



# drishti

## News Analysis (05 Mar, 2021)

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### India-Bangladesh Bilateral Meet

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#### Why in News

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Recently, India's External Affairs Minister visited Bangladesh for a bilateral meet.

- This meeting comes ahead of **Indian Prime Minister's visit to Bangladesh** scheduled in March 2021.
- Earlier a 122-member contingent of the Bangladesh Armed Forces has participated in the 72<sup>nd</sup> **Republic Day** parade, **commemorating 50 years of the 1971 India-Pakistan war that led to the liberation of Bangladesh.**



#### Key Points

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- **Bangladesh's Stand:**

- **Resolution of Problems:**

- Problems between neighbouring countries should be resolved **through discussions and negotiations.**

- **Prioritising Each Others Benefit:**

- Need to focus on possible ways to materialise commitments and accommodate each other's priorities in a mutually beneficial manner.

- **Cooperation During Covid-19:**

- Bangladesh **acknowledged** the collaborative initiative of the two countries in implementing the **vaccination programme** against the ongoing pandemic.

- Bangladesh purchased the **Covid** vaccine from **Serum Institute of India.**

- Bangladesh is the **largest recipient of 9 million doses** of Made in India vaccine.

- **Multidimensional Relationship:**

- Both countries are committed to expand their relationship in all dimensions, ranging from **security, trade, transport and connectivity, culture, people-to-people ties, energy**, joint development of our **shared resources and defence.**

- **India's Stand:**

- **Congratulated Bangladesh :**

- On its graduation from the **Least Developed Country (LDC)** status.
- Bangladesh has been on the **United Nations (UN)** Least Developed Countries list since 1975.
- Bangladesh fulfilled all the criteria necessary for its elevation to a developing country in 2018.
- Therefore the **UN** has recommended **graduation of Bangladesh from the category of Least Developed Country (LDC).**
- Once it receives the final recommendation, **Bangladesh will formally graduate to the developing nation bracket in 2026.**

- **More than Strategic Partners:**

India-Bangladesh relations transcend strategic partnership, and **bonding of both the countries is central** to the realisation of a dream of a **peaceful, prosperous and progressive South Asia.**

- **Continued Interaction During Covid:**

Despite the Covid **pandemic**, interactions and consultations continued unabated such as:

- **India and Bangladesh had a Virtual Summit in December 2020.**
- A Joint Consultative Commission between the two Foreign Ministers in September 2020.

- **Teesta Issue:**

India and Bangladesh would have a meeting of Water Resources secretaries to discuss the **Teesta** issue.

- **Development of Connectivity:**

India is keen to **focus on the development of connectivity** with Bangladesh and beyond for next 20 years to change the **region's geo-economic scenario.**

- **Bangladesh Central to India's Policies:**

- Bangladesh was central to India's **Neighbourhood First' policy** and increasingly relevant to the country's **Act East Policy.**
- Bangladesh as a **key neighbour and a valued partner** not only in South Asia but also in the broader **Indo-Pacific region.**

- **Progress on Ground Situation:**

Practical progress has been made on the ground.

- Conducting a **trial run of container cargo** through **Chattogram port** to Agartala.
- Adding two new protocol routes to **inland waterways connecting Tripura to the national waterways.**
- Handing over **10 broad gauge locomotives.**
- Forming a **Joint venture in the energy sector.**

## Way Forward

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- A year after the **Citizenship (Amendment) Act, 2019-National Register of Citizens (NRC)** issue strained the robust ties between the two countries, **quiet diplomacy appears to have worked**. India must keep up the partnership that allows for **economic growth and improved developmental parameters** for both countries.
- Deepening **relationship with Bangladesh** has become a **necessity in the face of shifting geo-economics**. Bangladesh, with its growing economic success provides a vital partnership in the region.

The two countries share **54 transboundary rivers**, and water management is the key to prosperity.
- **Bangladesh-India relations have reached a stage of maturity**. There is scope for India-Bangladesh ties to move to the next level, based on **cooperation, coordination and consolidation**.
- It is important to address specific issues like Teesta and to respond to Dhaka's call for help on the **Rohingya** issue.

**Source:IE**

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## Technology And Innovation Report 2021: UNCTAD

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### Why in News

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India was the biggest '**overperformer**' in **frontier technologies** than the country's per capita **Gross Domestic Products (GDP)** would suggest, according to a recent country-readiness index of the **Technology And Innovation Report 2021**.

The report was released by the **United Nations Conference on Trade and Development (UNCTAD)**.

### Key Point

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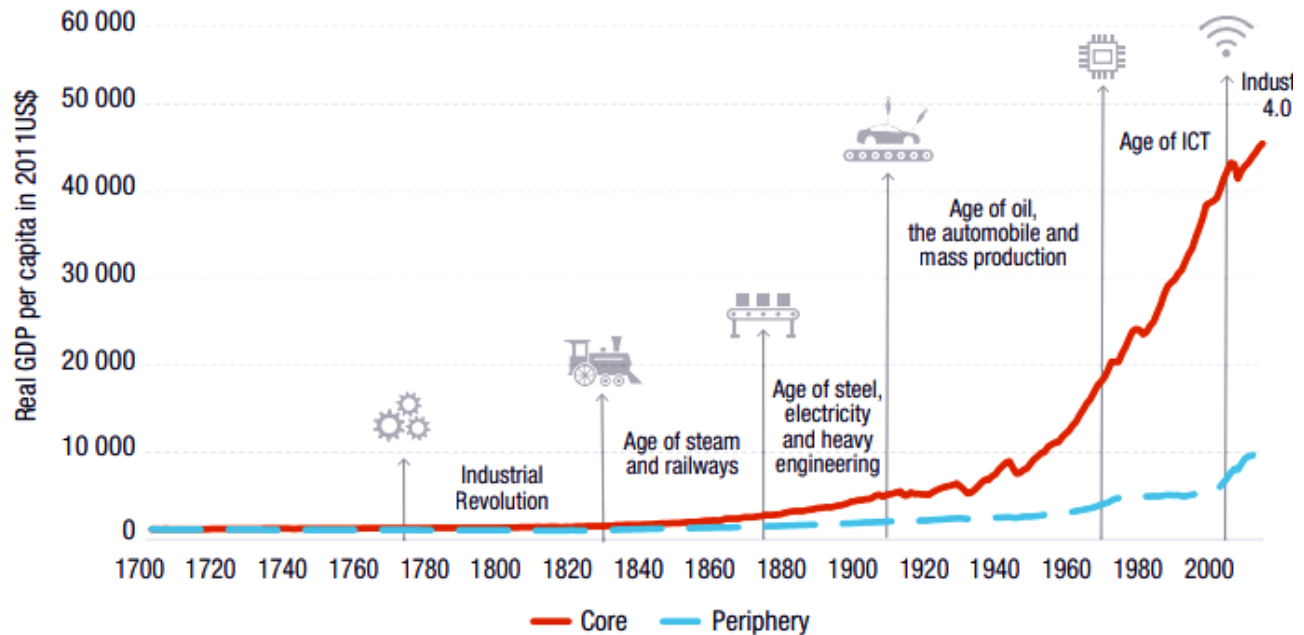
- **About the Report:**
  - The report examines the likelihood of frontier technologies widening existing inequalities and creating new ones.
  - It also addresses the **national and international policies**, instruments and institutional reforms that are needed to create a more equal world of opportunity for all, **leaving no one behind**.

- **Key Takeaway:**
  - **Frontier Tech Market:** The report shows that frontier technologies already represent a USD 350 billion market, which could grow to **USD 3.2 trillion by 2025.**
  - **International Cooperation:** It calls for strengthened international cooperation to build innovation capacities in developing countries, facilitate technology transfer.
  - **Inclusive:** Envisages increase women’s participation in digital sectors, conduct technological assessments and promote an inclusive debate on the impact of frontier technologies on sustainable development.
  - **Humans and Machines At Work:** Technological change affects inequalities through its impact on jobs, wages and profits in following ways:
    - **Automation** taking jobs
    - **Job displacement** can also be accompanied by **job polarization**, which refers to an expansion in high- and low-wage jobs combined with a contraction in middle-wage jobs.
    - Frontier technologies are being used to provide services via digital platforms that have spurred the creation of a **‘gig economy’.**
- **India Specific Findings:**
  - India’s actual index ranking is 43, while the estimated one based on per capita income is 108.
  - This meant that **India overperformed** other countries by 65 ranking positions. India was followed by the Philippines, which overperformed by 57 ranking positions.
  - India performed well in research and development.
    - This is reflected in its abundant supplies of qualified and highly skilled human resources available at a comparatively low cost.
  - However countries such as **the United States, Switzerland** and the **United Kingdom** were **“best prepared”** for frontier technologies.

- **Challenges for Developing Countries:**
  - **Demographic Changes:** Low-income- and lower-middle-income countries have expanding and younger populations which will increase the supply of labour and depress wages, reducing the incentives for automation.
  - **Lower Technological and Innovation Capabilities:** Low-income countries have fewer skilled people and depend to a large extent on agriculture which tends to be slower to take advantage of new technologies.
  - **Slow Diversification:** Developing countries typically innovate by emulating industrialized countries, diversifying their economies, and absorbing and adapting new technologies for local use, but this process is slowest in the poorest countries.
  - **Weak Financing Mechanisms:** Most developing countries have increased their R&D expenditures, but these are still relatively low. There is very little private funding of industrial technologies for productive applications.
  - **Intellectual Property Rights and Technology Transfer:** Stringent intellectual property protection will restrict the use of frontier technologies that could be valuable in SDGs related areas such as agriculture, health and energy.
- **Suggestions:**
  - The Report argues that frontier technologies are essential for **sustainable development**, but they also could accentuate initial inequalities.
    - It is up to policies to reduce this risk and make frontier technologies contribute to increasing equality.
  - A balanced approach building a robust industrial base and promoting frontier technologies is a must for success in the twenty-first century.

## Frontier Technologies

- Frontier technologies are defined as **potentially disruptive technologies** that can address large-scale challenges or opportunities.
- They include **artificial intelligence (AI), the internet of things, big data, blockchain, 5G, 3D printing, robotics, drones, gene editing, nanotechnology and solar photovoltaic.**



## United Nations Conference on Trade and Development

- The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 to promote development-friendly integration of developing countries into the world economy.
- UNCTAD is a permanent intergovernmental body headquartered at Geneva in Switzerland.
- Some of the **reports published by it are:**
  - **Trade and Development Report**
  - **World Investment Report**
  - **The Least Developed Countries Report**
  - **Information and Economy Report**
  - **Technology and Innovation Report**
  - **Commodities and Development Report**

**Source: DTE**

## Objections to New IT Rules

### Why in News

The latest norms for **social media intermediaries** in the **New IT Rules 2021** have drawn objections from privacy experts and lawyers.

The **Supreme Court** (SC) had in 2015 struck down **Section 66A** of the Information Technology Act finding it contrary to both **Articles 19** (free speech) and **Article 21** (right to life) of the Constitution.

## Key Points

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- **Suspecting Everyone:**

Asking ‘significant social media intermediaries’ to have **automated tools to proactively track certain words** is akin to “**active hunting**”, and will “**make suspects out of people**”.

**For example:** For track words like **interfaith marriage or love jihad**, its like criminalising an entire population **as most of the people must be using these words in their normal discussions**. This way, an entire citizenry is being made a suspect.

- **Against Right to Privacy:**

According to the New IT Rules of 2021, significant social media intermediaries providing services primarily in the nature of messaging shall enable identification of the first originator of the information.

- This provision would **end up weakening overall security, harm privacy and contradict the principles of data minimisation** endorsed in the IT Ministry’s **Draft Data Protection Bill 2019**.
- Identification of the first originator will **require end to end encryption to be broken**, thereby compromising the fundamental technology on which most apps are based on.
- Moreover, owing to the volume of data, encryption has become more important now as more personal data is being aggregated and analysed at a scale that was never possible before.

## Data Minimisation

Data Minimisation is a principle that states that **data collected and processed should not be held or further used unless this is essential for reasons that were clearly stated in advance** to support data privacy.



It will “**undermine the principles of open and accessible internet** and the **fundamental right of privacy** enshrined in the Constitution, particularly in the **absence of robust data protection law**.”

- **For Example:**

- It contains a provision **requiring significant intermediaries to provide the option for users to voluntarily verify their identities**.
- This would likely entail users **sharing phone numbers or sending photos of government issued IDs to the companies**.
- This provision will **incentivize the collection of sensitive personal data** that are submitted for this verification, which can then be also used to profile and target users

- **Right to Privacy:**

- The **SC** described privacy and its importance in the landmark decision of ***K.S. Puttaswamy v. Union of India in 2017*** as a **fundamental and inalienable right** and attaches to the person covering all information about that person and the choices that he/ she makes.
- The **right to privacy** is protected as an intrinsic part of the right to life and personal liberty under **Article 21** and as a part of the freedoms guaranteed by Part III of the Constitution.

- **Against Freedom of Expression:**

Automated forms of censorship and surveillance could **disproportionately impact users’ freedom of speech and expression**, suppressing creativity.

**Article 19(1)(a)** of the Indian constitution guarantees the **freedom of speech and expression**.

- **Over Censorship:**

- The new rules provide stricter and wide-ranging obligations on intermediaries for **proactive monitoring of content**.
- The **fear of legal liability** or action could **lead to over-censorship of content**.

- **Lack of Accountability and Transparency:**

- The news rules require social media to “deploy technology-based measures, including **automated tools (Artificial Intelligence (AI)) to filter out objectionable content** like child sexual abuse.
- However, as history has shown, **such tools not only suffer from major accuracy problems but also can lead to function creep**.

Earlier in 2020 an AI-powered tool **Genderify** designed to identify a person’s gender by analyzing their name, username or email address was shut down just a week after launch after it was blamed to be **biased**.

- **Coding biases** in the development of **AI** often **lead to discrimination, inaccuracies, and a lack of accountability and transparency**.

- **Gag on Online News Media:**

The rules open the way for **increased scrutiny as well as increased costs of compliance and may lead to gagging** of free and unhindered news reporting.

Source:IE

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## **Fast-track Courts to Clear Dishonoured Cheque Cases**

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### **Why In News**

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A Constitution Bench of the Supreme Court has proposed setting up **fast-track courts** for a limited time to clear **dishonoured cheque cases**.

Earlier the Supreme Court has suggested forming a committee to resolve the **problem of pendency of cheque bounce cases**.

### **Key Points**

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- **Supreme Court Proposal:** Set up fast-track courts under **Section 138 of the Negotiable Instruments Act, 2018**.

**Power to establish additional courts:** The government has both power and an obligation under **Article 247 of the Constitution** to set up “additional courts” to better the administration of **laws enacted by Parliament**, including the Negotiable Instruments Act, which deals with cheques.

**Article 247:** It gives power to Parliament to establish **certain additional courts** for the better administration of laws made by it or of any existing laws with respect to a **matter enumerated in the Union List**.

- **Pendency of Dishonoured Cheque Cases:** The pendency of cheque bounce cases **forms 30% to 40% of the backlog in trial courts** and a sizable chunk of the pile-up in High Courts.

### **Negotiable Instrument**

- These are signed documents that promise a sum of payment to a specified person or the assignee.
- It is **transferable in nature**, allowing the holder to take the funds as cash or use them in a manner appropriate for the transaction or according to their preference.
- Promissory notes, bills of exchange, and cheques are categorised as the negotiable instruments.

### **Dishonoured Cheque**

- A cheque is said to be **honoured**, if the banks give the amount to the payee. While, if the bank refuses to pay the amount to the payee, the cheque is said to be **dishonoured**.
  - In other words, dishonour of cheque is a condition in which the bank refuses to pay the amount of cheque to the payee.
  - The dishonour of cheque is a **criminal offence** and is punishable by imprisonment up to two years or with monetary penalty or with both.
- **Cheque:** It is a **negotiable instrument**. Cheques are not negotiable by any person other than the payee. The cheques have to be deposited into the payee's bank account. The author of the cheque is called 'drawer', the person in whose favour, the cheque is drawn is called 'payee', and the bank who is directed to pay the amount is known as 'drawee'.

## Pendency of Cases in Judiciary

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- According to the **Economic Survey 2018-19** there are about **3.5 crore cases pending in the judicial system**, especially in **district and subordinate courts**.
  - About 87.54% of the total **pendency of cases** is in the district and subordinate courts.
  - More than **64% of all cases** are **pending for more than 1 year**.
  - The **average disposal time** for civil and criminal cases in Indian District & Subordinate courts in 2018 was 4.4 fold and 6 fold higher respectively when compared with the **average of Council of Europe members (2016)**.
  - A **Case Clearance Rate of 100%** (i.e. zero accumulation) can be achieved with the addition of merely 2,279 judges in the lower courts, 93 in High Courts and only one in the Supreme Court, which is **already within sanctioned strength and only needs filling of vacancies**.
- **Reforms Suggested:**
  - Increased number of **working days**.
  - **Establishment of Indian Courts and Tribunal Services** to focus on the administrative aspects of the legal system.
  - **Deployment of technology** to improve efficiency of the courts, e.g. **eCourts Mission Mode Project** and the National Judicial Data Grid being rolled-out in phases by the Ministry of Law and Justice.
  - **Better Case and Court Management:** Professional Court Managers as suggested by the 13<sup>th</sup> Finance Commission. Court managers or equivalent professionals are the need of the hour and justice delivery can improve only if the courts accept and adopt **professional help in their administration**.
  - Setting up of **Tribunals, Fast Track Courts and Special Courts** to dispense important cases at the earliest.
  - Mechanisms such as **ADR (Alternate Dispute Resolution)**, Lok Adalats, Gram Nyayalayas should be effectively utilised.

## Way Forward

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- There should be wide introspection through extensive discussions, debates and consultations to identify the **root causes of delays in our justice delivery** system and provide meaningful solutions to improve the justice delivery system in India.
- Judicial reforms, if taken seriously, expeditious and effective justice can see the light of day and improve **India's standing in the reports of the World Bank** and other institutions and organisations that study judicial processes.

**Source: TH**

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## Appointment of CBI Director

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### Why in News

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A writ petition has been filed in the **Supreme Court** seeking the appointment of a **regular Central Bureau of Investigation (CBI) Director**.

The Director of the CBI is appointed as per section 4A of the **Delhi Special Police Establishment Act of 1946**.

### Key Points

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- **Director of CBI:**
  - The CBI is headed by a Director.
  - The Director of CBI as Inspector General of Police, Delhi Special Police Establishment, is responsible for the administration of the organisation.  
With the enactment of **CVC Act, 2003**, the superintendence of Delhi Special Police Establishment vests with the Central Government to **save investigations of offences under the Prevention of Corruption Act, 1988**, in which, the superintendence vests with the **Central Vigilance Commission**.
  - The Director of CBI has been provided **security of two-year tenure** in office by the CVC Act, 2003.

- **Appointment:**

- The **Lokpal and Lokayuktas Act (2013)** amended the **Delhi Special Police Establishment Act (1946)** and made the following changes with respect to appointment of the Director of CBI:

The Central Government shall appoint the Director of CBI on the recommendation of a **three-member committee** consisting of the **Prime Minister as Chairperson**, the **Leader of Opposition in the Lok Sabha** and the **Chief Justice of India or Judge of the Supreme Court nominated by him**.

- Later, the **Delhi Special Police Establishment (Amendment) Act, 2014** made a change in the composition of the committee related to the appointment of the Director of C.B.I.

It states that where there is **no recognized leader of opposition** in the Lok Sabha, then the **leader of the single largest opposition party** in the Lok Sabha would be a member of that committee.

### **Central Bureau of Investigation (CBI)**

- The **CBI** was set up in 1963 by a resolution of the **Ministry of Home Affairs**.  
Now, the CBI comes under the administrative control of the Department of Personnel and Training (DoPT) of the **Ministry of Personnel, Public Grievances and Pensions**.
- The establishment of the CBI was recommended by the **Santhanam Committee on Prevention of Corruption (1962–1964)**.
- The CBI is **not a statutory body**. It derives its powers from the **Delhi Special Police Establishment Act, 1946**.
- The CBI is the **main investigating agency of the Central Government**.
- It also provides **assistance** to the Central Vigilance Commission and Lokpal.
- It is also the **nodal police agency** in India which coordinates investigation on **behalf of Interpol Member countries**.

### **Way Forward**

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- Instead of a regular appointment, the government has recently appointed an interim/acting CBI Director. The interim appointment through an executive order was not envisaged in the statutory scheme of the 1946 Act.
- The premier investigative agency should function independently outside the influence of the Executive or political powers. The Supreme Court in the past has made a significant effort to enhance the functional autonomy of the CBI and limit the extent of executive discretion in the matter of appointment of this key functionary. It must make sure that there is a mechanism to ensure that the process of selection of CBI Director is completed one or two months in advance of the retirement of the incumbent.

**Source: TH**

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## Ease of Living & Municipal Performance Index 2020

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### Why in News

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Recently, the Ministry of Housing and Urban Affairs released the **final rankings of Ease of Living Index (EoLI) 2020** and the **Municipal Performance Index (MPI) 2020**.

### Key Points

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- **Municipal Performance Index:**
  - **About:**
    - It has been launched as an **accompaniment to the Ease of Living Index**.
    - It seeks to **examine local government practices in municipalities** across areas of services, finance, policy, technology and governance.
    - It also seeks to **simplify and evaluate the complexities in local governance** practice and promote the ethos of transparency and accountability.
  - **Coverage:**

The MPI **examined the sectoral performance of 111 municipalities** (with Delhi being assessed separately for NDMC, and the three Municipal Corporations).
  - **Parameters Used:**

The five verticals under MPI are **Services, Finance, Policy, Technology and Governance**. These five verticals comprise 20 sectors and 100 indicators in all totality.
  - **Categories:**

The assessment framework under MPI 2020 has **classified municipalities based on their population:**

    - **Million+** (municipalities having over a million population) and
    - **Less than a Million Population.**
- **MPI 2020 Performance**
  - **Million+ category:**

**Indore has emerged as the highest ranked** municipality, followed by Surat and Bhopal.
  - **Less than Million category:**

**New Delhi Municipal Council topped**, followed by Tirupati and Gandhinagar.

- **Ease of Living Index**

- **About:**

- **It is an assessment tool** that evaluates the quality of life and the impact of various initiatives for urban development.
    - It **provides a comprehensive understanding** of participating cities across India based on quality of life, economic-ability of a city, and its sustainability and resilience.

- **Aim:**

It aims to **enable cities to systematically assess themselves** against global and national benchmarks and encourage them to shift towards an **'outcome-based' approach** to urban planning and management.

- **Parameters:**

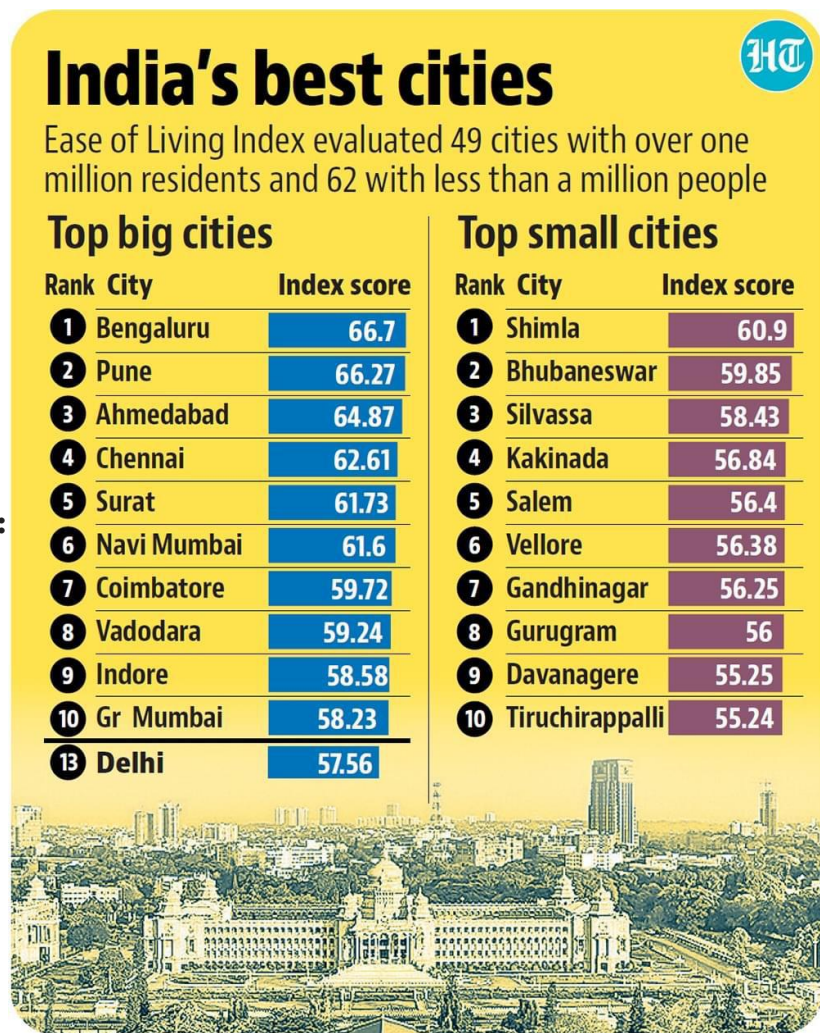
- **Citizen Perception:**

The EoLI 2020 strengthens its scope by consolidating the framework with the addition of a **Citizen Perception Survey** in the index, holding a **weightage of 30%**.

- Citizen Perception Survey:**

- It was undertaken to help **validate citizens' experience of their city** in terms of service delivery.
          - **Bhubaneswar had the highest CPS score**, followed by Silvassa, Davangere, Kakinada, Bilaspur and Bhagalpur.
- **Existing Living Conditions:**
- It also examines the **outcomes that lead to existing living conditions.**
        - Across **13 categories** such as Education, Health, Housing and Shelter, Buildings, Energy Consumption, and City Resilience, that **account for 70% of the overall outcome.**

- EoLI Performance 2020



- **Million+ Category:**

- **Top Performers:**

- Bengaluru followed by Pune and Ahmedabad.

- **Worst Performers:**

- Amritsar, Guwahati, Bareilly, Dhanbad and Srinagar.

- **Less than Million Category:**

- **Top Performers:**

- Shimla followed by Bhubaneshwar and Silvassa.

- **Worst Performers:**

- Aligarh, Rampur, Namchi, Satna and Muzaffarpur.



- **Significance:**

- **Provide Holistic Assessment:**

- These indices provide a **holistic assessment of cities** based on their efforts to cultivate better quality of life, create infrastructure, and address challenges of **urbanization**.

- **Help In Overcoming Deficiencies:**

- Learnings gathered from these indices can **help the government identify gaps, tap into potential opportunities**, and increase efficiency in local governance to improve the lives of citizens and fulfil broader development outcomes.

- **Complement SDG Goals:**

- These indicators are also linked with the majority of **Sustainable Development** Goals (SDGs), specially to the SDG 11 (Sustainable Cities And Communities).

**Source:IE**

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## **Food Waste Index Report 2021: UNEP**

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### **Why in News**

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Recently, the **United Nations Environment Programme (UNEP)** released the **Food Waste Index Report 2021**.

It has revealed that **17% of all food available at consumer level** (11% in households, 5% in food service and 2% in retail) **was wasted** in 2019 and around 690 million people had to go hungry.

### **Key Points**

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- **About the Report:**

- It presents the most comprehensive **food waste data collection, analysis and modelling to date**, generating a new estimate of **global food waste**.
  - It also **publishes** a methodology for countries to measure food waste, at household, food service and retail level, to track national progress towards 2030.
  - In contrast to the **Food Loss Index**, the Food Waste Index measures total food waste (rather than loss or waste associated with specific commodities).

- **Findings:**
  - **Food Wastage:**
    - This report estimates that around **931 million tonnes of food waste** was generated in 2019.
    - 61% of which came from households, 26% from food service and 13% from retail.
  - **Wastages Across All Income Groups:**
    - Food waste generation is found to be equally relevant across all income countries such as high, upper-middle and lower-middle income countries. Developed Countries like **Austria** produce very low amounts of waste at 39 kg/capita/year. On the other hand, countries like **Nigeria** are producing waste at 189 kg/capita/year. For **India**, the waste in kg/capita/year was 50.
    - This diverges from earlier narratives concentrating **consumer food waste in developed countries, and food production, storage and transportation losses in developing countries.**
  - **Lack of Data Availability:**

Global food waste data availability is currently low, and measurement approaches have been highly variable.
- **Significance of Reduction of Food Waste:**
  - **Reduce Hunger:** Reducing food waste can slow the destruction of nature through land conversion and pollution, enhance the availability of food and thus reduce hunger and save money at a time of global recession.
  - **Aligned with SDGs:** This Food Waste Index Report aims to advance progress on **Sustainable Development Goals (SDG 12.3)**, i.e. “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”.
  - **Tackle GHG Emissions:** About 8-10% of global greenhouse gas emissions are associated with food that is not consumed. Thus, tackling food wastage issues can further achieve **Paris Agreement** targets.
- **Suggestions by the Report:**
  - **Enhancing NDCs (Nationally Determined Contributions) for Food Systems:** To raise ambition in national climate strategies by integrating food loss and waste, and strengthen food security.
  - Co-create and adopt game-changing solutions to food waste through the **UN Food Systems Summit**.
  - **Regional Food Waste Working Group:** These Working Groups will provide capacity building and training to participating Member States in measuring food waste, developing a national baseline and designing national strategies for food waste prevention.

- In 2021, UN Secretary-General António Guterres will convene a Food Systems Summit as part of the **Decade of Action** to achieve the Sustainable Development Goals (SDGs) by 2030.
- The Summit will launch bold new actions to deliver progress on all 17 SDGs, each of which relies to some degree on healthier, more sustainable and equitable food systems.

## Food Loss Index

- The Food Loss Index (FLI) **focuses on food losses** that occur from **production up to (and not including) the retail level**.
- It measures the changes in percentage losses for a basket of 10 main commodities by country in comparison with a base period.
- The FLI contributes to measure progress towards **SDG Target 12.3**.

**Source:DTE**

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## EPFO: Interest Rate for 2020-21

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### Why in News

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Recently, the **Employees Provident Fund Organisation (EPFO)** recommended that subscribers be given **8.5% interest rate for Provident Fund contributions (under Employees' Provident Funds Scheme)** for 2020-2021.

### Employees' Provident Funds (EPF) Scheme

- **EPF** is the main scheme under the **Employees' Provident Funds and Miscellaneous Act, 1952**.
- This scheme **offers the institution of provident funds** for factory employees and other establishments.
- The employee and employer each contribute 12% of the employee's basic salary and dearness allowance towards EPF.

The **Economic Survey 2016-17** had suggested that **employees be allowed to choose** whether or not to save **12%** of their salary into EPF or keep it as take home pay.

- As per current laws, **a person mandatorily becomes a member of EPF if his monthly salary does not exceed Rs. 15,000**.

### Key Points

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- **Interest Rate:**

The interest rate was **kept the same** as the previous year.

- In March 2020, EPFO had **reduced interest rate on provident fund deposits to 8.5%** for the year 2019-2020.
- The interest rate was **8.65% in 2018-19** and **8.55% for 2017-18**.

- **High Returns:**

Amid falling interest rates owing to the **economic slowdown** throughout 2020 due to the **Covid-19 pandemic**, the EPFO has managed to **hold on to the high interest rate** of 8.5% in the current year.

- **Reason for High Returns:**

The interest rate recommended was a **result of the income from interest from debt investment and income from equity investment**.

- EPFO had decided to **liquidate investment in equity** through **exchange traded funds**, which it had started in **2015-2016**.
- This has **enabled EPFO to provide higher return** to its subscribers and still allowing EPFO with healthy surplus to act as cushion for providing higher return in future also.

## Key Terms

- **Debt Investment:**

It refers to an investor **lending money** to a firm or project sponsor with the expectation that the borrower will **pay back the investment with interest**.

- **Equity Investment:**

It is the money that is invested in a company **by purchasing shares** of that company in the stock market.

## Employees Provident Fund Organisation

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- It is a **government organization** that manages **provident fund and pension accounts** for the workforce engaged in the organized sector in India.
- It implements the **Employees' Provident Fund and Miscellaneous Provisions Act, 1952**.

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of provident funds for employees in factories and other establishments.

- It is administered by the Ministry of Labour & Employment, Government of India.
- It is **one of the World's largest Social Security Organisations** in terms of clientele and the volume of financial transactions undertaken.

## Source:TH

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## Amendment Of Insurance Ombudsman Rules, 2017

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## Why in News

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Recently, the Union government amended the **Insurance Ombudsman Rules, 2017**, **bringing insurance brokers within the ambit** of the Insurance Ombudsman and also allowed policy holders to **file online complaints**.

### Key Points

- **About:**
  - **Enlarged the Scope Of Complaints:** Earlier it was only disputes. Now the amended rules will cover even the **deficiencies in service on the part of insurers, agents, brokers and other intermediaries**.
  - **Introduced ICT Enabled Complaint Redressal:**
    - Enables making **complaints electronically**.
    - **Complaints management system** to enable policyholders to track the status of their complaints online.
    - **Video-conferencing for hearings**.
  - These amendments will strengthen the **timeliness and cost-effectiveness** of the mechanisms.
- **Empowering Ombudsman:**
  - A number of amendments have been made for securing the independence and integrity of the ombudsman selection process, while also building in safeguards to secure the independence and impartiality of the appointed persons while serving as ombudsmen.
  - The selection committee will now include an **individual with a track record** of promoting consumer rights or advancing the cause of consumer protection in the insurance sector.

### Insurance Ombudsman

- **About:**
  - In exercise of the powers conferred by the **Insurance Regulatory and Development Authority Act, 1999** and in accordance with the **Redressal of Public Grievances Rules, 1998**, the office of Insurance Ombudsman was established by the Central Government.
  - Its powers, functions, terms of office etc. were laid in **Insurance Ombudsman Rules, 2017**.
- **Qualification:**

An Ombudsman shall be selected from amongst persons having experience of the insurance industry, civil service, administrative service or judicial service.

- **Selection:**

An Ombudsman shall be selected by a Selection Committee comprising of:

- Chairperson of the **Insurance Regulatory and Development Authority (IRDA)** who is also the Chairman of the Selection Committee.
- One representative each of the Life Insurance Council and the General Insurance Council from the Executive Council of Insurers.
- A representative of the Government of India not below the rank of a Joint Secretary.

- **Term of Office:**

Three years and it is eligible for reappointment provided that no person shall hold office as an Ombudsman after he has attained the age of seventy years.

- **Duties and Functions:**

- **Mediation And Counselling:** The Ombudsman shall act as counsellor and mediator relating to matters where there is written consent of the parties to the dispute.
- **Grievance Redressal:** The IRDAI may, at any time refer any complaint or dispute relating to insurance matters to the Insurance Ombudsman.

**Source:TH**

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