News Analysis (06 May, 2021)

Maratha Reservation Struck Down: SC

Why in News

Recently, the **Supreme Court (SC)** declared a **Maharashtra law** which provides **reservation benefits to the Maratha** community, taking the quota limit in the State in excess of 50%, as unconstitutional.

Key Points

- **Background:**
  - **2017:** A 11-member **commission headed by Retired Justice N G Gaikwad** recommended **Marathas should be given reservation** under **Socially and Educationally Backward Class (SEBC)**.
  - **2018:** Maharashtra Assembly passed a Bill proposing **16% reservation for Maratha community.**
  - **2018:** The Bombay High Court while upholding the reservation pointed out that instead of 16% it should be **reduced to 12% in education and 13%in jobs.**
  - **2020:** The SC stayed its implementation and **referred the case to Chief Justice of India for a larger bench.**

- **Current Ruling:**
    - **Violation of Fundamental Rights:**
        - A separate reservation for the Maratha community violates **Articles 14 (right to equality) and 21 (due process of law)**.
        - Reservation breaching the 50% limit **will create a society based on "caste rule".**
            - The Maratha reservation of 12% and 13% (in education and jobs) had **increased the overall reservation ceiling to 64% and 65%, respectively.**
            - In the ***Indira Sawhney judgment*** **1992**, SC had categorically said **50% shall be the rule**, only in certain **exceptional and extraordinary situations** for bringing far-flung and remote areas' population into mainstream said 50% rule can be relaxed.
    - **No Further Benefits:**

        Appointments made under the Maratha quota following the Bombay High Court judgment endorsing the State law **would hold**, but **they would get no further benefits.**
    - **Deprived States of the Power to Identify SEBCs:**
        - There will **only be a single list of SEBC with respect to each State and Union Territory notified by the President** of India, and that **States can only make recommendations** for inclusion or exclusion, with any subsequent change to be made only by Parliament.
        - The Bench unanimously **upheld the constitutional validity** of the **102nd Constitution Amendment** but differed on the question whether it affected the power of states to identify SEBCs.
    - **Direction to NCBC:**

        Asked the **National Commission for Backward Classes (NCBC)** to expedite the **recommendation of SEBCs** so that the President can publish the notification containing the list of SEBCs in relation to States and Union Territories expeditiously.

102nd Amendment Act of 2018

- It introduced **Articles 338B and 342A in the Constitution.**
- **Article 338B** deals with the newly established National Commission for Backward Classes.
- **Article 342A** empowers the President to specify the socially and educationally backward communities in a State.

    It says that it is for the Parliament to include a community in the Central List for socially and backward classes for grant of reservation benefits.

Source:TH

Waiving Intellectual Property Protection for Covid-19 Vaccines

Why in News

The **United States** has announced the **support for waiving Intellectual Property (IP) protection for Covid-19 vaccines.**

The decision is a breakthrough in India and South Africa's attempts to get **World Trade Organisation (WTO)** member countries to agree to such a waiver to fight the pandemic equitably.

Key Points

- **About:**
  - The **1995 agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** requires ratifying countries to adopt a minimum standard of intellectual property rights to protect creators and promote innovation.
  - **India and South Africa have proposed a waiver from the implementation** and application **of certain provisions of the TRIPS Agreement** (waiving IP rights like patents, copyright, and trademarks) **for prevention, containment or treatment of Covid-19.**
  - **If the waiver is granted**, WTO member countries will not be under an obligation, for a temporary period, to either grant or enforce patents and other IP-related rights to Covid-19 drugs, vaccines, and other treatments.
    - This will immunise the measures adopted by countries to vaccinate their populations from claims of illegality under WTO law.
- **Need to Waive Patents on Covid Vaccines:**
  - **Monopoly of Drug Companies:** At present, only drug companies which own patents are authorised to manufacture Covid vaccines.
    - A lifting of patents will allow the formula to be shared with other companies.
  - **Vaccine Cost:** Once the formula is shared, any company which possesses the required technology and infrastructure can produce vaccines.
    - This will lead to **cheaper and more generic versions** of Covid vaccines and will be **a big step in overcoming vaccine shortage.**
  - **Inequitable Distribution of Vaccines:** This has opened up a glaring gap between developing and wealthier countries now.
    - The countries having surplus doses of vaccines have already vaccinated a considerable percentage of their population and are returning to normalcy.
    - Whereas, the poorer nations continue to face shortages, have overburdened healthcare systems and hundreds dying daily.
  - **Against the Interests of the World:** The longer Covid circulates in developing nations, there is a greater chance of more vaccine-resistant, deadly mutations of the virus emerging.

- **Significance for India:**
  - **Help in Increasing Production:** The bulk of the vaccine doses produced in India are taken up by foreign countries which **could pay more for the doses.**
    - This move can help **scale up production to meet demand** besides making the vaccines **more affordable for everyone.**
  - **Preparation for the Third Wave:** Indian authorities have stated that the third wave of the pandemic is inevitable.
    - Once the number of cases and deaths plateau, addressing shortages and making more affordable vaccines readily accessible could be the best way to prepare for the surge once again.
- **Counter Arguments:**
  - **Vaccine Quality and Safety may get Compromised:** Lifting of patents would be a compromise on control of safety and quality standards for vaccine manufacturing.
  - **Disincentive Pharmaceutical Companies:** Lifting of patents would be a huge deterrent to investing heavily on vaccine development during pandemics in the future.
  - **Can Lead to Confusion:** Eliminating those protections would undermine the global response to the pandemic, including ongoing effort to tackle new variants.
    - It will create confusion that could potentially undermine public confidence in vaccine safety, and create a barrier to information sharing.

Way Forward

- Waiving IP protections alone isn't enough to make vaccines available around the world. The countries must work with each other to expand manufacturing capabilities and support international vaccines.
- It’s important for both Indian manufacturers and the government to address concerns of patent holders to make sure that India’s vaccination drive is not compromised in any way.

Source: IE

RBI’s Measures to Fight Covid-Second Wave

Why in News

Recently, the **Reserve Bank of India (RBI)** announced a series of measures to support the nation’s fight against the **second wave of Covid-19 infections.**

- The measures form the **first part of a calibrated and comprehensive strategy** against the **pandemic**.

- Earlier in 2020 also the **RBI took measures to help deal with the economic fall out** of the pandemic.

Key Points

- **Term Liquidity Facility for Supporting Healthcare Infrastructure:**
    - Term Liquidity Facility of **Rs. 50,000 crore** with **tenure of up to 3 years**, at **repo rate**, **to ease access to credit for providers of emergency health services.**
    - Under the scheme, **banks will provide fresh lending support to a wide range of entities**, including vaccine manufacturers, importers/suppliers of vaccines and priority medical devices, hospitals/dispensaries, pathology labs, manufacturers and suppliers of oxygen and ventilators, and logistics firms.
    - These **loans will continue to be classified under priority sector** till repayment or maturity, whichever is earlier.
        - This lending **facility will be available up to 31st, March 2022.**
- **Special Long Term Repo Operations for Small Finance Banks:**
    - RBI would conduct **special three-year long-term repo operations (SLTRO) of Rs. 10,000 crore at repo rate** for small finance banks (SFBs).
        - **Long Term Repo Operation** is a tool under which the **central bank provides one-year to three-year money to banks at the prevailing repo rate**, accepting government securities with matching or higher tenure as the collateral.
    - The SFBs would be able to deploy these funds for fresh lending of up to Rs. 10 lakh per borrower.
    - This is to **provide further support to small business units, micro and small industries, and other unorganised sector entities** adversely affected during the current wave of the pandemic.
- **Priority Sector Lending:**
    - **Small Finance Banks (SFBs)** are now permitted to regard fresh on-lending to **Microfinance institutions (MFIs)** with **asset size up to Rs. 500 cror**e, as priority sector lending.
        - This facility will be available up to **31st, March 2022.**
- **Credit flow to MSME Entrepreneurs:**
    - To further incentivize inclusion of unbanked **Micro, Small and Medium Enterprises (MSMEs)** into banking system, exemption provided in February, 2021 wherein scheduled banks were allowed to deduct credit given to new MSME borrowers from **Net Time & Demand Liabilities** for calculation of **Cash Reserve Ratio (CRR)**, is now extended to 31st December, 2021.

- **Stress Resolution Framework 2.0:**
    - This Framework is t**o relieve stress faced by** most vulnerable categories of borrowers – namely **individuals, borrowers and MSMEs.**
    - Individuals, borrowers and MSMEs **who have not availed any restructuring** will be eligible to be considered under **Resolution Framework 2.0.**
    - For individuals and small businesses **who have availed restructuring of loans under Resolution Framework 1.0**, lending institutions can now extend residual tenure up to a total period of 2 years.

        Lending institutions are now **permitted to review working capital sanction limits, as a one-time measure.**
- **Floating Provisions and Countercyclical Provisioning Buffer:**
    - In order to mitigate the pandemic related stress on banks and as a measure to enable capital conservation, **banks are being allowed to utilise 100% of floating provisions** held by them as **31st December, 2020**, for making specific provisions for **Non-Performing Assets (NPAs).**
    - Countercyclical provisioning buffers and floating provisions broadly **refer to the specific amount that banks need to set aside in good times above the mandatory provisioning requirement as prescribed by RBI**, these are used only in contingencies or extraordinary times of economic or system-wide downturns. **Banks have started building such reserves since 2010.**
- **Relaxation of Overdraft Facility for States:**

    To enable the State governments to better manage their fiscal situation in terms of their cash flows and market borrowings, **the maximum number of days of overdraft (OD) in a quarter is being increased from 36 to 50 days** and the number of consecutive days of OD from 14 to 21 days.
    - This facility is available up to **30th September, 2021.**
    - Earlier, the **Ways and Means Advance (WMA)** limits of states were enhanced.
- **Rationalization of Knowing Your Customer (KYC) Norms:**

    The RBI has also decided to **extend the scope of video KYC** (know-your-customer) or **V-CIP** (video-based customer identification process) **for new categories of customers** such as proprietorship firms, authorised signatories and beneficial owners of legal entities.

Way Forward

- In order to match the devastating speed of the virus, **swift, wide-ranging, sequenced and well-timed actions** which reach out to various sections, including the most vulnerable, have to be taken.
- India has mounted a valiant defence to ramp up vaccines and medical support while fighting rise in infections and mortalities in the second wave, after having flattened infections. **Shoring up livelihoods and restoring normalcy in access to workplaces, education and incomes becomes an imperative in such a situation.**

Source: PIB

Export of Organic Millets

Why in News

In a major boost to exports of organic products from the country, the first consignment of millets grown in the Himalayas would be exported to Denmark.

- **APEDA (Agricultural and Processed Food Products Export Development Authority) has sourced ragi (finger millet), and jhingora (barnyard millet) from farmers in Uttarakhand** for exports.
- At present, organic products are exported provided they are produced, processed, packed and labelled as per the requirements of the **National Programme for Organic Production (NPOP).**

Key Points

- **National Programme for Organic Production (NPOP):**
    - The **NPOP** has been implemented by **APEDA** since its **inception in 2001** as notified under the **Foreign Trade (Development and Regulations) Act, 1992.**
    - NPOP **covers** standards for crops and their products, live stocks and poultry products, aquaculture, apiculture etc. The exports from the country are as per the provisions in NPOP.
    - The NPOP certification **has been recognized by the European Union and Switzerland** which enables India to export unprocessed plant products to these countries without the requirement of additional certification.
        - It also facilitates export of Indian organic products to the **United Kingdom** even in the **post Brexit phase.**
    - NPOP has also been **recognized by the Food Safety Standard Authority of India (FSSAI)** for trade of organic products in the domestic market.
    - Organic products covered under the bilateral agreement with NPOP need not to be recertified for import in India.

- **Organic Farming:**
  - According to FSSAI, '**organic farming**' is **a system of farm design and management to create an ecosystem of agriculture production without the use of synthetic external inputs** such as chemical fertilisers, pesticides and synthetic hormones or genetically modified organisms.
  - **Related Initiatives:**
    - Mission Organic Value Chain Development for North East Region (MOVCDNER).
    - Paramparagat Krishi Vikas Yojana (PKVY), etc.
  - The Indian state of **Sikkim** achieved the feat of being the **world's first organic state** and was awarded the UN Future Policy Gold Award 2018, also known as the Oscar for best policies.
- **Status of India's Export of Organic Food:**
  - India's export of organic food products rose by **more than 51% to Rs. 7078 crore** during April-February (2020-21) compared to the same period in the previous fiscal (2019-20). In terms of **quantity**, the exports of organic food products **grew by 39%**.
  - **Oil cake meal is a major commodity** of the organic product exports from the country followed by oil seeds, fruit pulps and purees, cereals & millets, spices, tea, medicinal plant products, dry fruits, sugar, pulses, coffee, essential oil etc.
  - India's organic products have been **exported to 58 countries** including USA, European Union, Canada, Great Britain, Australia, Switzerland, Israel and South Korea.

Agricultural and Processed Food Products Export Development Authority

- APEDA was established by the Government of India under the **Agricultural and Processed Food Products Export Development Authority Act, 1985.**
- It functions under the **Ministry of Commerce and Industry. The Authority has its headquarters in New Delhi.**
- It has been **mandated with the responsibility of export promotion and development of the scheduled products** viz. fruits, vegetables, meat products, dairy products, alcoholic and non-alcoholic beverages etc.
- It has also been entrusted with the **responsibility to monitor import of sugar.**

Source: PIB

Model Insurance Villages

Why in News

The **Insurance Regulatory and Development Authority of India (IRDAI)** has mooted the concept of **'Model Insurance Village (MIV)'** to boost insurance penetration in rural areas.

- According to the **Economic Survey for 2020-21, India's insurance penetration,** which was at **2.71% in 2001,** has steadily **increased to 3.76% in 2019,** but stayed much below the global average of 7.23%.
- Recently, the Parliament has passed the **Insurance Amendment Bill 2021** to increase the **foreign direct investment (FDI) limit in the insurance sector to 74% from 49%.**

Key Points

- **Concept of Model Insurance Village (MIV):**
  - The idea is to **offer comprehensive insurance protection to all the major insurable risks that villagers are exposed to** and make available covers **at affordable or subsidised cost.**
  - In order to make the premium affordable, **financial support** needs to be explored through **NABARD**, **other institutions, CSR (Corporate Social Responsibility) funds, government support and support from reinsurance companies.**
  - It may be implemented in **a minimum of 500 villages** in different districts of the country in the first year and **increased to 1,000 villages** in the subsequent two years.
  - **Every general insurance company and reinsurance company** accepting general insurance business and having offices in India **needs to be involved** for piloting the concept.
- **Possible Offerings under MIV:**
  - Weather Index product or hybrid product combining weather index and indemnity-based insurance protection for various **crops that remains uncovered under Pradhan Mantri Fasal Bima Yojna (PMFBY).**
  - Flexible Farm Insurance Package Policies **targeting comprehensive needs of crops, livestock, farmer, farm implements.**
  - Separate products for **high value agriculture, contract farming and corporate farming community** as their needs are different.
  - **States can be offered macro insurance covers** based on predefined parametric weather indexes covering large complex risks arising out of natural catastrophes affecting the agriculture ecosystem and rural economy.
- **Challenges in Spreading Insurance to Rural Areas:**
  - **Lack of awareness, limited choice of insurance products, absence of people-friendly and transparent claim settlement mechanisms, and weak network of insurance firms,** are some of the issues and challenges in advancing growth of rural insurance business.

Insurance Regulatory and Development Authority of India

- Following the recommendations of the **Malhotra Committee report, in 1999,** the **Insurance Regulatory and Development Authority (IRDA)** was constituted as an **autonomous body** to regulate and develop the insurance industry.
- The **IRDA** was incorporated as a **statutory body in April 2000.**
- The key **objectives** of the IRDA include the promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums while ensuring the financial security of the insurance market.
- It is **headquartered in Hyderabad.**

Reinsurance

> It is a process whereby one entity (the **reinsurer**) takes on all or part of the risk covered under a policy issued by an insurance company in consideration of a premium payment. In other words, it is a form of an insurance cover for insurance companies.

Source: IE

'State of Working India 2021: One Year of Covid-19' Report

Why in News

A report titled **'State of Working India 2021: One Year of Covid19'** brought out **annually by Azim Premji University's Centre for Sustainable Employment, Bengaluru** has been released.

> The report **covers the period March 2020 to December 2020**, dwells on the impact of one year of Covid-19 on **employment, incomes, inequality and poverty.**

Key Points

- **Impact on Employment:**
  - **100 million jobs were lost** during the **April-May 2020 lockdown.**
  - Though most of these workers had found employment by June 2020, **about 15 million remained out of work.**
- **Impact on Income:**
  - For an average **household** of four members, the **monthly per capita income in October 2020 (Rs. 4,979) was still below** its level in January 2020 (Rs. 5,989).
  - **Monthly earnings of workers fell on an average by 17%** during the pandemic, with self employed and informal salaried workers facing the highest loss of earnings.
- **Informalisation:**

  Post-lockdown, nearly half of salaried workers had moved into informal work, either as self-employed (30%), casual wage (10%) or informal salaried (9%).

- **Regressive Nature of Economic Impact:**
  - The bottom 20% of households earned nothing in the months of April and May 2020.
  - On the other hand, the top 10% suffered the least during the lockdown, and only lost about 20% of their February income during the lockdown months.
- **Disproportionate Impact on Women:**
  - During the lockdown and in the post lockdown months, 61% of working men remained employed while 7% lost their job and did not return to work.
  - But in the case of women, only 19% remained employed while 47% suffered a permanent job loss, “not returning to work even by the end of 2020”.
- **Increase in Poverty Rate:**
  - The job loss and fall in earnings caused a large increase in poverty.
    - Households coped with the loss of income by decreasing their food **intake, selling assets and borrowing informally** from friends, relatives and moneylenders.
- With 230 million falling below the national minimum wage threshold of Rs. 375 per day during the pandemic, poverty rate has **“increased by 15 percentage points in rural and nearly 20 percentage points in urban areas”.**

Suggestions

- As India confronts the second wave and what is possibly its worst humanitarian crisis in recent years, urgent policy measures are needed to support an already beleaguered population.
- The extra **Public Distribution System (PDS)** entitlements under **Pradhan Mantri Garib Kalyan Yojana (PMGKY)** need to be extended till the end of the year.
- **Cash transfers of Rs. 5,000 for three months** to as many vulnerable households as can be reached with the existing digital infrastructure, including but not limited to **Jan Dhan accounts.**
- MGNREGA (Mahatma National Gandhi Employment Guarantee Act) has played a vital role and its allocation needs to be expanded.
- A pilot **urban employment programme** can be launched in the worst hit districts, possibly focused on women workers.
- A **Covid-19 hardship allowance of Rs. 30,000** (Rs.5,000 per month for six months) should be announced for 2.5 million **Anganwadi and ASHA workers** who have been at the frontlines of the grassroots fight against the virus.

Source: TH

SVAMITVA Scheme

Why in News

Recently, the **Ministry of Panchayati Raj** has released the new framework for implementation of the **SVAMITVA Scheme.**

> **SVAMITVA** stands for **Survey of Villages and Mapping with Improvised Technology in Village Areas.**

Key Points

- **Launch:** It is a **center sector scheme** which was **launched nationally** on the occasion of **National Panchayati Raj Day** on 24th April 2021.
- **Aim:** To provide an integrated property validation solution for rural India.
- **Features:**
    - The **demarcation of rural inhabited areas** would be done using **Drone survey** and **CORS (Continuously Operating Reference Stations) Networks** which provides mapping accuracy of 5 cms.
        - This would provide the **'record of rights'** to village household owners possessing houses in inhabited rural areas in villages.
    - It **will cover around 6.62 Lakh villages** of the entire country **during 2021-2025.**
- **Objectives:**
    - To bring **financial stability** to the citizens in rural India by **enabling them to use their property as a financial asset for taking loans** and other financial benefits.
    - **Creation of accurate land records** for rural planning.
    - Determination of **property tax.**
    - Creation of **survey infrastructure and GIS (Geographic Information System) maps** that can be leveraged by any department for their use.
    - To support in preparation of better-quality **Gram Panchayat Development Plan (GPDP)** by making use of GIS maps.
    - To **reduce property related disputes** and legal cases
- **Nodal Ministry:** Ministry of Panchayati Raj (MoPR)
    - **Survey of India** is a Technology Implementation Agency.

Source: PIB