autonomy which keeps channels open with both sides is what serves its interests.
- It does not mean that India supports the war. It has not. The U.S., India’s most important strategic partner, does not seem to appreciate these nuances.



Energy Transition and Fiscal Impact

This editorial is based on “Coping with Fiscal Effects of Energy Transition” which was published in The Hindu BusinessLine on 18/04/2022. It talks about India’s fiscal dependence on fossil fuels and the economic impact of transitioning to cleaner energy.

Tags: Economy, GS Paper 2, Government Policies & Interventions, GS Paper 3, Environmental Pollution & Degradation, Growth & Development, Conservation, Infrastructure

Energy transitions are gaining momentum worldwide, and India is no exception. It has created one of the world’s largest markets for **renewable energy**.

However, this transition is going to be a complex task keeping in mind the fiscal impacts of it. Also, ensuring that the opportunities of India’s transition are shared fairly throughout society is not an easy task, given the country’s population and diversity.

To achieve the **trifecta of jobs, growth and sustainability**, India must strive to **put people and a smooth fiscal transition at the centre** of its energy transformation.

What about India’s

Fiscal Dependence of Fossil Fuels?

- In a document published by the **International Monetary Fund (IMF)**, governments’ (both Centre and State) **revenue from coal, oil and natural gas, will be affected over the next two decades** as India shifts toward renewable energy sources.
 - As per the **International Energy Agency (IEA)**, under fairly standard assumptions on growth, prices and taxes, there would be **continued growth in revenues from fossil fuels till 2040**.
 - However, revenues would **fall significantly as a share of the GDP** and overall government budget, naturally imposing fiscal challenges for both the Central and State governments in the next two decades.
- As of 2019, more than a fifth of the Centre’s revenues were from fossil fuels including both **tax (both direct and indirect)** and **non-tax revenues (including royalties, dividends etc.)** paid by **public sector undertakings (PSUs)**.
 - For the State governments, total revenues from fossil fuels were lower at about **8% of total revenues**.
 - The **combined revenue** for both the Centre and States was **13% of the total revenue collected**, which translates to **3.2% of India’s GDP**.
 - This share is **much higher than India’s Defence expenditure**, and **comparable to the combined education, culture and sports expenditures** of both the Centre and States.

What is the Fiscal Impact of Transition?

- **At Global Level:** The impacts will not be felt evenly. **China will feel about 27% of a cumulative \$75 trillion economic hit** to global GDP by 2050, while the **US will see about 12%**, Europe will experience 11% and **India about 7%**.

- **Economies such as Iraq** that do not have financial reserves to invest in non-fossil fuel sectors **could suffer the biggest losses** in economic output.
- Wealthy economies with deep capital markets that already have big investments in energy transition technologies, such as **France and Switzerland, will be better positioned.**
- **At National Level:** During the Covid-19 period, governments' reliance on fossil fuel for revenues — mainly petroleum increased.
 - Despite decrease in the international crude oil prices, **taxes on petrol/diesel in India were increased** leading to decoupling of international and domestic oil prices.
 - According to latest data, the **revenue from petroleum was 2.7% of GDP** in 2019-20 which **increased to 3.4% of GDP in 2020-21** on account of **higher excise and VAT.**
 - As India starts pursuing its **net-zero commitments**, the first step would be to reduce the use of fossil fuels. Consequently, this **major source of revenues will disappear.**

What are the Concerns Associated?

- **Decline in Revenues:** Over time the **revenues from fossil fuel will steadily fall as India shifts to renewable energy sources**, ramps down the use of fossil fuels, and as **electric vehicles (EVs)** increase.
 - If current economic trends persist, revenues are estimated to fall from 3.2% in 2019 of GDP to **1.8% and 1% in 2030 and 2040 respectively.**
- **Subsidies - A Necessary Evil:** A large part of the energy transition may need to be supported through direct or indirect **subsidies by concession of excise duty on EVs, concessional GST** on electric cars, **concessions given under Green Hydrogen Policy** etc. like the Small wind energy and Hybrid systems programme.
 - The subsidies will add to the Centre and States' **fiscal stress.** But **without these subsidies the energy transition itself may slow down.**
- **Impact on Political Economy:** The declining revenue can have political economic ramifications as well. The year **2022 is the last year of GST compensation** given to State governments, which may put **stress on certain States' revenue.**
 - Furthermore, **under the GST structure, States have limited autonomy** to raise taxes, which may exacerbate the issue.
 - The Centre in the last few years have started collecting more revenues via cess which is not shared with States, running the risk of **straining the Centre-State relationship.**

- **Challenges of Investments:** The 21st report of the **Standing Committee on Energy (2021-22)** on financial constraints in the renewable energy sector highlights that India's long-term RE commitments **require ₹1.5-2 trillion annually.** Actual investments in the last few years have been around **₹75,000 crore.**
- **Gender Disparity in Green Sector:** According to a 2019 study by **Council on Energy, Environment and Water (CEEW)** and the IEA, women account for nearly **32% of the renewables workforce globally but only around 11% of the rooftop solar workforce in India.**

How can India Cope with the Fiscal Transition?

- **Additional Taxes:** When the government experiences revenue stress, it finds **energy to be the easiest source of revenues.** **Additional taxes on coal or probably a carbon tax** can be imposed.
 - Slowly phased in from a small amount roughly equivalent to the existing coal cess (or GST compensation cess) to reach **Rs 2,500 per tonne of carbon dioxide** by the middle of the century.
 - In the short run, India can also increase revenues from some other source like **increasing tax on demerit goods like alcohol, tobacco etc.** to compensate for the reduction in energy sourced from fossil fuels.
- **Strong Policies:** Just as we need strong climate policies, we also need **strong social policies and local institutions** to ensure that the **clean energy transition is fair and just.**
 - India must be prepared for the fact that job gains might not occur in the same locations as job losses and that **most new jobs are expected to be non-unionised**, often lacking safety nets. The policies need to be framed accordingly.
 - **Carbon tax revenues may need to be recycled back to poorer households** who spend a large fraction of their income on energy.
- **Investment Challenge as an Opportunity:** The **Budget 2022** announced that the government proposes to issue **sovereign green bonds** to mobilise resources for green infrastructure.
 - These bonds are expected to be **serviced by rupee revenues, with rupee-denominated end-use.** This makes a strong case for domestic as well as **'masala' bond issuances overseas.**
 - Several Indian corporates have tapped the India International Exchange (India INX) to raise capital from international investors. India's immense requirements for green finance could be turned into an advantage to **develop a homegrown but world-facing capital market.**

- This could establish India as a **gateway for emerging economies** in Asia and Africa looking to raise international capital for their own transitions.
- **A Gender Balanced Transition:** While India's energy transition will create many new jobs, the limited **participation of women in the growing green workforce** must be addressed.
 - As a priority, renewable energy companies must **promote policies to ensure gender parity in their workforce.**
 - These could include **investments in suitable facilities for women** at project sites, designing guidelines for **flexible working arrangements**, and **creating programmes** to prepare more **women for leadership roles.**



AgriTech and Agri-Startups

This editorial is based on "Unlocking the Potential of Agri-Tech" which was published in The Hindu BusinessLine. It talks about the significance of agri-startups and the challenges faced by them.

Tags: Agriculture, GS Paper 3, E-Technology in the Aid of Farmers, Agricultural Marketing, Growth & Development, IT & Computers

The **Covid-19 pandemic** and the **war in Ukraine** has massively disrupted the global food system, putting huge **pressure on agriculture-focussed countries like India** to provide more sustainable options.

However, considering the complexity of Indian agriculture, **a single policy or technology cannot reform the agricultural sector.**

Consistent digital transformation efforts along with government incentives and intervention can strengthen the agricultural model in India. The combination of an influx of investments, **AgriTech startups** and innovation have the potential of changing the dynamics of Indian agriculture and paving the way for a futuristic model.

What Role have the Agri-Startups been Playing in Agriculture?

- **Increasing Income:** The state of small and marginal farmers in India has been dismal, struggling with low incomes, mounting debts and **dependency on mono-crop culture, informal lenders and fluctuating output prices.**
 - Farmers who seek to venture into **aquaculture** or animal husbandry don't have appropriate investments, marketing channels and knowledge.

- With the **advent of AgriTech startups and digital tools**, many Indian **farmers are supplementing their income with farm diversification.**
- **Farm Diversification:** The AgriTech Startups are **empowering farmers to integrate livestock rearing and aquaculture** into their existing operations with **micro-farm installation** requiring minimum space and labour.
 - Non-crop diversification is helping farmers increase and earn round-the-year income, improve productivity and profitability and **adopt sustainable farming systems.**
- **Awareness Creation:** AgriTech startups with the ever-increasing internet are increasing **awareness among the farming communities** and **connecting them to a network of traders, retailers and exporters** willing to buy their produce at higher prices.
- **Technological Advances:** Technological advances in supply chain platforms have also resulted in the **supply of high-quality live input materials** to farmers engaged in livestock rearing and aquaculture.
- **Reforms in Lending Culture:** With the emergence of **Fintech and AgriTech startups**, the lending landscape of the country is changing.
 - Previously underserved small and marginal **farmers can now secure loans from formal institutions** at low-interest rates.
 - A plethora of **easy financing options** and government initiatives have **alleviated the burden of interest** on farmers.

What are Initiatives Launched for Agri-Startups?

- In 2020, the **Reserve Bank of India** directed banks to treat **loans up to ₹50 crore to agri-startups under priority sector lending.**
- In the Budget 2022, the Finance Minister of India also announced a fund for agri-startups and rural enterprises. The exclusive fund will be **launched through NABARD** in order to give a **fillip to the farm produce value chain.**
- The International Crops Research Institute for Semi-Arid Tropics (ICRISAT) has called for **applications from agritech start-ups** under the **NIDHI-Seed Support Scheme (NIDHI-SSS).**
 - The selected start-ups will receive **funding up to ₹50 lakh.** The seed fund will enable them to accelerate their commercialisation activities.

What are Issues regarding Agri-Startups?

- According to the **latest Economic Survey**, 75 startups/new age companies mobilised ₹89,066 crore in April-November 2021 through the **initial public offering**

(IPO) route, the highest in a decade. However, the **share of agri-startups in this is negligible**.

- The **startup ecosystem in India is skewed in favour of services** — Big Data, Edtech, fintech, logistics and supply chain activities — **rather than agriculture and manufacturing**.
- While startups have several options to mobilise funds, their early stage break-through funding normally comes from angel investors (private equity and venture capital) and the government (seed capital).
 - While venture capitalists are keen on investing in startups based on their disruptive business model, high growth potential and their ability to make quick profits, **agri-startups have been lagging in attracting funds**.
- India has 650 plus start-ups that offer agri-tech innovations in partnership with industries and financial institutions, however, they **lack scale due to the very high costs of serving** smallholding farmers and building their own distribution system.
 - While start-ups have good expertise in emerging technologies, they often **lack the application-level domain expertise**.

What Steps can be taken to Boost Agri-Entrepreneurship?

- **Seed Capital from Banks: Seed capital from the banks and hand-holding of agri-startups by institutions such as NABARD**, by extending credit plus services, will go a long way in helping Agri-Startups establish their position in India's startup ecosystem.
 - The government should also **ensure 'ease of funding' for agri-entrepreneurs** to attain the intended objectives.
- **A SEBI for Agriculture:** A dedicated exchange for agri-startups may be established just like a stock exchange for small and medium enterprises.
 - The **Securities and Exchange Board of India (SEBI)** may stipulate liberal regulatory norms for listing of agri-startups on the bourses.
 - This will pave the way for **raising much needed risk capital for scaling up** agri-startups and rural enterprises.
- **Collaboration with Field Experts:** Entrepreneurs would be successful in mobilising capital from the market if they team up with **agricultural researchers, financial experts, and technology wizards**.
 - Agri-startups will flourish in India if they are **associated with industry associations like APEDA**, Indian Chamber of Food & Agriculture, NASSCOM, etc., especially for **testing/validation of prototypes before their launch**.

- **Financial Literacy:** The Agri-entrepreneurs should be imparted with financial literacy and education as the startup world is full of domain professionals and engineers, who hardly know anything about finance and investors.
 - Moreover, international agencies such as the **World Bank** and **International Fund for Agricultural Development** are willing to assist agri-startups in the context of achieving **SDGs** in general, climate action (SDG 13) in particular.
 - Agri-startups with a vision of **focussing on climate change and disaster management** are more likely to flourish in the near future.
- **Role of Government:** The government should create an **investor-friendly regime to attract funds** in the agri-startup sector.
 - Angel investors, venture capitalists and private equity holders may be given **tax incentives on capital gains** apart from providing **ease of doing business** at the time of their exit from the agri-startups.

Conclusion

With a burgeoning population, climate change and a looming food security crisis, the need for Indian agriculture to transition from the traditional industrial model into a new futuristic and sustainable model has never been more pressing. Small but consistent changes in the agricultural sector can propel India's farming community to the next level. **Greater support for AgriTech firms, digital infrastructure and innovative technologies** can usher in a digital and green agricultural model.



The India-UK Relationship

This editorial is based on "A New Shine To Old Ties" which was published in Indian Express on 19/04/2022. It talks about the recent developments in India's bilateral relations with the UK and major irritants in their ties.

Tags: International Relations, GS Paper - 2, Bilateral Groupings & Agreements, Groupings & Agreements Involving India and/or Affecting India's Interests, Effect of Policies & Politics of Countries on India's Interests

The current status of **India's relations with the United Kingdom** stands in contrast to the entrenched pessimism in the two about their prospects.

The **bitter legacies of colonialism** had made it impossible for the two sides to pursue a sensible relationship in the past. But over the last couple of years, India and

the UK have begun a **promising and pragmatic engagement devoid of sentiment and resentment**.

The two bureaucracies have been working on a roadmap to **transform bilateral relations by 2030** under the supervision of the External Affairs Minister of India and his British counterpart.

What are the Recent Developments on India's Relations with the UK?

- Despite the challenge posed by the **Ukraine crisis**, the India-UK relationship has been on an **upward trajectory**, exemplified by the conclusion of a **Comprehensive Strategic Partnership in 2021**.
 - The agreement also established a **2030 Roadmap for India-UK relations**, which primarily outlines the partnership plans for the bilateral relationship.
- The **UK Foreign Secretary**, in her **recent visit**, **emphasised** countering Russian aggression and **reducing global strategic dependence** on the country by underlining the importance of **democracies working cohesively to deter aggressors**.
- The Secretary furthered the **talks on defence-related trade** and **deepening cyber security** and defence cooperation between the two countries.
 - A **new joint cyber security programme** is set to be announced to protect online infrastructure in India and the UK
 - India and the UK also plan to hold the **first Strategic Tech Dialogue**, a ministerial-level summit on emerging technologies.
- Additionally, the UK and India have agreed to strengthen their cooperation in the maritime domain as the **UK will join India's Indo-Pacific Oceans Initiative** and become a major partner on maritime security issues in Southeast Asia.
- In January 2022, India and the UK managed to **conclude the first round of talks for an India-UK Free Trade Agreement**.
 - The negotiations reflected shared ambitions to secure a comprehensive deal between the **fifth (UK) and sixth (India) largest economies in the world** as technical experts from both sides covered over 32 sessions encompassing 26 policy areas.

What is the Role of Other Countries in Enhanced India-UK Relations?

- **US:** The US is **central to transforming the bilateral ties** between India and UK. Its **recognition of India as an emerging global power** and an important partner in the Indo-Pacific diverted the UK's focus towards India.
 - It was the US that first **recognised India's rapidly-**

growing relative weight in the international system. By the end of the 20th century, the US unveiled a **policy of assisting India's rise** with a view that a stronger India will serve US interests in Asia and the world.

- **China:** For the US, the strategic commitment to assist India's rise was rooted in the **recognition of the dangers of a China-dominated Asia**.
 - In the last two decades, the UK and China shared excellent bilateral ties; the former **declared a "golden decade" in relations with China** in 2015.
 - However, the **Chinese expansionist policies** and US' confrontation with the Chinese power lead to the **UK unveiling its own "Indo-Pacific tilt"** with India, again, as an important partner.

Why is Indo-UK Partnership Important?

- **For UK:** India is a **key strategic partner for the UK** in the Indo-Pacific both in terms of **market share and defence**, as was underscored by the signing of the Defence and International Security Partnership between India and the UK in 2015.
 - For Britain, a successful conclusion of an FTA with India would provide a **boost to its 'Global Britain' ambitions** as the UK has sought to **expand its markets beyond Europe** since **Brexit**.
 - Britain has been trying to seize opportunities in the growing economies of the Indo-Pacific to cement its place on the global stage as a serious global actor.
 - The British would be **better able to achieve this goal with good bilateral relations with India**.
- **For India:** The UK is a **regional power in the Indo-Pacific** as it **possesses naval facilities in Oman, Singapore, Bahrain, Kenya, and British Indian Ocean Territory**.
 - The UK has also confirmed £70 million of British International Investment **funding to support the usage of renewable energy in India**, which will help in building renewable energy infrastructure and developing solar power in the region.
 - India has sought **easy market access for Indian fisheries, pharma, and agricultural products** besides **duty concession** for labour-intensive exports.

What have been the Major Irritants in the India-UK Relations?

- **Colonial Prism:** India's post-colonial engagement with Britain has been riddled with multiple contradictions. India's lingering **post-colonial resentments** and the **UK's unacceptable claim for a special role** in the Subcontinent generated unending friction.

- The **consequences of Partition** and the **Cold War** made it harder for the two countries to construct a sustainable partnership.
- However, the recent regional and international upheavals provide a new basis for mutually beneficial engagement.
- **Pakistan Angle:** Pakistan also has been one of the major obstacles in the bilateral relations of India with Britain. Britain's advocacy of Pakistan has always been a matter of concern for India .
- Unlike the **US and France, which are committed to an "India first"** strategy in South Asia, the UK remains torn between its new enthusiasm for India and the **inertia of its historic tilt towards Pakistan.**
- **Britain's Domestic Politics:** The domestic dynamics of Britain have also tended to sour ties with India.
 - It was a reigning assumption in Delhi that the Labour Party was empathetic to India while the Conservative Party was not. Although this view turned out to be quite the opposite, **antipathy towards India existed in one way or the other.**
 - The Labour Party had become rather hostile on India's internal matters, including on.

How can India-UK Ties be Strengthened?

- A **post-Brexit Britain** needs to make the best of its historic ties; having walked out of Europe, the country needs all the partners it can find and a **rising India is naturally among the top political and economic priorities.**
 - Both India and the UK are serious in **overcoming legacy issues** and **engaging in robust dialogues to promote cooperation** on strategic and defence issues both in the Indo-Pacific as well as at the global level.
 - India meanwhile has become supremely self-assured in dealing with the UK; with the **Indian economy set to become larger than Britain's** in the next couple of years, **it is and shall be no longer defensive about engaging Britain.**
- Britain remains the fifth-largest economy, a **permanent member of the UN Security Council**, a **global financial hub**, a centre of **technological innovation**, and a leading cyber power. It has a significant international military presence and wide-ranging political influence.
 - India should try harder to **leverage these British strengths for India's strategic benefit.**
- The **forthcoming visit of the British Prime Minister** to India signifies the importance of **India's role in the dynamically changing global order** as the latter prepares itself to host multiple foreign leaders in the upcoming months and the **G20 presidency in 2023.**

- In the upcoming visit, **furthering the negotiations on the India-UK FTA** should be one of the key focus areas.
- The newer areas of cooperation — namely, **fintech, market regulation, sustainable and green finance, and cyber security** could emerge as the **new frontiers of this engagement.**



Public Schools in India

This editorial is based on "We Must Revamp Schools As They Reopen After The Pandemic Break" which was published in Livemint on 21/04/2022. It talks about the scenario of public schools in India and the findings of ASER 2021 about the same.

Tags: Social Justice, GS Paper - 2, Education, Issues Related to Children, Government Policies & Interventions

After remaining shut for about two years due to **Covid-19 pandemic**, schools have gradually started re-opening and welcoming children back.

However, with almost two years of absence from school and students having spent most of their time at home with either semi-structured or no educational activity, **managing the school premises would be a bit of a challenge for the students.**

This calls for **urgent actions from schools for resuming structured educational activities** along with assuring **conducive classroom spaces** which are sensitive to the prolonged anxiety, stress and isolation that students face.

The question of school preparedness becomes even more pertinent in light of the **recent trend of increasing enrolment in government schools** in India.

What are the Recent Developments in the Enrolment Scenario?

- The **Annual Status of Education Report (ASER) Report 2021** for rural India notes that there has been a **shift in enrolment from private to government schools** between 2018 and 2021 **across all grades and among both boys and girls.**
 - The increase is most **striking among children enrolled in the lowest grades.**
 - For both girls and boys in **classes I and II**, enrolment in government schools **increased by 9 percentage points and 14.1 percentage points** respectively from **2018 to 2021.**
- Overall, a total of 17 states saw an **increase in enrolment in government schools.**

- **Uttar Pradesh and Kerala topped the chart** and saw an increase of 13.2 and 11.9 percentage points respectively in enrolment in government schools in the given period.
- The shift back to government schools **reverses a decade-long trend** where private school enrolment kept growing at the expense of government schools
- **Nagaland and Manipur saw a decrease of 11.4 and 13.4 percentage points in enrolment** levels in government schools over the period under review.
 - However, the shift has not been to private schools, but is reflected in much larger numbers of children who are currently **not enrolled** in these states—an increase from **1.1% to 15.5% in Manipur and 1.8% to 19.6% in Nagaland** from 2018 to 2021.
- On average in 2021, the proportion of children aged 6-14 currently not enrolled in school has **increased by 2.1 percentage points** compared to the 2018 level, with states like **Andhra Pradesh (7%), Manipur (15.5%), Nagaland (19.6%)** and **Telangana (11.8%)** showing a high **increment in their currently-not-enrolled levels** compared to 2018.

What Key Challenges

Confront the Government Schools?

- **Learning Level Crisis:** The ASER presented its findings on 'Learning Levels' for **West Bengal, Chhattisgarh and Karnataka** which showed that there is a learning crisis in these states and the situation might be the same in other states and UTs.
 - In West Bengal, there is a **decline in the proportion of children** enrolled in Class I in government schools who can -
 - **Read letters of the alphabet** (by **7 percentage points** since 2018 and now below 2014 levels)
 - **Read single-digit numbers** (almost **10 percentage point** drop since 2018).
 - In Chhattisgarh for Class I, the proportion of children **who can read letters** has **decreased by 8.3 percentage points** since 2018 and there is a **10 percentage points drop** in that of government-school students of Class III **who can do subtraction** when 2021 levels are compared to 2018.
- **Poor Infrastructure of Schools:** As per data for 2019-20 from the **Unified District Information System for Education (UDISE)**, only **12% of all government schools had internet facilities** and only **30% had computers**.
 - About 42% of these schools were **without furniture**, 23% without **functional electricity**, 49% without hand-rails, 22% **without ramps for the physically disabled**, and 15% **without WASH facilities** (which

include **drinking water, toilets and hand wash basins**).

- The already poor state of school infrastructure might have further deteriorated in the past two years, during which government schools were either closed or used as makeshift wards for the isolation of covid-positive patients.
- **Insufficient Number of Teachers:** Pandemic disruptions drew attention to the challenges of teachers, who were offering educational and non-educational support to school students across India.
 - Even before the outbreak, the educational landscape of India was mired in a range of challenges - **recruitment and management of teachers, inadequacy of teacher training** and a **teacher shortage**.
- **Learning Loss due to Covid:** Due to the **Covid-19 pandemic**, schools were the ones to **remain shut for the longest period** and several students in government schools belonged to the families that **could not afford to receive online education**.
 - Consequently, when the schools reopened, **children were unable to catch up with their syllabus**. This posed the biggest challenge to teachers.
 - One-third of children in Classes I and II have not yet seen the inside of a physical classroom.

What can be the Way Forward?

- The rising enrolment levels in government schools offer a chance for the central as well as state governments to **ensure the retention of students**.
 - Schools should identify the children who are lagging behind and **run basic revision and bridge programmes** for them to consolidate their skills of reading, writing, numeracy and comprehension at their own pace.
 - The **Nipun Bharat initiative** is a reassuring step in this direction.
- A revamp of school infrastructure is the need of the hour, with a **special focus on information and communication technology**, apart from **WASH facilities** (including Covid-19 prevention measures) necessitated by risks of the pandemic.
- India faces an acute scarcity of teachers in government schools. This gap needs to be filled to **maintain the stipulated pupil-teacher ratio** in these schools.
 - In the light of increased enrolments, it is pertinent to undertake a closer examination of our present teacher availability.
- **Flexible rescheduling the academic timetable** and exploring options in collaboration with schools,

teachers, and parents for providing access to education to a larger section of students.

- **Giving priority to the less advantaged students** who do not have access to e-learning.
- The shift to government schools in a time of crisis offers a clear indication of people's **expectations of the state's role in providing education** as a matter of right and not just another service.
- Greater effort is required on the part of all governments in charge of education—at the state and central levels—to **improve the perceptions of various stakeholders** (especially parents and children) **vis-a-vis state-run schooling systems in India**.



Building A Skilled India

This editorial is based on "Skilling Efforts Need To Be Scaled Up" which was published in Hindu BusinessLine on 22/04/2022. It talks about the initiatives taken for skill development in India and the challenges to skill upgradation.

Tags: Indian Economy, GS Paper 2, Human Resource, Government Policies & Interventions, GS Paper - 3, Employment, Skill Development, Growth & Development

The **technology overhaul** has resulted in the creation of new types of jobs that require special skill sets; the higher-end jobs which require **more 'human' skills** such as **networking, creativity, problem-solving, etc.**

India being one of the youngest nations in the world with the average Indian being 29 years (the average Chinese is 37 years and Japanese, 48 years) has the **potential to convert this pool of young population into human capital** provided steadfast attention is given to **skilling** and education.

However, for a country that adds 12 million people to its workforce every year, **less than 4% have ever received any formal training**. India's **workforce readiness is one of the lowest** in the world and a large chunk of **existing training infrastructure is irrelevant to industry needs**.

India's Human Resource

Scenario: Where are We Now?

- Of the nearly 135 crore Indians in 2021, **around 34% (46.42 crore) were below 19 years**, and nearly **56% (75.16 crore) between the age of 20 and 59**.
 - By 2041, this demographic will change, but with **59% (88.97 crore) of its population between 20 and 59**, India could be the **world's largest pool of human resources**.

- Over the next two decades, the **labour force in the industrialised world** is expected to **decline by 4%**, while **in India it will increase by nearly 20%**.
 - India could become the supplier of talent and skills if its workforce across age groups is **equipped with employable skills** that keep pace with the exponentially changing technological ecosystem.

What about the Skilling of India's Human Resource?

- The 2015 Report on **National Policy on Skill Development and Entrepreneurship** had estimated that **only 4.7% of the total workforce in India had undergone formal skill training** compared with **52% in the US, 80% in Japan, and 96% in South Korea**.
- A skill gap study conducted by the **National Skill Development Corporation (NSDC)** over 2010-2014 indicated an additional **net incremental requirement of 10.97 crore skilled manpower** in 24 key sectors by 2022.
 - In addition, 29.82 crore farm and nonfarm sector workforce **needed to be skilled, reskilled, and upskilled**.

What Initiatives have been Taken for Skill Development?

- **Establishment of Training Institutes:** Over time, a fairly vast institutional system for training and skills has evolved. This includes 15,154 Industrial Training Institutes (ITIs) (including 11,892 private institutes); 36 Sector Skills Councils, 33 National Skills Training Institutes, and 2,188 training partners registered with NSDC.
- **Pradhan Mantri Kaushal Vikas Yojana:** The flagship **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** scheme was launched in 2015 to provide short-term training, skilling through ITIs and under the **apprenticeship scheme**.
 - Since 2015, the government has trained over 10 million youth under this scheme.
- **SANKALP and STRIVE:** The **SANKALP programme** which focuses on district-level skilling ecosystem and the **STRIVE project** which aims to improve the performance of ITIs are other significant skilling interventions.
- **Initiatives from Several Ministries:** Nearly **40 skill development programmes** are **implemented by 20 central ministries/departments**. The **Ministry of Skill Development and Entrepreneurship** contributes about 55% of the skilling achieved.
 - Initiatives by all ministries have resulted in nearly **four crore people being trained** through various formal skills programmes since 2015.

- **Mandatory CSR Expenditure in Skilling:** Since the implementation of the **mandatory CSR spending under the Companies Act, 2013**, corporations in India have invested over ₹100,000 crore in diverse social projects.
 - Of these, about **₹6,877 crore was spent in skilling and livelihood enhancement projects**. Maharashtra, Tamil Nadu, Odisha, Karnataka, and Gujarat were the top five recipient States.
- **TEJAS Initiative for Skilling:** Recently, **TEJAS (Training for Emirates Jobs And Skills)**, a Skill India International Project to train overseas Indians was launched at the **Dubai Expo, 2020**.
 - The project aims at **skilling, certification and overseas employment of Indians** and creating pathways to enable the Indian workforce to get equipped for **skill and market requirements in the UAE**.

What Challenges Exist Regarding Skilling Development?

- **Lack of Basic Education:** A 2020 NSO survey revealed that **one out of every eight students enrolled in a school or college drops out** before completing education; 63% of these are at the school level.
 - The **maximum dropouts occur at the upper primary (17.5%) and secondary school (19.8%) years**. Less than 40% of students pursued higher secondary and/or higher education.
 - In the absence of basic level education, it would be **difficult to upskill the younger population for higher-end jobs**.
- **Lack of Focus on Upskilling/Reskilling:** With the rise in diverse skilling initiatives, India has substantially addressed the skilling needs of the workforce.
 - However, it is the **upskilling and re-skilling needs** of the larger working population that **have been largely unmet**.
 - According to PLFS data 2019-20, **86.1% of those between 15 and 59 years had not received any vocational training**. The remaining 13.9% had received training through diverse formal and informal channels.
- **Insufficient Training Facilities:** According to a survey conducted by the NSSO, in India, there is a **lack of training facilities in as many as 20 high-growth industries** such as logistics, healthcare, construction, hospitality and automobiles.
 - India has roughly close to **5,500 public (ITIs) and private (ITC) institutes as against 500,000 similar institutes in China**.

- **Covid-19 Pandemic:** The Covid-19 pandemic is responsible for the **disruption of both short- and long-term training courses**, thereby hurting millions of students.
 - In the first wave, **more than 30,000 ITIs and National Skills Training Institutes shut** training centres temporarily, hurting the prospects of five million aspirants across India.

What can be Done for Upskilling of Indian Workforce?

- **Reversing the Dropout Trends:** The school/college dropout trends combined with estimates of skilling requirements by NSDC reveals that a significant effort has to be mounted to take **advantage of our positive demographics**.
 - Irrespective of rural or urban setting, the public school system must **ensure that every child completes high school education**, and is **pushed into appropriate skilling**, training and vocational education in line with market demand.
 - Deploying new technology to put in place virtual classrooms together with **Massive Open Online Courses (MOOCs)** would further help yield a higher educated workforce.
- **Incorporate Upskilling in the Goals:** There is more than enough evidence that **upskilling the already employed workforce could lead to greater productivity** in the economy, higher incomes for workers, and higher profitability for firms.
 - The PMKVY could **equally prioritise upskilling initiatives in the PPP mode**. Many countries such as the UK, Germany and Australia have proactive participation from industry players in their skilling efforts.
 - It is only by raising the quality of skills of its existing workforce, that India will be able to meet its aspirational development goals.
- **Involving Corporate Sector:** Investing in skill development is a **win-win solution** for corporate India as well as the nation - according to a NASSCOM Report in 2021, investing in skill training programmes resulted in **more than 600% return on outlays**.
 - Corporations could consider **industry-level collaborations** to provide industry-specific skills.
 - Big industries can expand their operations from big cities to small districts and villages. This would be a **giant leap towards the success of the Atma Nirbhar Bharat Abhiyan**.



The Inherent Benefits of Agroforestry

This editorial is based on “For Carbon-Neutral Growth, India must Focus on Agroforestry” which was published in Hindustan Times on 20/04/2022. It talks about the benefits of agroforestry and the challenges to its success in India.

Tags: Agriculture, GS Paper 2, Government Policies & Interventions, GS Paper 3, Agricultural Marketing, Agricultural Resources, Growth & Development, Conservation

Climate change is highly likely to have negative consequences for agriculture all over the world. **Extreme weather events** which are consequences of climate change are likely to reduce overall productivity of agriculture. **Flash floods, droughts**, untimely rains, hailstorms, **heat waves and cold waves** bringing temperature unsuitable for crops will demand adaptation of agriculture practices to new climatic conditions. In this context **Agro-forestry is important for India as well as other developing countries.**

What is Agroforestry?

- Agro forestry is a **land use system that integrates trees, crops and animals** in a way that is scientifically sound.
 - It integrates trees and shrubs on farmlands and rural landscapes to **enhance productivity, profitability, diversity and ecosystem sustainability.**
- It is a dynamic, ecologically based, natural resource management system that, through integration of woody perennials on farms and in the agricultural landscape, diversifies and sustains production and builds social institutions.

How is Agroforestry Significant?

- **Economic Value:** It meets **almost half of the country's fuelwood needs**, about two-thirds of the **small timber demand**, 70-80% of the **plywood requirement**, 60% of the **raw material for the paper pulp industry**, and 9-11% of the **green fodder needs**.
 - Tree products and tree services also **contribute robustly to rural livelihoods.**
 - Fruit, fodder, fuel, fibre, fertiliser, and timber add to **food and nutritional security**, income generation, and work as **insurance against crop failure.**
- **Carbon Sequestration:** Agroforestry or tree-based farming is an established nature-based activity that can **aid carbon-neutral growth.**
 - It enhances tree cover outside forests, works as a **surrogate for natural forests sequestering carbon**, keeps the pressure off natural forests, and helps increase farmers' income.

- **Lower Consumption of Fertilisers:** Nitrogen fixing trees grown in the agroforestry systems are **capable of fixing about 50-100 Kg Nitrogen/ha per year** - one of the most promising components of the agroforestry system.
 - The leaf litter after decomposition forms humus, releases nutrients and improves various soil properties, it also **reduces the fertiliser needs.**
 - Due to lower requirement of chemical fertilisers agroforestry can **supplement organic farming.**
- **Ecology Friendly:** Use of lesser chemicals will also help in **mitigating anthropogenic effects on climate.**
 - Agroforestry helps in **erosion control and water retention, nutrient recycling**, carbon storage, biodiversity preservation, and cleaner air and helps communities withstand extreme weather events.
- **Global Climate Goals:** Agroforestry can also help India meet its international obligations on -
 - **Climate** - creating an **additional carbon sink of 2.5 to 3 billion tonnes** of carbon dioxide equivalent through additional forest and tree cover by 2030 and **net-zero by 2070.**
 - **Desertification** - achieving 26 million hectares of **Land Degradation Neutrality by 2030**, thus, meeting 9 of the **17 Sustainable Development Goals.**
- **Better Agriculture Yields:** Higher yields of crops have been observed in forest-influenced soils than in ordinary soils.
 - Appropriate agroforestry systems **improve soil physical properties**, maintain soil organic matter and **promote nutrient cycling.**
 - Agroforestry will also help in generation and promotion of **sustainable renewable biomass based energy.**

How has India Responded to Agroforestry?

- In 2014, **India became the first country** to adopt an agroforestry policy - **National Agroforestry Policy (NAP)** - to promote employment, productivity, and environmental conservation.
- In 2016, a **Sub-Mission On Agroforestry (SMAF)** under the NAP was launched, with nearly **₹1,000 crore to transform agroforestry** into a national effort with the tagline: **“Har medh par ped”** (trees on every field boundary).
- In the **2022-23 Union Budget**, the Finance Minister of India announced that the Government of India would **promote agroforestry.**
 - However, the Ministry of Agriculture and Farmers' Welfare **merged the SMAF with the Rashtriya Krishi Vikas Yojana** which deprived the agroforestry sector of its flagship implementation arm.

What are the Issues in Adopting Agroforestry?

- **Lack of Information among Farmers:** Although agroforestry is not unknown in India, many farmers are not keen to take it up because of a **lack of information on tree rotation** and also the **legal aspects involved in the trade of matured trees**.
- **Ambiguous Categorisation of Agroforestry:** Agroforestry has not become the movement it should have. For a long time the subject **fell between the cracks of “agriculture” and “forestry” with no ownership by either sector**.
 - The value and position of agroforestry in the national system remains **ambiguous and undervalued**.
 - It has been disadvantaged by adverse policies and legal bottlenecks and its adoption by tenant-farmers is **constrained due to insecurity of tenure**.
- **Financial Constraints: Inadequate investment** in the sector is also a cause for neglect. Unlike the credit and insurance products available for the crop sector, the **provisions for growing trees-on-farms are minimal**.
 - Weak marketing infrastructure, **absence of price discovery mechanisms** and lack of post-harvest processing technologies further compound the situation.
- **Small and Marginal Fields:** Most of the farmers are small and marginal having **small fields (less than 2Ha)**. In this area it is **economically and spatially agroforestry is unviable**.

What can be Done to Promote Agroforestry?

- The sector needs to be **institutionally bolstered and profiled from the perspective of its utility spectrum** that knits farm-forestry, environmental protection, and sustainable development.
- **Financial support should be provided to all small landholders**, rather than only Scheduled Caste and Scheduled Tribe farmers.
 - Protocols need to be developed where **smallholders can earn income through carbon trading**.
 - **Institutional credit with longer funding cycles**, a moratorium on interests, and insurance products suitable for agroforestry must also be designed.
 - The **private sector** too should **invest in agroforestry** both as a commercial enterprise as well as through the route of **Corporate Social Responsibility**.
- Farmer collectives — **cooperatives, self-help groups, Farmer-Producer Organisations (FPOs)** — must be **promoted for building capacities** to foster the expansion of tree-based farming and value chain development.
 - It is possible to **target at least 10% of farmland** to be covered by trees.

- The current situation of agroforestry calls for **amending unfavourable legislation** and simplifying regulations related to forestry and agriculture.
 - Policymakers should **incorporate agroforestry in all policies relating to land use and natural resource management**, and encourage government investments in **agroforestry-related infrastructure** and in the establishment of sustainable enterprises.
- Scientists and researchers can develop **location-specific tree-based technologies** that **complement the crop and livestock systems** for sustainable livelihoods, factor in gender concerns, and incorporate the feedback from local communities.



A Pros and Cons Analysis of the CBDC

This editorial is based on “CBDC in India — the Pros and the Cons” which was published in The Hindu BusinessLine on 23/04/2022. It talks about the merits and demerits of the Central Bank Digital Currency (CBDC) announced in the Union Budget 2022-23 to be launched by 2022-23.

Tags: Indian Economy, GS Paper - 2, Government Policies & Interventions, GS Paper - 3, Growth & Development, IT & Computers

Since many of the securities traded in the market have been digitised in the last decade, the next in the pipeline is the **Central Bank Digital Currency (CBDC)**.

There is an increasing appetite for CBDC across the world. With private digital currencies — **cryptocurrencies** — making rapid inroads, threatening the stability of the financial system with possible money laundering and illicit financing, **governments have to act fast to manage their risks**.

What is the Scenario of CBDC?

- CBDCs are a **digital form of a paper currency** and unlike cryptocurrencies that operate in a regulatory vacuum, these are **legal tender issued and backed by a central bank**.
- Many countries have decided to have their own CBDC to provide more reliable digital currencies to work as legal tender, prompting displacement of private digital currencies.
 - **Bahamas** has been the **first economy to launch its nationwide CBDC — Sand Dollar**.
 - **Nigeria** is another country to have rolled out **eNaira** in 2020.

- China became the **world's first major economy** to pilot a digital currency **e-CNY** in April 2020.
 - **Korea, Sweden, Jamaica, and Ukraine** are some of the countries to have begun testing its digital currency and many more may soon follow.
- Recently, in its **Budget 2022-23**, the Government of India announced that its **central bank will issue a digital currency** as early as 2022-23.
 - The main objective is to **mitigate the risks and trim costs in handling physical currency**, costs of **phasing out soiled notes**, transportation, insurance and logistics.
 - It will also **wean people away from cryptocurrencies** as a means for money transfer.

What are the Merits of CBDC?

- **A Combination of Traditional and Innovative:** CBDC can gradually bring a **cultural shift towards virtual currency** by reducing currency handling costs.
 - CBDC is envisaged to **bring in the best of both worlds** - the **convenience and security of digital forms** like cryptocurrencies, and the regulated, **reserved-backed money circulation of the traditional banking system**.
- **Easier Cross-Border Payments:** CBDC can provide an easy means to **speed up a reliable sovereign backed domestic payment** and settlement system partly replacing paper currency.
 - It could also be **used for cross-border payments**; it could **eliminate the need for an expensive network** of correspondent banks to settle cross-border payments.
- **Financial Inclusion:** The increased use of CBDC could be **explored for many other financial activities to push the informal economy into the formal zone** to ensure **better tax and regulatory compliance**.
 - It can also pave the way for furthering **financial inclusion**.
- There is a need to **enforce strict compliance of Know Your Customer (KYC) norms** to prevent the currency's use for **terror financing** or **money laundering**.

What are the Risks Associated with CBDC?

- **Privacy Concerns:** The first issue to tackle is the heightened risk to the privacy of users—given that the **central bank could potentially end up handling an enormous amount of data** regarding user transactions. This has serious implications given that **digital currencies will not offer users the level of privacy** and anonymity offered by transacting in cash.

- Compromise of credentials is another major issue.
- **Disintermediation of Banks:** If sufficiently large and broad-based, the shift to CBDC can **impinge upon the bank's ability to plough back funds** into credit intermediation.
 - If e-cash becomes popular and the **Reserve Bank of India (RBI)** places no limit on the amount that can be stored in mobile wallets, **weaker banks may struggle to retain low-cost deposits**.
- **Other risks are:**
 - **Faster obsolescence of technology** could pose a threat to the CBDC ecosystem calling for **higher costs of upgradation**.
 - Operational risks of intermediaries as the **staff will have to be retrained** and groomed to work in the CBDC environment.
 - **Elevated cyber security risks**, vulnerability testing and **costs of protecting the firewalls**
 - **Operational burden** and costs for the central bank in managing CBDC.

How to Overcome the Risks of CBDC?

- In order to obviate some weaknesses of CBDCs, the **usage should be payment-focused** to improve the payment and settlement system. Then it can steer away from serving as a store of value to avoid the risks of disintermediation and its major monetary policy implications.
- The data stored with the central bank in a centralised system will hold grave security risks, and **robust data security systems** will have to be set up to prevent data breaches. Thus, it is important to **employ the right technology that will back the issue of CBDCs**.
- The sizing for the infrastructure required for the CBDC will remain tricky if payment transactions are carried out using the same system. The RBI will have to map the technology landscape thoroughly and **proceed cautiously with picking the correct technology for introducing CBDCs**.
- The financial data collected on digital currency transactions will be sensitive in nature, and the government will have to carefully think through the **regulatory design**. This would require close interaction between the banking and data protection regulators.
 - Also, the institutional mechanisms would need to **ensure that there is no overlap between different regulators** and chart out a clear course of action in case there is a data breach of digital currencies.



A Prospective Analysis of Countertrading

This editorial is based on “Countertrade can Work in Crisis Situations” which was published in The Hindu BusinessLine on 26/04/2022. It talks about countertrade arrangements that India has with other countries and the need for a countertrade policy.

Tags: World Economy, GS Paper 2, Government Policies & Interventions, Effect of Policies & Politics of Countries on India's Interests, GS Paper 3, Liberalisation

In view of the mounting pressure created by the **sanctions on Russia**, which **disrupted both India's receipts and payments in dollar for its trade with Russia**, the Reserve Bank of India (RBI) is working together with its Russian counterpart for creating a **framework for sustaining bilateral trade and banking operations**, likely **through greater use of rupee** in international transactions.

India in the past too, has accepted and made payments in rupee for its trade with several countries including **Russia, Nepal, Iran, Bangladesh, and a few east European countries**.

Given the vulnerabilities of the existing trade and financial settlement mechanisms to the **sanctions imposed by the US**, and the difficulties in trading with countries facing foreign exchange crises or balance of payments difficulties, there is a need to outline an **alternative framework for facilitating transactions with such countries**. Countertrading could be one such effective way.

What is Countertrading?

- Countertrade is basically a **barter or a quasi-barter arrangement** that explicitly links import and export transactions. It has emerged as an important mode of international transactions **for countries facing currency or cross-border payment challenges**.
- Countertrade is an alternative means to structuring an international sale when conventional means of payment are complex or nonexistent. The most common form of countertrade is **bartering**.

What is Its Significance?

Countertrade presents an effective way of:

- **Mitigating risks posed by protective trade policies** like sanctions, currency restrictions, non-tariff barriers etc
- Dealing with **challenges associated with outward remittances of foreign exchange**, where conventional means of payment is non-existent or complex for a variety of reasons.

- Tackling **challenges in securing supply of strategic mineral resources** where India has significant import dependence.

What is India's Status on Countertrades?

- **Barter Trade Agreement with Iraq:** India has entered into several types of countertrade arrangements in the past, including a barter trade agreement with Iraq under the ‘oil-for-food’ programme wherein **Iraq agreed to facilitate daily delivery of a fixed quantity of oil to India at a fixed price in exchange for exports of rice and wheat from India**.
- **Counter Purchase Agreement with Malaysia:** India also entered into a counter purchase agreement with Malaysia wherein a **rail construction project** was undertaken by **IRCON (Indian Railway Construction) International Ltd.** in Malaysia, for which the Malaysian government made payments to IRCON through the **supply of palm oil of equivalent value to India**.
- **Buyback Arrangement Soviet Union:** Another was a buyback arrangement with the erstwhile Soviet Union wherein the **National Textiles Corporation Ltd. (NTC) of India bought 200 sophisticated looms**, in return for a buyback commitment by the **Soviet Union to purchase 75% of the textile produced from the looms**.
- **Clearing Arrangement with Iran:** India also had a clearing arrangement with Iran wherein a **Rupee payment mechanism was established between India and Iran** in 2012 under which the Rupee accumulated from payments for imports by India was **utilised for payment for exports of products, projects and services to Iran**.
- **Debt-for-Goods Arrangement with Vietnam:** There was also a debt-for-goods arrangement with Vietnam wherein **India Exim Bank extended a Commercial Line of Credit to Vietnam** and in return, the **Food Corporation of India imported rice from Vietnam** and paid to IDBI/India Exim Bank for the imports.

What is a Debt-for-Goods Arrangement?

- A debt-for-goods model is a countertrade transaction wherein a **country avails itself of funding for a development project**, and full or partial repayment of the debt is through **exchange of goods or services to the lender country**.
- For the **lender country**, such a model can **provide avenues for exports of high value-added goods and services tied to the development financing**, while also **helping secure the supply of key raw materials** through imports from the borrower country.
- For the **borrower country**, such a model **helps in financing critical infrastructure development, without depletion of scarce forex resources**.

What about a Countertrade Policy?

- In spite of several countertrade transactions over the years, there is **no definitive policy for countertrade in India**.
- Several countries like the **Philippines, Indonesia and China have comprehensive countertrade policies** that have helped secure imports of critical items even in the wake of growing uncertainties.
 - A type of countertrade, **debt-for-goods, has especially been used by China** for securing important raw materials and promoting value-added exports.

What Challenges are Associated with Countertrade?

- One of the main challenges with countertrade is that the goods identified for countertrade by partner countries **may not have sufficient demand in India**.
- The value of a deal—the goods being exchanged—may be uncertain, causing **significant price volatility**.
- Countertrading has a **time-consuming nature** as in any unconventional tactic. There will be haggling over the good trades, hence a **long, drawn-out negotiation until all parties are satisfied**.
- There will be **higher transaction costs** including brokerage. Costs can quickly add up, especially while looking for a buyer for the goods, commissions to middlemen, and more.
- **Logistical issues** are also likely to exist, especially if commodities are involved.
- Greater uncertainty on the value of the goods being traded and **uncertainty on the quality of the goods**.

What can be the Way Forward?

- **A Countertrade Policy:** In light of the heightened uncertainty and pronounced need for an alternative mechanism for trade, a framework for countertrade could be developed for India, **with provisions for a debt-for-goods model**.
 - **India Exim Bank's** recent study has identified **30 countries to start with**, where a countertrade mechanism under the debt-for-goods model would be prudent.
 - These are resource rich countries that face restrictions on outward remittances of foreign currency, or are under debt distress or facing high risk of debt distress.
 - The countries include; **Nigeria, Libya, Venezuela, Iran, Republic of Congo, Sudan, Yemen, Zambia, Tanzania, Mozambique, Belarus, Fiji, Nicaragua, Cuba, Syria, and Lebanon**, among others.

- **Addressing Money Matters:** The countertrade policy for India could be an **umbrella arrangement, including a mechanism for local currency trade**, but not limited to it.
 - The policy could have a multipronged vision ranging from **mitigating currency related risks** related to international trade, to **extending development finance assistance** to the needy developing countries without depleting their scarce forex reserves; and **augmenting exports to lesser explored geographies** having potential to trade with India but facing forex challenges.
 - Countertrade mechanism would also be worth **contemplating from the perspective of securing repayments** in the developmental partnership programmes of the government of India, typically in resource abundant countries.
- **Switch Trade Model:** There should also be provision for a switch trade model in India's countertrade policy.
 - Under a switch trading model, an **international trading house can be engaged to serve as an intermediary** for offtake of the product and concomitant payment for settling the exports leg of the transaction.

Conclusion

The international **trading regime with the dollar** at the pivot has made trade settlements susceptible to actions by the US. India has taken a strong stand of safeguarding its economic interests, even amid the growing clout for suspending trade relations with certain countries. It must bolster its stand through a comprehensive mechanism for circumventing the challenges to trade settlements.



Keeping Neighbourhood in Sight

This editorial is based on "Don't Lose Sight Of The Neighbourhood" which was published in Hindustan Times on 24/04/2022. It talks about India's relations with its immediate neighbours and the scope of improving it.

Tags: International Relations, GS Paper 2, India and its Neighbourhood, Bilateral Groupings & Agreements

"Neighbourhood First" has been a cardinal component of **India's foreign policy**. Unless India manages its periphery well in the subcontinent, its pursuit of a more significant role in the Asian region and the world will remain suboptimal.

Recurrent **political or economic crises in neighbouring countries** draw India back into the subcontinent and constrain its ability to deal with larger regional and global issues. Moreover, **adversaries like China seek to keep India tethered in the subcontinent.**

Amid the recent global as well as internal political and economical shifts within the neighbouring countries, India has a **fresh opportunity to energise its Neighbourhood First policy.** It must grab it with both hands.

What is the Indian Subcontinent?

- The Indian subcontinent is a single geopolitical unit with strong economic complementarities among its constituent parts.
- It is a **shared cultural space with deep and abiding affinities** among the people of the countries located in the subcontinent because of a **long and shared history.**
 - It includes the countries of **Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.**
- However, despite this overarching unity, the subcontinent is divided into several independent and sovereign States, each with its challenges and aspirations.

How India is a Significant Player in this Region?

- **Proximity** is a significant asset, enabling **low-cost and timely flow of goods, services, and people** across borders.
- The asymmetry of **economic and technological power** which India enjoys is an asset in transforming the economy of the entire sub-region.
- India is the **biggest transit country for the subcontinent** and has land borders with Pakistan, Nepal, Bhutan and Bangladesh and maritime borders with Sri Lanka and the Maldives.
- India has also extended a helping hand to Sri Lanka and Nepal facing severe economic setbacks.
 - The **\$400-million currency swap facility extended to Sri Lanka** has been renewed.
 - **During the recent visit to India by Nepal's PM,** a number of **economic assistance programmes have been revived** and some **new ones have been announced.**
- **India's relations with the Maldives and Bhutan are also in a positive territory,** but must not be taken for granted. They need to be nurtured on a continuing basis.

What could be the Roadblocks in Securing an Friendly Subcontinent?

- **External Influence:** It is quite predictable for the smaller neighbour countries to be **wary of being dominated**

by a more powerful India and consequently seeking to **balance India's influence** through closer relations with external powers. In the past, such an external power was the US and **now it is China.**

- Over the past few years, China's actions and policies all through South Asia and also in India's maritime neighbourhood, including in the **Indian Ocean island countries,** have raised the need to give **deep consideration to India's approach to its neighbours.**
- **India's Bilateral Issues with:**
 - **Bangladesh:** The **domestic political rhetoric in India about illegal Bangladeshi migrants** and their alleged **involvement in communal riots** has had a negative resonance in the country and cast a shadow on our relations.
 - It is essential to ensure that the compulsions of domestic politics do not affect India's foreign policy adversely.
 - **Pakistan:** With Pakistan too, India has historical **adversity dating back to Independence and Partition** and also the four wars that the former lost.
 - Even more critical to the restoration of normalcy in bilateral ties is **terrorism.**
 - **Nepal:** In the Indo-Nepal ties, the **Kalapani boundary dispute** is a major issue.
 - In 2019, Nepal released a new political map claiming Kalapani, Limpiyadhura and Lipulekh of Uttarakhand and the area of Susta (West Champaran district, Bihar) as part of Nepal's territory.
 - **Sri Lanka: Killing of Indian fishermen** by the Sri Lankan Navy is a lingering issue between these two nations.
 - In 2019 and 2020, a total of 284 **Indian fishermen were arrested** and a total of 53 Indian boats were confiscated by the Sri Lankan authorities.
- The recent **political instability in Pakistan,** the **economic crisis in Sri Lanka,** the **'India Out' campaign in Maldives** and **China's growing footprint in Nepal** are other major challenges for India.

How can India be a Significant Player in this Region?

- **A Revised Foreign & Security Policy:** Being the largest and most powerful country in the subcontinent, India's **security perimeter goes beyond its national borders;** a strong Indian foreign and security policy must **ascertain that its neighbourhood remains peaceful,** stable, and benign, and **no hostile presence** can entrench itself anywhere in the subcontinent and threaten India's security.

- The challenge for Indian foreign policy lies in **creating effective and enduring incentives for our neighbours** to remain sensitive to India's security interests and use India's more powerful economy to become an engine of growth for them.
- India shall **emerge for its neighbours as a net security provider** for the region.
- **Lesser Interventions:** To deal with the increasing engagement of the smaller neighbours with external partners **India should not clearly articulate red lines** with each country as it would openly invite charges of disrespect of the sovereignty of neighbours.
- A better way would be to **intervene less** in the internal political affairs of its neighbours and subtly make it known that what **India will never accept is the physical presence of a hostile foreign power** in a manner that would adversely impact its security especially in a case of open borders.
- **Taking Advantage of Political Shifts:** There are significant shifts taking place in the neighbourhood. There is a **leadership change in Pakistan**, which offers the **prospect of reviving the India-Pakistan engagement**.
- The objectives should be modest; these include the **resumption of bilateral dialogue** in a format similar to the earlier comprehensive dialogue template.
- It is in **India's interest to promote regional economic integration**, and **SAARC** is the one important available platform for that purpose.
- **BIMSTEC** should **not be looked upon as an alternative to SAARC** but should pursue it on its own merits.

How can India Utilise its Strengths to the Fullest?

- **Cross-Border Connectivity:** To bring into use its proximity with the other countries, India requires efficient cross-border connectivity **both in terms of infrastructure and procedures** to allow the smooth and **seamless transit of goods and peoples**.
- **Opening More to Trade:** The economic and technological power of India is a vast and expanding market.
 - Even if this market were **opened up fully to whatever our neighbours can produce and sell**, this would constitute only a small fraction of India's market but would mean a great deal for them.
- **Transportation:** Given its much more developed land and maritime transport system, **India should develop its role as the partner of choice for trade and transportation**.

- This will also **create strong inter-dependencies** with our neighbours, thus creating more sensitivity among them to our security concerns.



Mission Antyodaya and Rural Upliftment

This editorial is based on "Mission Antyodaya' Should not Fall by the Wayside" which was published in The Hindu on 27/04/2022. It talks about the significance of Mission Antyodaya and the challenges to the upliftment of rural India.

Tags: Governance, GS Paper - 2, Government Policies & Interventions, Issues Relating to Development

The Indian Constitution mandates local governments to prepare and implement plans for **'economic development and social justice'** (**Articles 243G and 243W**).

Several complementary institutions and measures such as the **Gram Sabha** to facilitate people's participation, the **District Planning committee (DPC)** to prepare bottom up and spatial development plans, and the **State Finance Commission (SFC)** to ensure vertical and horizontal equity were introduced to promote this goal.

Given the right momentum, the **'Mission Antyodaya'** project of the Government of India launched in 2017-18 bears great promise to revive the objectives of these great democratic reforms. The **Ministry of Panchayati Raj (MoPR)** and the **Ministry of Rural Development** act as the nodal agents to take the mission forward.

What is Mission Antyodaya?

- **Mission Antyodaya** is a mission mode project envisaged by the Ministry of Rural Development. It is a convergence framework for measurable effective outcomes on **parameters that transform lives and livelihoods**.
- The main objective of Mission Antyodaya is to **ensure optimum use of resources** through the convergence of various schemes that address multiple deprivations of poverty, making **gram panchayat the hub of a development plan**.
 - This planning process is supported by an **annual survey** that helps to assess the various development gaps at the gram panchayat level, by collecting data regarding the 29 subjects (health & nutrition, social security, good governance, water management etc.) assigned to panchayats by the **Eleventh Schedule of the Indian Constitution**.

What led to the Launch of Mission Antyodaya?

- The traditional poverty line linked to the calorie-income measure, religiously pursued by the **Planning Commission** proved inane and **failed to serve as a purposive policy tool**.
- The stats brought into the public domain by the **SocioEconomic and Caste Census (SECC) 2011** were **'demanding' remedial intervention**. It revealed that:
 - 8.88 crore households are deprived and poor from the perspective of **multi-dimensional deprivations such as shelterlessness, landlessness**, households headed by single women, SC/ST household or disabled member in the family
 - 90% of rural households have **no salaried jobs**
 - 53.7 million households are **landless**
 - 6.89 million **female-headed households** have **no adult member** to support
 - 49% suffer from **multiple deprivations**
 - 51.4% derive sustenance from **manual casual labour**
 - 23.73 million are with **no room or only one room to live**
- Paradoxically, this happened in a country that spends **more than ₹3 trillion every year for the rural poor** from the Central and State Budgets and bank-credit linked self-help programmes.

What Challenges Exist in the Rural Upliftment?

Gaps in Gram Panchayats:

- The 'Mission Antyodaya' survey in 2019-20 for the first time collected data that shed light on the **infrastructural gaps from 2.67 lakh gram panchayats**, comprising 6.48 lakh villages with 1.03 million population.
- The maximum score values assigned in the survey add up to 100 and are presented in class intervals of 10.
 - While **no State in India falls in the top score bracket of 90 to 100**, 1,484 gram panchayats fall in the bottom bracket.
 - Even in the score range of 80 to 90, **10 States and all Union Territories do not appear**.
- The total number of gram panchayats for all the 18 States that have reported adds up only to **260, constituting only 0.10% of the total 2,67,466 gram panchayats** in the country.
 - Kerala tops the chart (with a score range 70-80) but **accounts for only 34.69% of total gram panchayats of the State**.
 - The corresponding all-India average is as low as 1.09%.
 - Even for **Gujarat** which comes next to Kerala, **gram panchayats in this bracket are only 11.28%**.

Poor Performance of Gram Panchayats in Composite Index of MA:

- Although **only 15 gram panchayats** (of the total reported) in the country **fall in the bottom range below 10 scores**, more than a fifth of gram panchayats in India are **below the 40 range**.
 - Only the gram panchayats in Kerala are above this in contrast to the rest of the States.
 - The gap report and the composite index show in unmistakable terms that building **'economic development and social justice'** remains a **distant goal** even after 30 years of the decentralisation reforms and nearly 75 years into Independence.

Missing Link between GDPDs and MA Surveys:

- The missing link or connection between the **Gram Panchayat Development Plans (GPDPs)** prepared and the gaps emerging from the Mission Antyodaya (MA) Survey findings has **hindered the process of preparing comprehensive GPDP**.
 - As per the MoPR guidelines, the findings and the gap report assessments from **MA Survey should serve as the baseline for the preparation of GPDP**; but this is **not taking place**.
- Each Panchayat is mandatorily required to link the activities taken up in the GPDP with the gaps identified in the MA Survey, but the **gaps identified in MA Survey are not addressed in majority of the GPDPs**.
 - Even those GPs that completed MA Survey have **not incorporated Gap Reports in the final GPDP**.

What can be the Way Forward?

- **Integration of Resources:** The scope to reduce the growing rural-urban disparities is tremendous. Given the **'saturation approach'** (100% targets on select items) of the **Ministry of Panchayati Raj**, the possibilities of realising universal primary health care, literacy, drinking water supply and the like are also immense.
 - What is required now is a serious effort to converge the resources - the **Mahatma Gandhi National Rural Employment Guarantee Act**, the **National Rural Livelihood Mission**, **National Social Assistance Programme**, **Pradhan Mantri Awas Yojana**, etc.
- **Role of Gram Sabha and Leaders:** Gram Sabha is a forum for people's participation in grassroot level governance. It provides opportunity to the rural people to get involved in the development programmes of their village and make the administration transparent.
 - It is the responsibility of the elected functionaries, frontline workers, and local citizens to see that the Gram Sabha functions as per the rules and expectations.

- Gandhi ji once said “**The Greater the Power of the Panchayats, the better for the People**”.
- The facilitators appointed shall also **ensure community mobilisation** including vulnerable sections like SC/ST/Women.
- The village organisations/SHGs may be supported to present before the Gram Sabha a **poverty reduction plan, which, after deliberation, can be incorporated in the GPDP**.
- **Deployment of Fiscal Resources:** The failure to deploy the data to **India’s fiscal federalism**, particularly to **improve the transfer system and horizontal equity** in the delivery of public goods in India at the sub-State level, is one of the major setbacks.
- The constitutional goal of planning and implementing economic development and social justice can be achieved only through **strong policy interventions and adequate supply of finances to the grassroots levels**.
- The policy history of India has been witness to the phenomenon of announcing big projects and failing to take them to their logical consequence.
 - However, there is no need to repeat history, rather lessons need to be taken and improvements need to be made.



Providing A Safe Work Environment

This editorial is based on “Social Dialogue for Safe Workplaces” which was published in The Hindu on 28/04/2022. It talks about the measures that can be taken to ensure occupational health and safety.

Tags: Social Justice, GS Paper - 1, Population and Associated Issues, GS Paper - 2, Government Policies & Interventions, Human Resource, Health

With over six million deaths due to Covid-19 in the last two years, safety and health have become central to every local, national, and international discussion.

As accidents, injuries, and diseases are prevalent in many industries, all of which directly and indirectly affect workers’ and their families’ well-being, it makes **ensuring a preventative safety and health culture a critical component of any workplace**.

For the world of work to build forward from the pandemic in a more human-centred and resilient way, **Occupational Safety and Health (OSH) mechanisms** need to be strengthened to establish workplaces that are not hazardous for workers.

What is the Status of Occupational Safety and Health (OSH)?

- Globally, an estimated **2.9 million deaths and 402 million non-fatal injuries** are attributed to occupational accidents and diseases.
 - Occupational accidents and diseases cost **5.4% of the global GDP annually**.
 - While less tangibly, they materialise as **presenteeism** (working with less effectiveness), **productivity losses** associated with **permanent impairment**, and **staff-turnover costs** (i.e., loss of skilled staff).

What is the Status of Occupational Safety and Health (OSH) in India?

- The available government statistics show a **decreasing trend** in occupational injuries in manufacturing and mining sectors.
 - However, it needs to be noted that when interpreting the statistics of the **Labour Bureau**, the **unregistered factories and mines are not covered**.
- During 2011-16, the number of cases of occupational diseases reported to the government in India was only 562.
 - In contrast, a scientific article published in the **National Medical Journal of India**, 2016, indicates prevalence of occupational diseases such as **silicosis** and **byssinosis**.
 - Byssinosis is a disease of the lungs **caused by breathing in cotton dust or dust from other vegetable fibres** such as flax, hemp, or sisal while at work.
- However, India has some good practices for extending OSH coverage as well.
 - The **Government of Uttar Pradesh**, in cooperation with employers and workers, **carried out participatory OSH training workshops** for metal and garment home-based workers.
 - **Most of these workers are in the informal economy** and remain unreachable by other occupational health and safety initiatives.
 - The **Government of Kerala** applied the **ILO’s participatory OSH training methodologies** and reached out to small construction sites for OSH improvements.
 - The **Government of Rajasthan** generated **OSH awareness among workers** and employers in **stone processing units** for preventing occupational lung diseases.

What Initiatives have been Taken to Promote OSH?

- Since 2003, the **International Labour Organisation (ILO)** has commemorated **April 28 as World Day for Safety and Health at Work** to stress the prevention of accidents and diseases at work by capitalising on our strength of tripartism and social dialogue.
 - The theme for 2022 is “**Act together to build a positive safety and health culture**”.
- India has ratified International Labour Organisation (ILO) conventions, the **Labour Inspection Convention, 1947** and **Labour Statistics Convention, 1985**.
- The Government of India declared the **National Policy on Safety, Health and Environment at Workplace** in February 2009 and compiled the available OSH information as **National OSH Profile** in 2018.
 - Another important step is launching a strategic **National OSH Programme**.
- The **Occupational Safety, Health and Working Conditions Code, 2020** spells out duties of employers and employees, and **envisages safety standards for different sectors**, focusing on the health and working condition of workers, hours of work, leaves, etc.
 - The code also **recognises the right of contractual workers**.
 - The code **provides for statutory benefits like social security and wages to fixed-term employees** at par with their permanent counterparts.

What are the Issues Associated with Ensuring Safe Workplaces?

- **Underutilised Reporting Systems:** A reliable occupational accident and disease reporting system is vital for remedying victims and making effective prevention policies for safer and healthier workplaces.
 - **While India has such a mechanism, it is underutilised**, with many injuries, accidents, and diseases going unregistered.
 - Under-reporting is **more likely to be in case of non-fatal injuries** than fatal ones for obvious reasons.
 - There is massive under-reporting of industrial injuries in small-scale industries.
- **Lack of Awareness of Occupational Diseases:** There is a lack of trained doctors on the various occupational diseases and workplace hazards and risks.
 - The lack of awareness of health hazards at workplaces leads to **misdiagnosis by doctors**.
- **Limited Industries under the Ambit:** The Labour Bureau compiles and publishes **data on industrial injuries relating only to a few sectors**, viz. factories, mines, railways, docks and ports.
 - The body has **not yet expanded the scope of**

statistics on injuries by adding sectors such as plantations, construction, the service sector, etc.

What can be done to Ensure Occupational Safety and Health?

- **OSH - Committee, Compliance and Collection of Data:** Effective implementation of the code of OSH and working conditions of 2020 will **extend OSH protection to more sectors, especially to informal workers** who make up nearly 90% of India's workforce.
 - The **code should also promote active workplace OSH committees and involve workers** for identifying hazards and improving OSH. Workers are in the frontline to notice OSH risks and implement solutions
 - It is also critical that India **establishes efficient OSH data collection systems** to better understand the situation for effective interventions.
- **Public Awareness:** Public awareness for preventing work-related accidents and diseases and improving hazardous working environments should also be encouraged.
 - India can **undertake stronger national campaigns and awareness raising activities** for workers and employers.
 - Young people are especially vulnerable to OSH risks and need to play an active role in finding OSH solutions.
- **Role of Governments:** At the **national level**, the government needs to **include all relevant ministries to ensure that workers' safety and health are prioritised** in the national agenda.
 - This requires **allocating adequate resources** to increase general awareness around OSH, knowledge of hazards and risks, and an understanding of their control and prevention measures.
 - **At the state level**, workers' and employers' organisations, by way of **bilateral discussions**, must **incorporate safety and health training at every level of their supply chains** to ensure protection from workplace injuries and diseases.
- **Social Dialogues:** Social dialogue is **essential for improving compliance** and plays a vital role in **building ownership and instilling commitment**, which paves the way for the rapid and effective implementation of OSH policies.
 - **Strong social dialogue mechanisms** for appropriately addressing occupational safety and health, by adequately investing in its prevention, will contribute to building a safe and healthy workforce and support productive enterprises, which form the bedrock of a sustainable economy.



Freebie Politics in India

This editorial is based on “*Are Freebies Affecting the Economic Growth of India?*” which was published in *The Hindu* on 29/04/2022. It talks about the positive and negative impacts of freebies.

Tags: Indian Polity, GS Paper - 2, Government Policies & Interventions

Recent news on the **collapse of the Sri Lankan economy** has engendered a fresh debate on the state's role. The government of Sri Lanka cut taxes across the board and provided several free goods and services. Consequently, the economy collapsed and the heavily-indebted country was left with no choice but to default on its commitments.

As a corollary, the **issue of freebies** given out by Indian states has come under the lens here. Over the years the **freebies** have become **an integral part of the politics in India**; be it for making promises in the electoral battles or providing free facilities to remain in power.

What are Freebies?

- Political parties promise to offer **free electricity/ water supply, monthly allowance** to unemployed, daily wage workers and women as well as gadgets like laptops, smartphones etc. in order **to secure the vote of the people**.
 - The states have become habituated to giving freebies, be it in the form of loan waivers or free electricity, cycles, laptops, TV sets and so on.
- Certain kinds of expenditure that are done under populist pressures or with elections in mind may be questionable.
 - But given that in the last 30 years there has been **rising inequality**, some kind of **relief to the population in the form of subsidies may not be unjustified** but actually necessary for the economy to continue on its growth path.

What are the Arguments in Favour of Freebies?

- **Facilitates Growth:** There are some examples which show that some expenditure outlays do have overall benefits such as the **Public Distribution System, employment guarantee schemes, support to education and enhanced outlays for health**, particularly during the pandemic.
 - These go a long way in increasing the productive capacity of the population and help build a healthier and a stronger workforce, which is a necessary part of any growth strategy.

- The same goes for a State spending on education or health.
- **Boosts Industries:** States like Tamil Nadu and Bihar are known for giving women sewing machines, saris and cycles, but they buy these from budget revenues, **contributing to the sales of these industries**.
 - It can be considered a **boost for the supplier industry** and not a wasteful expenditure, given the corresponding production.
- **Essential for Fulfilling Expectations:** In a country like India where the states have (or don't have) a certain level of development, upon the emergence of the elections, there are **expectations from the part of people which are met by such promises** of freebies.
 - Moreover, there are also **comparative expectations** when the people of the adjoining/other states (with different ruling parties) get freebies.
- **Helps Lesser Developed States:** With the states that have comparatively lower level of development with a larger share of the population suffering from poverty, **such kind of freebies become need/demand-based** and it becomes **essential to offer the people such subsidies for their own upliftment**.

What are the Downsides of the Freebies?

- **Macroeconomically Unstable:** Freebies undercut the basic framework of macroeconomic stability; the politics of freebies **distorts expenditure priorities** and **outlays remain concentrated on subsidies** of one kind or the other.
- **Impact on States' Fiscal Situation:** Offering freebies, ultimately, has an **impact on the public exchequer** and most of the **states of India do not have a robust financial health** and often have very limited resources in terms of revenue.
 - If states keep spending money for supposed political gains, their finances will go awry and **fiscal profligacy would prevail**.
 - As per the **Fiscal Responsibility and Budget Management (FRBM) rules** the **states can't borrow beyond their limits** and any deviation has to be approved by the Centre and central bank.
 - Therefore, while states have flexibility on how they choose to spend their money, **they cannot in ordinary conditions exceed their deficit ceilings**.
- **Against Free and Fair Election:** The promise of irrational freebies from public funds before elections unduly influences the voters, **disturbs the level playing field and vitiates the purity of the poll process**.

- It amounts to an unethical practice that is **similar to giving bribes to the electorate**.
- **A Step Away from the Environment:** When the freebies are about giving free power, or a certain quantum of free power, water and other kinds of consumption goods, it **distracts outlays from environmental and sustainable growth**, renewable energy and more efficient public transport systems.
 - Moreover, it is a general human tendency to **use things in excess (thus leading to wastage of resources) when it is provided for 'free'**.
- **Debilitating Effect on Future Manufacturing:** Freebies **lower the quality and competitiveness of the manufacturing sector** by detracting from efficient and competitive infrastructure that enable high-factor efficiencies in the manufacturing sector.
- **Destroys Credit Culture:** Giving away **loan waivers** in the form of freebies may have undesired consequences such as destroying the whole credit culture and it blurs the very basic question as to why is it that a large majority of the farming community is getting into a debt trap repeatedly.

What can be the Way Forward?

- **Realising Economic Impacts of Freebies:** It is not about how cheap the freebies are but **how expensive they are for the economy**, life quality and social cohesion in the long run.
 - We must strive instead for a **race to efficiency through laboratories of democracy and sanguine**

federalism where states use their authority to harness innovative ideas and solutions to common problems which other states can emulate.

- **Judicious Demand-Based Freebies:** India is a large country and there is still a huge set of people who are below the poverty line. It is also **important to have all the people accommodated in the development plan** of the country.
 - The judicious and sensible offering of freebies or **subsidies that can be easily accommodated in the states' budget** do not do much harm and can be leveraged.
 - Ideally, a proportion of state expenditure should be earmarked to ensure better overall utilisation of resources.
- **Differentiating Subsidies and Freebies:** There is a need to understand the impacts of freebies from the economic sense and connect it with the taxpayers money.
 - It is also essential to distinguish between subsidy and freebies as **subsidies are the justified and specifically targeted benefits** that arise out of demands.
 - Although every political party has a right to create subsidy ecosystems to give targeted needy people the benefits, **there should not be a long-term burden on the economic health** of the state or the central government.



Drishti Mains Questions

1. "Entrepreneurship by women is important not just for gender equality, but the entire economy". Comment.
2. "Amid the ongoing economic crisis in Sri Lanka, India must offer Sri Lanka financial help, policy advice and investment from Indian entrepreneurs. It is in India's interest to contain Chinese presence in the country". Comment.
3. "The quest for economic growth and the development of the BIMSTEC region can be achieved with enhanced cooperation among the member countries. India has a key role in making the BIMSTEC more vibrant, stronger and result-oriented". Comment.
4. "Injuries to privacy are not mere academic debates and cause real, physical and mental consequences for people. The responsibility to protect it falls to each organ of the government". Discuss.
5. Discuss the significance of the India-Australia Economic Cooperation and Trade Agreement (ECTA) from the perspective of the Indo-Pacific region.
6. Discuss the key factors slowing the migration policy momentum in India and the role that the government shall play in addressing the issues of migrant workers.
7. "The world is at a pivotal moment right now; we can make decisions that either cause permanent damage to our ecology or promote a healthier, fairer, and greener world. It is us who will have to proactively respond to protect our planet, health, and future". Comment.
8. "With its immense strategic relevance in the Indian context as an Indian security concern, a stable, secure and friendly Nepal is one requisite which India can't afford to overlook". Discuss.
9. Recognising the criticality of Startups in the growth of the Indian economy, combined efforts of entrepreneurs, investors and government are required to make this decade the best one for start-ups. Comment.
10. "By the time India turns 100, nearly half the population will be living in urban areas. Hence, it is imperative to not only nurture India's mega cities but also facilitate tier-2 and tier-3 cities to gear up for a sustainable and climate-friendly future". Comment.
11. "No society can legitimately call itself civilised if a sick person is denied medical aid because of lack of means." Comment.
12. Discuss the major impacts of methane emissions and suggest measures that can be taken to reduce the emissions of methane.
13. "Although India and the US have had their differences when it came to condemning Russia in its recent conflict with Ukraine, it would be wise to not lose sight of the larger strategic picture - the Indo-Pacific and countering China". Discuss.
14. Like any other country, India also retains the right to take policies based on pragmatic realism and its core national interests. Discuss the statement in the light of the recent Russia-Ukraine war.
15. Discuss the fiscal impact of clean energy transition on India and suggest measures for smooth transition from an economic perspective.
16. "Concerted efforts should be made for promotion of agri-startups in order to implement climate-smart agricultural practices in rural India, thereby ensuring food and nutritional security of the nation". Discuss.
17. "New geopolitical realities demand a new strategic vision from the UK and India. It is time to seize the moment and to lay the foundations of a partnership that can respond adequately to the challenges of the 21st century". Comment.
18. Discuss the key challenges faced by the public schools in India.

19. "Skilling, up-skilling and reskilling of India's youth, who are the workforce of the future, will play a crucial role in the success of the government's vision of Atma Nirbhar Bharat". Discuss.
20. "Due to the climate crisis, the poor and vulnerable communities, dependent directly on land, water, and forests will face irreversible changes to lives and livelihoods. Agroforestry can help them tackle this challenge". Discuss.
21. "Despite all the challenges, it would be prudent not to drop the idea of CBDCs altogether. It is rather important to address the various risks so as to introduce CBDCs in a manner that is beneficial to the whole system". Discuss
22. "Countertrading could be an alternative framework for facilitating transactions with such countries that are fiscally distressed or vulnerable to the imposition of sanctions by the US". discuss.
23. "India's linkages with the neighbourhood are civilisational, which are unique and non-replicable. With patience and perseverance, it can reap the dividends of cultural, economic and physical proximity". Comment.
24. "Mission Antyodaya is a promising initiative for rural upliftment, given the right momentum is provided in terms of stronger policy interventions, allocation of sufficient resources and stringent implementation". Discuss.
25. Discuss the measures that can be taken to establish a work culture that is more human-centred and ensures preventative safety for all the workers.
26. "Over the years the freebies have become an integral part of the politics in India. While some initiatives such as the Public Distribution Schemes and MGNREGA have become a critical component of India's growth strategy, freebies also undercut the basic framework of macroeconomic stability". Discuss.

