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Nurturing Leaders of Tomorrow

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CONTENTS

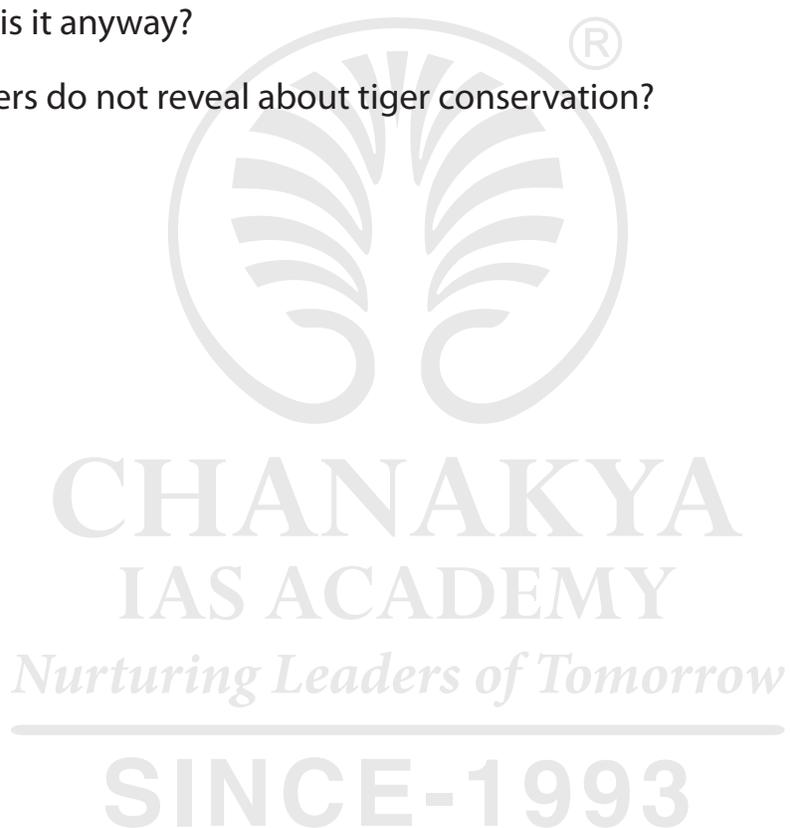
GS PAPER 2

Road Safety in India	5
Technology is no panacea for custodial deaths	6
India needs to scale up direct nutrition interventions	8
Guidelines on Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022	10
Legal and constitutional framework to deal with split in political party	12
What ails the current approach to Ayurveda	13
Pradhan Mantri Fasal Bima Yojana(PMFBY)	14
New Draft National Policy on Disability (PwD)	17
The Ukraine war and the return to Eurocentrism	19
Cart before the horse: on bail law in India	21
A new legislation that mirrors the old	22
Revamp India's school health services	25
How we can have disaster-free floods	27
The poor state of India's fiscal federalism	28
We need to protect whistle blowers	30

GS PAPER 3

A Renewables revolution	31
Crude solution	33

Amending environmental laws	34
The scam faultline is damaging Indian banking	35
Staying watchful	37
Orderly transition from coal to renewables	39
Weighing in on India's investment-led revival	40
53rd anniversary of Bank Nationalisation	43
Whose GDP is it anyway?	45
What numbers do not reveal about tiger conservation?	46



GS PAPER 2

ROAD SAFETY IN INDIA

The story so far:

In spite of several years of policymaking to improve road safety, India remains among the worst performing countries in this area

Eye-opening data

- With a toll of 1,47,913 lives lost to road traffic accidents in 2017 as per Ministry of Road Transport and Highways statistics.
- The National Crime Records Bureau (NCRB) figure for the same year is 1,50,093 road accident deaths.
- Further, India's data on road crash mortality are seen as an undercount, and the Global Burden of Disease report for 2017 estimates, based on verbal autopsy sources, that there were 2,18,876 deaths.

Hurdle in achieving SDG

- The persistently high annual death toll brings into question the country's ability to meet Sustainable Development Goal (SDG) 3.6, which aims to halve the fatalities and injuries from road traffic accidents by 2030.

What are the new findings on road safety?

- A new analytical series on road safety worldwide, published by The Lancet, proposes that India and other countries could cut accident-related deaths by 25 to 40% if the preventive interventions produce good outcomes when applied to well known risk factors —
 - high speed,
 - driving under the influence of alcohol,
 - not using proper helmets,
 - not wearing seatbelts
 - not using child restraints.

Steps taken by India

- India amended its law on motor vehicles in 2019, but its implementation by State governments is not uniform or complete.
- A **National Road Safety Board** was constituted under the Motor Vehicles Act, with advisory powers to reform safety.

Issues with the implementation

- The focus of State governments, however, remains conventional, with an emphasis on user behaviour (drivers and other road users), education and uneven enforcement.

- **Low emphasis is placed on structural change** such as raising engineering standards for roads, signages, signals, training for scientific accident investigation, raising policing skills and fixing responsibility on government departments for design, creation and maintenance of road infrastructure.

Intervention by the Supreme Court

- Major interventions in India, first suggested by the **Sundar Committee** (2007) and ordered by the Supreme Court in **Rajasekaran vs Union of India**
- But these have not made a dent in the problem.

Key findings of Sundar Committee

- The Sundar Committee pointed out that India lacked a technically competent investigation arm that could determine the cause of accidents.
- There is little clarity on whether the States have formed such units to aid traffic investigation, or whether the insurance industry has pressed for these to accurately determine fault.
- In the absence of scientific investigation, perceptions usually guide the fixing of liability.

Solutions provided by the Lancet

- The Lancet calculated that 17% of road traffic injury-related deaths could be avoided if trauma care facilities improved.
- This is significant as several accidents take place in rural areas on highways, and victims are taken to poorly-equipped district hospitals or medical college hospitals.
- While positive user behaviour — slower travel, wearing of helmets, seat belts and so on — could save thousands of lives.
- In the short term, slowing down traffic, particularly near habitations, segregating slower vehicles, enforcing seat belt and helmet use and cracking down on drunken drivers could produce measurable gains.

Imbibing road safety: Way forward

- Road safety education
- Better road design, maintenance and warning signage
- Crackdown on driving under influence of alcohol and drugs
- Strict enforcement of traffic rules
- Encouraging better road behaviour
- Ensuring road worthiness of a vehicle
- Better first aid and paramedic care

TECHNOLOGY IS NO PANACEA FOR CUSTODIAL DEATHS

Context

India has a grim record in police brutality and custodial violence. Between 2001 and 2018, 1,727 persons died in police custody, but only 26 policemen were convicted for such deaths. It is not uncommon knowledge that the police, when they grow increasingly frustrated with the trajectory of their interrogation, sometimes resort to torture and violence which could lead to the death of the suspect. Custodial deaths are common

despite enormous time and money being spent on training police personnel to embrace scientific methods of investigation. This is because police personnel are humans from different backgrounds and with different perspectives.

Use of technology

- Given the problem of custodial deaths, technology has been proposed as a silver bullet by many.
- Several technological solutions are available to help prevent custodial deaths. These include body cameras and automated external defibrillators.
- There is no doubt that technology can help avert police custodial deaths. For example, body cameras could hold officers liable.

Deception detection tests (DDTs)

- Deception detection tests (DDTs), which deploy technologies such as polygraph, narco-analysis and brain mapping, could be valuable in learning information that is known only to a criminal regarding a crime.
- Among the DDTs, the Brain Fingerprinting System (BFS) is an innovative technology that several police forces contemplate adding to their investigative tools.
- BFS has proved helpful for solving crimes, identifying perpetrators, and exonerating innocent suspects. Laboratory and field tests for the BFS at the Federal Bureau of Investigation, the Central Intelligence Agency, and U.S. Navy demonstrated no errors and no false positives and false negatives.
- The technique helps investigative agencies uncover clues in complicated cases.
- As the BFS is high-end technology, it is expensive and unavailable in several States.

Supreme Court on Brain Fingerprinting System (BFS)

- In 2010, the Supreme Court, in **Selvi v. State of Karnataka** observed that the state could not perform narco analysis, polygraph, and brain-mapping tests on any individual without their consent.
- With informed consent, however, any information or material discovered during the BFS tests can be part of the evidence.

Robots

- Police departments are increasingly using robots for surveillance and bomb detection.
- Many departments now want robotic interrogators for interrogating suspects.
- Many experts today believe that robots can meet or exceed the capabilities of the human interrogator, partially because humans are inclined to respond to robots in ways that they do to humans.
- From various studies, human-computer interaction (HCI) researcher Joseph Weizenbaum concluded that suspects might be more receptive to opening up to automated conversational counterparts than the police.
- Robots equipped with AI and sensor technology can build a rapport with the suspects, utilise persuasive techniques like flattery, shame and coercion, and strategically use body language.
- Artificial Intelligence (AI) and Machine Learning (ML) are emerging as tool of interrogations.
- AI can detect human emotions and predict behaviour. Therefore, these are also options.

ML can in real-time alert superiors when police are meting out inhumane treatment to suspects.

AVATAR

- Researchers at the University of Arizona have created automated interrogation technology called The Automated Virtual Agent for Truth Assessments in Real-Time (AVATAR).
- The Canadian Border Services Agency tested AVATAR last year.
- The HCI system uses visual, auditory, near-infrared and other sensors to scrutinise a suspect's eye movements, voice, and other qualities throughout an interaction. The aggregation of information and its analysis by the system have been highly accurate.

Valid concerns

- There is a lot of concern about AI or robot interrogations, both legally and ethically.
- There exists the risk of bias, the peril of automated interrogation tactics, the threat of ML algorithms targeting individuals and communities, and the hazard of its misuse for surveillance.
- Therefore, while the technology available to the police and law-enforcement agencies is constantly improving, it is a restricted tool that can't eradicate custodial deaths.
- While it might provide comfort and transparency, it can never address the underlying issues that lead to these situations.

Suggestions

- What we need is the formulation of a multi-pronged strategy by the decision-makers encompassing legal enactments, technology, accountability, training and community relations.
 - The Law Commission of India's proposition in 2003 to change the Evidence Act to place the onus of proof on the police for not having tortured suspects is important in this regard.
- Besides, stringent action must be taken against personnel who breach the commandments issued by the apex court in *D.K. Basu v. State of West Bengal* (1997).
- The draft bill on the Prevention of Torture, 2017, which has not seen the day, needs to be revived.

Conclusion

Technology may make policing more convenient, but it can never be an alternative for compassionate policing established on trust between the police and the citizens.

INDIA NEEDS TO SCALE UP DIRECT NUTRITION INTERVENTIONS

Context:

As India launches the celebrations of its 75th anniversary of Independence, there is much to be proud about; significant advances have been made in science, technology, and medicine, adding to the country's ancient, traditional, and civilisational knowledge base, wisdom and wealth.

Disconcerting Scenario

- It is disconcerting that even after seven decades of Independence, India is afflicted by public health issues such as child malnutrition (35.5% stunted, 67.1% anaemic) attributing to 68.2% of under-five child mortality.

Impacts of poor nutrition

- Poor nutrition not only adversely impacts health and survival but also leads to diminished learning capacity, and poor school performance. And in adulthood, it means reduced earnings and increased risks of chronic diseases such as diabetes, hypertension, and obesity.

POSHAN Abhiyaan

- The good news is that the Government appears determined to set it right — with an aggressive push to the National Nutrition Mission (NNM), rebranding it the Prime Minister’s Overarching Scheme for Holistic Nutrition, or POSHAN Abhiyaan.
- It has the objective of reducing malnutrition in women, children and adolescent girls.
- The Ministry of Women and Child (MWCD) continues to be the nodal Ministry implementing the NNM with a vision to align different ministries to work in tandem on the “window of opportunity” of the first 1,000 days in life (270 days of pregnancy and 730 days; 0-24 months).
- Global and Indian evidence fully supports this strategy, which prevents the largely irreversible stunting occurring by two years of age.
- POSHAN Abhiyaan (now referred as POSHAN 2.0) rightly places a special emphasis on selected high impact essential nutrition interventions, combined with nutrition-sensitive interventions, which indirectly impact mother, infant and young child nutrition, such as improving coverage of maternal-child health services, enhancing women empowerment, availability, and access to improved water, sanitation, and hygiene and enhancing homestead food production for a diversified diet.

NHFS data is a pointer

- Data from the National Family Health Survey (NFHS)-5 2019-21, as compared to NFHS-4 2015-16, reveals a substantial improvement in a period of four to five years in several proxy indicators of women’s empowerment.
- But, alarmingly, during this period, the country has not progressed well in terms of direct nutrition interventions. Preconception nutrition, maternal nutrition, and appropriate infant and child feeding remain to be effectively addressed.
- India has 20% to 30% undernutrition even in the first six months of life when exclusive breastfeeding is the only nourishment required.

Suggestions

- Neither maternal nutrition care interventions nor infant and young child feeding practices have shown the desired improvement. **A maternal nutrition policy is still awaited.**
- Despite a policy on infant and young child feeding, and a ban on sale of commercial milk for infant feeding, there has only been a marginal improvement in the practice of exclusive breastfeeding (EBF).
- Child undernutrition in the first three months remains high. Creating awareness on EBF, promoting the technique of appropriate holding, latching and manually emptying the breast are crucial for the optimal transfer of breast milk to a baby.
- Recent evidence from the Centre for Technology Alternatives for Rural Areas (CTARA), IIT Mumbai team indicates that well-planned breastfeeding counselling given to pregnant women during antenatal checkup prior to delivery and in follow up frequent home visits makes a significant difference.

Another key intervention

- NFHS-5 also confirms a gap in another nutrition intervention — complementary feeding practices, i.e., complementing semi-solid feeding with continuation of breast milk from six months onwards.
- The fact that 20% of children in higher socio-economic groups are also stunted indicates poor knowledge in food selection and feeding practices and a child’s ability to swallow mashed feed. So, creating awareness at the right time with the right tools and techniques regarding special care in the first 1,000 days deserves very high priority.
- We must act now, and invest finances and energy in a mission mode.
- The Prime Minister can give a major boost to POSHAN 2.0, like he did to Swachh Bharat Abhiyaan, using his ‘Mann Ki Baat’ programme.
- There is a pressing need to revisit the system spearheading POSHAN 2.0 and overhaul it to remove any flaws in its implementation.

Revisiting the ICDS

- We need to see if we are using opportunity of service delivery contacts with mother-child in the first 1,000 days to the optimum, there is a need to revisit the nodal system for nutrition programme existing since 1975, the Integrated Child Development Scheme (ICDS) under the Ministry of Women and Child and examine whether it is the right system for reaching mother-child in the first 1000 days of life.
- By depending on the ICDS, we are in fact missing the frequent contacts with pregnant mothers and children that the public health sector provides during antenatal care services and child immunisation services,
- There is also a need to explore whether there is an alternative way to distribute the ICDS supplied supplementary nutrition as Take- Home Ration packets through the Public Distribution (PDS) and free the anganwadi workers of the ICDS to undertake timely counselling on appropriate maternal and child feeding practices.
- We need to systematically review the status, and develop and test a new system that would combine the human resource of ICDS and health from village to the district and State levels.
 - This would address the mismatch that exists on focussing on delivery of services in the first 1000 days of life for preventing child undernutrition by having an effective accountable system.

Conclusion

It is time to think out of the box, and overcome systemic flaws and our dependence on the antiquated system of the 1970s that is slowing down the processes. Moreover, mass media or TV shows could organise discourses on care in the first 1,000 days to reach mothers outside the public health system.

- Wasting is defined as low weight-for-height.
- Stunting is defined as low height-for-age.

GUIDELINES ON PREVENTION OF MISLEADING ADVERTISEMENTS AND ENDORSEMENTS FOR MISLEADING ADVERTISEMENTS, 2022

Why in News

The Central Consumer Protection Authority (CCPA) recently issued guidelines to prevent false or misleading advertisements.

Key takeaways

- **Conditions for non-misleading and valid advertisement**
 - An advertisement shall be considered to be valid and not misleading if it:
 - Contains truthful and honest representation;
 - Does not mislead consumers by exaggerating the accuracy,
 - Scientific validity or practical usefulness or capability or performance or service of the goods or product;
 - Does not present rights conferred on consumers by any law as a distinctive feature of advertiser's offer.
- **Bait Advertisement**
 - A bait advertisement shall not seek to entice consumers to purchase goods, products or services without a reasonable prospect of selling such advertised goods, products or services at the price offered.
 - The advertiser shall ensure that there is an adequate supply of goods, products or services to meet foreseeable demand generated by such advertisement.

- **Prohibition of surrogate advertising**

- No surrogate advertisement or indirect advertisement shall be made for goods or services whose advertising is otherwise prohibited or restricted by law.
- No circumventing of such prohibition or restriction and portraying it to be an advertisement for other goods or services shall be allowed.

- **Free claims advertisements**

- A free claims advertisement shall not describe any goods, product or service to be 'free', 'without charge' or use such other terms if the consumer has to pay anything other than the unavoidable costs.
- Seller must make clear the extent of commitment that a consumer shall make to take advantage of a free offer.

- **Children targeted advertisements**

- An advertisement that addresses or targets or uses children shall not condone, encourage, inspire or unreasonably emulate behaviour that could be dangerous for children or take advantage of children's inexperience, credulity or sense of loyalty.

- **Limitations on Celebrity Endorsers**

- The government has tightened norms for endorsers, including celebrities and sportspersons.
- They are now required to make material connection disclosures and undertake due diligence while doing advertisements.
- Endorsements must reflect the honest opinions, belief or experience of the endorsers.
- The endorsers have to make material connection disclosures and failing to do so will attract penalty under the Consumer Protection Act (CPA).
- Material disclosures mean any relationship that materially affects the weight or credibility of any endorsement which a reasonable consumer would not expect.
- Violation of these guidelines will attract a penalty of ₹10 lakh for the first offence and ₹50 lakh for the subsequent offence, under the CPA.

- **The Advertising Standards Council of India (ASCI) rules**

- The latest guidelines will also apply to government advertisements.
- The advertising guidelines for self-regulation issued by the Advertising Standards Council of India (ASCI) will also be in place in a parallel manner.

The Advertising Standards Council of India (ASCI):

- The Advertising Standards Council of India (ASCI) was established in 1985.
- ASCI is a voluntary self-regulatory organization comprising members from marketing, creative, media, and allied companies in India.
- Since its inception, ASCI has been committed to protecting Indian consumers' interests through self-regulation in advertising.
- ASCI.Social is a platform for influencers and creators to learn about how they can be more responsible and maintain the trust of audiences and brands.

LEGAL AND CONSTITUTIONAL FRAMEWORK TO DEAL WITH SPLIT IN POLITICAL PARTY

Context

The recent split in Shiv Sena and the subsequent political slugfest in Maharashtra has brought into focus the legal and constitutional framework to deal with issues when a party splinters and rival factions assert themselves as the recognised political party.

What is a political party?

A political party is an organised group of citizens who hold **common views on governance and act as a political unit** that seeks to obtain control of government with a view to further the agenda and policy they profess.

Culture of functioning political parties in India

- Political parties maintain a **continuous connection** between the people and those who represent them either in government or in the opposition.
- Political parties in **India are extra-constitutional**, but they are the breathing air of the political system.
- The proliferation of political parties also means that established parties splinter.
- A battle ensues for recognition of one faction or group as the recognised political party and securing the party symbol.

Legal and Constitutional framework

- There is a legal and constitutional framework to deal with issues when a party splinters and rival factions assert themselves as the recognised political party.
- **Article 324** of the Constitution provides that the superintendence, direction and control of elections is vested in the Election Commission.
- **Conduct of Election Rules, 1961, Rule 5** specifies that the Commission shall **specify the symbols** that may be chosen by candidates at elections in parliamentary or assembly constituencies and the restrictions to which their choice will be subject.
- **Choice and allotment of symbol:** The **Election Symbols (Reservation and Allotment) Order 1968** provides for the choice and allotment of symbols in Parliamentary and Assembly constituencies and for recognition of political parties and matters connected.
- **Power to recognise party from splinter group:** The same order specifies that the Commission has the power to recognise as the party, from amongst splinter groups or rival sections.

Sadiq Ali v the Election Commission of India (1972) judgement

- The classic case on recognition of a faction and accrual of the party symbol is **Sadiq Ali v the Election Commission of India (1972)**.
- The Supreme Court was confronted with the case of the Indian National Congress which had split into two factions.
- The Election Commission ruled in favour of Congress (J) being the recognised political party and the case reached to the Supreme Court.
- The SC relied on the figures presented to the Commission and found that a substantial majority of the members of the Congress in both its legislative wing as well as the organisational wing supported the Congress (J).

- The SC concluded that “numbers have importance in a democratic system of government or political set up, and it is neither possible nor permissible to lose sight of them. Indeed, it is the **view of the majority** which in the final analysis proves decisive in a democratic set-up.”
- It was also concluded that the Election Commission’s power to settle such disputes pertaining to symbols between factions of a party, is entirely legal, for **this power accrues from Article 324** that creates the Commission and vests in it the power of superintendence over elections.

Conclusion

In India’s 72nd year as a constitutional democracy, the free and fair regulation of political parties by the Election Commission and the courts is a crucial part of our political success as a nation. The Supreme Court’s thoughtful judgment decades ago is a realisation of the importance accorded to judicial oversight of our political parties.

WHAT AILS THE CURRENT APPROACH TO AYURVEDA

Context

India planned to achieve “health for all” by 2000. We are nowhere near achieving this target even today. For, since Independence, the country followed a healthcare policy that ignored the indigenous, Indian systems of medicine. The consequences were disastrous.

India and Ayurveda

- Ayurveda, India’s traditional medicine, has been in practice for close to three millennia.
- This ancient system serves the healthcare needs of millions of Indians. The adaptation of a traditional knowledge system for current use comes with its challenges, which, if dealt with lackadaisically, can endanger the welfare of its users.



Speculations versus facts

- Ayurveda’s ancient treatises, for obvious reasons, cannot be expected to retain relevance in their entirety. They contain useful portions alongside obsolete ones.
- Valuable observations relating to health promotion and illness management need to be carefully sifted from outdated theories, implausible conjectures, and socio religious superstitions.
- Benefits of physical exercise are as valid today as they were 1,500 years ago when they were first documented. But, such continued validity cannot be claimed for the physiological and pathological conjectures, same applies on Urine formation.

What has led to this sad situation of Ayurveda

Two main factors, one theoretical and the other epistemological have led to this sad situation.

- First, the tridosha theory of Ayurveda, is a rough-and-ready model that the ancients devised to systematise their medical experience.
 - Clinical features of illnesses and therapeutic measures to manage them were all classified on the basis of this heuristic model.

Chanakya Monthly Editorial Analysis

- In the absence of a cogent understanding of the biological processes underlying health and illness, speculations on these topics were also woven around the same model.
- The theory thus has aspects that are heuristically tenable alongside those that are merely conjectural.
- Recasting the theory in a way that retains the relevant aspects while jettisoning the obsolete parts is a priority area in Ayurvedic research
- The research centres under the Ministry of AYUSH have remained oblivious to this important work and their omissions have resulted in retaining the theory, lock, stock, and barrel. Consequently, outdated pathophysiological conjectures have become fossilised in the current approach to the subject.
- The other factor that has been instrumental in choking the renewal of Ayurveda is the widespread belief among its academics that ancient texts, by virtue of their being divined by sages in deep yogic states, retain timeless relevance.
 - The belief in epistemic superiority has dethroned ancient medical writings from being revisable scientific treatises into being dogmatic scriptures.

A renewed plea to reform

- A recent article in the Indian Journal of Medical Ethics has renewed the plea to reform and update Ayurveda. Titled "Confessions of an Ayurveda Professor",
 - Article has candidly admitted that the anatomy and physiology contained in the Ayurvedic classics is mostly outdated and that the official approach to this subject is misguided.
 - Article has called for a thorough change in the curriculum for Ayurveda studies.
 - This article also points out the flawed approach of making ancient concepts sound relevant by superimposing current scientific findings upon them.
 - In addition to resulting in a travesty of truth, such misinterpretations in a practical field such as Ayurveda carry the risk of leading to dangerously wrong clinical choices.

While petitioning for a scientific scrutiny of Ayurveda's foundational theories, the Article hopes that Ayurveda students get to unreservedly study current anatomy and physiology.

The basic truth

- The Ministry of AYUSH must wake up and take cognisance of the suggestions given by various field experts.
- People associated with AYUSH institutes need to see how sinful it is to hand over an unprocessed protoscience to gullible youngsters and then mislead them into believing that it is a supersophisticated advanced science.
- As a medical system, Ayurveda is valuable immensely for its observations, only marginally for its theories, and not at all for its speculations.
- The sooner the establishment comes to terms with this basic truth, the better.

PRADHAN MANTRI FASAL BIMA YOJANA(PMFBY)

Why in news

The Andhra Pradesh government has decided to rejoin the ambitious Pradhan Mantri Fasal Bima Yojana (PMFBY) following talks between the Union Minister of Agriculture and Farmers Welfare and the Chief Minister of Andhra Pradesh. Andhra Pradesh has decided to implement the PMFBY from the Kharif-2022 season.

About PMFBY

- Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme was launched by the Ministry of Agriculture & Farmers welfare, New Delhi from Kharif 2016 season onwards.

- Pradhan Mantri Fasal Bima Yojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of -
 - Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
 - Stabilizing the income of farmers to ensure their continuance in farming
 - Encouraging farmers to adopt innovative and modern agricultural practices
 - Ensuring flow of credit to the agriculture sector;
- which will contribute to food security, crop diversification and enhancing growth and competitiveness of the agriculture sector besides protecting farmers from production risks.
- **Premium Rates and Premium Subsidy**

S. No.	Season	Crops	Maximum Insurance charges payable by farmer (% of Sum Insured)
1	Kharif	All foodgrain and Oilseeds crops(all Cereals, Millets, Pulses and Oilseeds crops)	2.0% of SI or Actuarial rate, whichever is less
2	Rabi	All foodgrain and Oilseeds crops(all Cereals, Millets, Pulses and Oilseeds crops)	1.5% of SI or Actuarial rate, whichever is less
3	Kharif and Rabi	Annual Commercial / Annual Horticultural crops	5% of SI or Actuarial rate, whichever is less

- The scheme was revamped in 2020 enabling voluntary participation of the farmers.
- It also made it convenient for the farmer to report crop loss within 72 hours of the occurrence of any event - through Crop Insurance App, CSC Centre or the nearest agriculture officer, with claim benefits transferred electronically into the bank accounts of the eligible farmer.

Revamping the Pradhan Mantri Fasal Bima Yojana

- To address the challenges in the implementation of the crop insurance scheme, the Union Cabinet has approved to revamp the PMFBY and to bring modifications to its existing provisions. The revamped PMFBY 2.0 aims to ensure quick computation and payment of claims to the farmers, proportionate to the crop loss through a series of technological interventions and implement more modifications to the scheme by the government.
 - For north-eastern states, the centre's share in premium subsidy to be increased to 90% from 50% earlier.
 - Information, Communication and Education (ICE) Activities – 0.5% of the total premium collected by the insurance companies to be spent on ICE activities.
 - Flexibility to states:
 - States/UTS to be given an option to choose their scale of finance for any district crop combination.
 - States/UTs given option to run the scheme with the selection of additional risk covers.
 - Cap on Centre's Premium Subsidy:
 - For unirrigated areas/crops, the central subsidy to be limited for premium rates up to 30%
 - For irrigated area/crops, the central subsidy to be limited for premium rates up to 25%.

- Those districts that will have an area under irrigation for more than 50% will be considered as an irrigated district.
- Penalty on states:
 - If a state delays to release requisite premium subsidy to insurance companies beyond a set time-limit (March 31 – For Kharif Season; September 30 – For Rabi Season), states will not be allowed to run the scheme in subsequent seasons.
- To conduct Crop Cutting Experiments (CCEs), there will be the adoption of technology solutions including Smart Sampling Technique (SST).

- Through its State/District Level Grievance Committee's, the scheme also enables farmers to submit their grievances at the grassroots level.
- The scheme has been able to provide financial assistance to the most vulnerable farmers, as around 85% of the farmers enrolled with the scheme are small and marginal farmers.
- The recent announcement by Finance Minister of India Smt. Nirmala Sitharaman during her 2022-23 budget speech on the use of drones for crop insurance will further strengthen the integration of technology for smooth implementation of the scheme on the ground.
- It also launched a doorstep distribution drive to deliver crop insurance policies to the farmers 'Meri Policy Mere Hath' in all implementing States. The campaign aims to ensure all farmers are well aware and equipped with all information on their policies, land records, the process of claim and grievance redressal under PMFBY.

What types of Risks to be covered & exclusions?

1. **RISKS:** Following risks leading to crop loss are to be covered under the scheme:-
 - **Yield Losses(standing crops, on notified area basis):** Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, such as
 - Natural Fire and Lightning
 - Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.
 - Flood, Inundation and Landslide
 - Drought, Dry spells
 - Pests/ Diseases etc.
 - **Prevented Sowing(on notified area basis):** In cases where majority of the insured farmers of a notified area, having intent to sow/plant and incurred expenditure for the purpose, are prevented from sowing/planting the insured crop due to adverse weather conditions, shall be eligible for indemnity claims upto a maximum of 25% of the sum-insured
 - **Post-Harvest Losses(individual farm basis):** Coverage is available upto a maximum period of 14 days from harvesting for those crops which are kept in "cut & spread" condition to dry in the field after harvesting, against specific perils of cyclone / cyclonic rains, unseasonal rains throughout the country.
 - **Localised Calamities(individual farm basis):** Loss/damage resulting from occurrence of identified localized risks i.e. hailstorm, landslide, and Inundation affecting isolated farms in the notified area.
2. **EXCLUSIONS:** Risks and Losses arising out of following perils shall be excluded:- War & kindred perils, nuclear risks, riots, malicious damage, theft, act of enmity, grazed and/or destroyed by domestic and/or wild animals, In case of Post-Harvest losses the harvested crop bundled and heaped at a place before threshing, other preventable risks.

Restructured Weather Based Crop Insurance Scheme (RWBCIS)

- Restructured Weather Based Crop Insurance Scheme (RWBCIS) aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from adverse weather conditions relating to rainfall, temperature, wind, humidity etc.
- RWBCIS uses weather parameters as “proxy” for crop yields in compensating the cultivators for deemed crop losses. Pay-out structures i.e. Term Sheets are developed to the extent of losses deemed to have been suffered keeping the weather triggers as per requirement of the crop and comparing it with actual weather data for the specific period.
- The whole crop life cycle is divided into different phases i.e. periods keeping in view the crop phenology and accordingly the sum insured is allocated to each period based on susceptibility of crop to the insured peril during a specific phase.

NEW DRAFT NATIONAL POLICY ON DISABILITY (PWD)**Context**

The Social Justice and Empowerment Ministry has invited public feedback on the New Draft National Policy on Disability (PwD), that proposes interventions in disability prevention, healthcare, education, accessibility and social security.

Need of the policy

- The necessity for a new policy which replaces the 2006 policy was felt because of multiple factors such as
 - India’s signing of the United Nations Convention on Rights of Persons with Disabilities;
 - Enactment of a new disability legislation (Rights of Persons with Disabilities Act 2016) which increased the number of disabilities from seven conditions to 21 and being a party to the Incheon Strategy for Asian and Pacific Decade of Persons with Disabilities, 2013-2022 (“Incheon commitment”).
- The last was prepared under the aegis of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) which identifies 10 goals for Asia Pacific countries to ensure the inclusion and the empowerment of persons with disabilities and conformity with the Sustainable Development Goals 2030.
- These commitments have changed the discourse around disability by shifting the focus from the individual to society, i.e., from a medical model of disability to a social or human rights model of disability.

Aim of the Policy

- The principle of the draft policy is to showcase the Government’s commitment to the inclusion and empowerment of persons with disabilities by providing a mechanism that ensures their full participation in society.
- In furtherance of this commitment, the policy document highlights a detailed commitment to education, health, skill development and employment, sports and culture, social security, accessibility and other institutional mechanisms.

However, a glaring omission is the absence of any commitment to the political uplift of persons with disabilities.

About political participation of Persons with Disabilities

- Article 29 of the Convention on Rights of Persons with Disabilities mandates that state parties should “ensure that persons with disabilities can effectively and fully participate in political and public life on an equal basis with others, directly or through freely chosen representatives.”
- The Incheon goals also promote participation in political processes and in decision making.

- The Rights of Persons with Disabilities Act 2016 embodies these principles within its fold. The anti-discrimination commitment under this Act recognises the political domain wherein disabled people should be allowed to realise their human rights and fundamental freedoms.
- **India' position on political participation:** The documents fail to take cognisance of such mandates.
 - Political empowerment and the inclusion of the disabled are an issue that has not found traction in India's democratic discussion.
 - India does not have any policy commitment that is aimed at enhancing the political participation of disabled people.
 - The exclusion of disabled people from the political space happens at all levels of the political process in the country, and in different ways. For instance, the accessibility of the voting process, barriers to participation in party politics or a lack of representation at the local, State or national levels have all aggravated the marginalisation of the disabled.

Ground realities, no data

- Section 11 of the Rights of Persons with Disabilities Act prescribes that "The Election Commission of India and the State Election Commissions shall ensure that all polling stations are accessible to persons with disabilities and all materials related to the electoral process are easily understandable by and accessible to them".
 - Although this mandate has been in existence for a few years, the disabled people still report accessibility issues before and on election day.
- There is often a lack of accessible polling booths in many locations.
 - There is still no widespread adaptation of braille electronic voting machines and even wheelchair services at all polling centres. The Election Commission of India has developed its own procedures for handling PwDs during the electoral process.
- Political parties in India still do not find the disabled as the large electorate to specifically address their needs.
 - The lack of live aggregate data on the exact number of the disabled people in every constituency only furthers their marginalisation.
 - The lack of accessible space for party meetings, inaccessible transport for campaigning or an attitudinal barrier among voters and party leaders can be termed as contributing factors.
 - Thus, we seldom see disability being highlighted in the manifestos of parties.

Inadequate representation

- Representation plays an imperative role in furthering the interests of the marginalised community. Our Constitution makers recognised this when they provided for reservation for Scheduled Caste/ Scheduled Tribes in the legislature.
- Disabled people are not represented enough at all three levels of governance.
- The response to a right to information (RTI) to the Parliamentary Affairs Ministry showed that the Government does not maintain data on the disability aspect of members.
 - The first visually disabled Member of Parliament in independent India, Sadhan Gupta, hardly finds mention in our political or disability discourse.
 - Governments have often failed to acknowledge disabled political personalities who have overcome the myriad barriers in India's political space.

- However, few States have begun the initiative at local levels to increase participation. For instance, Chhattisgarh started the initiative of nominating at least one disabled person in each panchayat. If a disabled person is not elected then they are nominated as a panchayat member as per changes in the law concerned. This is a step that has increased the participation of the disabled in the political space at local level.

What should be done

The goal of the policy document, of inclusiveness and empowerment, cannot be achieved without political inclusion. The policy can follow a four-pronged approach:

- building the capacity of disabled people's organisations and 'empowering their members through training in the electoral system, government structure, and basic organisational and advocacy skills';
- the creation, amendment or removal of legal and regulatory frameworks by lawmakers and election bodies to encourage the political participation of the disabled;
- inclusion of civil societies to 'conduct domestic election observation or voter education campaigns'; and
- a framework for political parties to 'conduct a meaningful outreach to persons with disabilities when creating election campaign strategies and developing policy positions'.

Conclusion

The document lays emphasis on the point that central and State governments must work together with other stakeholders to "make the right real". This right can be made real only when it includes political rights/political participation within it. This will only conform to the universal principle on disability, i.e., "Nothing about us. Without us."

THE UKRAINE WAR AND THE RETURN TO EUROCENTRISM

Context

The political and military aftermath of the Ukraine-Russia conflict could set the stage for the return of a Eurocentric world order.

- For a long time Europe remained the centre of the world. Decolonisation, the emergence of the United States as the western world's sole superpower, and the rise of the rest dramatically diminished the centuries old domination of the European states and their ability to shape the world in their own image.
- The contemporary international order is hardly Euro-centric: dominated by the US, and challenged by rising great powers or superpowers, it is moving toward a multipolar order wherein Europe's system shaping capabilities have been rather limited. Or so it has been until now.

War and its possible effect on Europe

- The political and military aftermath of Russia's war on Ukraine could potentially tilt the current global balance towards Euro-centric world order.
- The U.S. continues to dominate the transAtlantic security landscape and this is likely to remain so.
- In future Europeans are likely to take their own security far more seriously. In any case, there is little doubt that Europe, going forward, will emerge as a major locus of transAtlantic security imagination.
- If wars have the potential to shape international orders, it is Europe's turn to shape the world, once again.

Chanakya Monthly Editorial Analysis

- The United States, actions in Iraq and Afghan wars, does not appear to be keen on another round of wars and military engagements.
- Mood in Europe seems to be changing; there is a shift in narrative from pacifism to insecurity induced militarism.
- The Russian aggression against Ukraine has led to an unmissable feeling of insecurity in Europe, particularly in Germany.
- A pervasive sense of what some described as “existential insecurity” has brought about a renewed enthusiasm about the future of the European Union and the North Atlantic Treaty Organization (NATO).
- The European Union (EU) Commission in Brussels has backed Kyiv’s bid for EU candidature, and the 30 state military alliance, NATO, has two more members in its fold (Finland and Sweden).
- This new military unity is not just words, but is backed with political commitment and financial resources from the world’s richest economies.
 - Berlin, for instance, has decided to spend an additional €100 billion for defence over and above its €50 billion annual expenditure on defence.
 - Changing Russia through trade is no longer popular amongst most German policy makers and thinkers.
 - While there is a deep sense of insecurity and vulnerability in contemporary Europe, there is also the belief that NATO and the EU will see better days going forward. To that extent, many consider Russia’s Ukraine war as a blessing in disguise.

Impact on European institutions

- Germany is leading the way of this new thinking in Europe.
 - A country that has for two decades spent no more than 1.3% on defence will now spend more than 2% to beef up its defence.
 - Notably, there appears little faith in the United Nations or the UN Security Council anymore in Berlin, they have decided to put their faith in a revitalised EU and NATO.
- It is interesting to note how quickly Europe’s trust in democratic global institutions weakened in the face of a war that a non-EU/NATO member is fighting in its neighbourhood.
- European states are deeply worried about globalisation induced vulnerability and this has set in a rethink about the inherent problems of indiscriminate globalisation. What this turn away from multilateralism in favour of ‘Europeanism’ will do is to further undercut global institutions.
- The combined effect of European remilitarisation (however modest it may be for now), its loss of faith in multilateral institutions, and the increased salience of the EU and NATO will be the unchecked emergence of Europe as an even stronger regulatory, norm/standard setting superpower backed with military power.

Implications for the rest

- The recent statements emanating from Europe that ‘democracies’ should come together to defeat a nondemocratic aggressor is a taste of the things to come: a eurocentric worldview of ‘friends and enemies’ will define its engagement with the rest of the world.
- India is a friend, but its take on the Ukraine war is not friendly enough for Europe.
- Receding multilateralism and rising Eurocentrism would invariably mean that norm setting and system shaping discussions are likely to be conducted by Europeans, among Europeans, for Europeans and non Europeans, leading to fewer consultations and even lesser consensus with the rest of the international community.

- The EU will lead the way in setting standards for the rest of the world and others will have little option but to follow that.
- Europe will seek partners around the world: to create a Eurocentric world order, not a truly global world order.

Conclusion

The key message from the European narratives about the Ukraine war is that European states would want to see their wars and conflicts as threatening international stability and the 'rules based' global order.

Needless to mention that there is little recognition in the West today that the global non West's political priorities are altogether different, from addressing abject poverty and underdevelopment to managing social cohesion and local conflicts.

CART BEFORE THE HORSE: ON BAIL LAW IN INDIA

Context

Two recent pronouncements, one a judicial order and another a public speech by the Chief Justice of India (CJI), have drawn attention to the manner in which bail law operates in the country.

Injury to personal liberty

- The Supreme Court, in *Satender Kumar Antil vs CBI*, has sought to expand the scope for the grant of early bail to those arrested without sufficient cause, the CJI, has bemoaned the injury to personal liberty caused by hasty arrests, hurdles in the way of releasing suspects on bail and the prolonged incarceration of those under trial.
- The expressions of concern are a timely reminder to regimes that have been using their police powers to crack down on critics, activists and those not politically aligned with them.

The Irony

- There is an irony in courts battling for personal liberty and lamenting indiscriminate arrests on the one hand, but routinely denying bail or postponing bail hearings on the other.

Positive Aspects of the verdict

- The verdict reiterating the major principles in favour of granting bail and laying down constructive guidelines for arrest is quite valuable.
- For instance, the Bench has called for standing orders to adhere to the Arnesh Kumar principles, based on Sections 41 and 41A of the Code of Criminal Procedure under which a police officer is required to record reasons for arresting an accused and is expected to issue a notice of appearance in cases involving offences that attract a prison term of less than seven years.
- The verdict has other positive aspects: setting time limits for the disposal of bail and anticipatory bail applications and underscoring that an arrest must be made only when actually required, or to prevent the accused from fleeing justice or tampering with evidence.

Mooting separate bail act

- In an interesting contribution, the Bench has mooted a separate 'Bail Act' on the lines of the one in the United Kingdom to streamline the bail process.
- It is indeed true that despite the basics of bail law being quite known, especially that bail is the rule, and its denial the exception, there are glaring inconsistencies over who gets bail, who is denied it and at what stage it is given.
- A separate law may provide a common reference point, but whether it will put an end to the country's unstated rule, 'show me the man, and I will show you the law', will ever fade away.

Reforms needed

- The state of the magistracy also requires an overhaul. Magistrates seem conditioned to authorising mechanical remand whenever someone is produced before them, and to decline bail as soon as the prosecutor opposes it.
- More than the law, the police must first put an end to the practice of reflexively arresting first and then fishing for a possible offence.

A welcoming decision

- It is indeed welcome that the Court has made it clear that bail can be considered even without a formal application at the stage of production before the court, or when a person responds to a summons or warrant.

A NEW LEGISLATION THAT MIRRORS THE OLD

The Bill

The Union Health Ministry recently published a new draft Bill to replace the antiquated Drugs and Cosmetics Act, 1940.

The issues with the bill

- While we salute the Ministry for recognising the need for a new legislation, there is much to disagree with the new Bill.
- Although the Ministry has described it as being consistent with the government's move to review obsolete pre-Independence legislation, most of it is a copy of the old law.
- There is nothing new in this Bill regarding drug regulation.
- The Bill does nothing to address burning issues thrown up over the last decade since the Ranbaxy scandal.
- The present Bill is silent on the issue of decentralised regulators.
- The new law is silent on the critical issue of transparency because it is structured largely on the basis of the original colonial-era legislation.
- Modern regulation delegates an incredible amount of power to unelected bureaucrats and technocrats. From a perspective of efficiency, such delegation is required, but from the perspective of accountability, it leads to a democratic deficit.
- The proposed legislation does not make accommodation for public participation.

Ranbaxy Scandal:

In 2008, the Japanese pharmaceutical giant bought the jewel of India's generic medicines industry, Ranbaxy Laboratories Ltd., from the billionaire brothers who had inherited it from their father and grandfather. The sale -- greeted with moaning in the Indian press about "selling the family silver" -- went sour almost immediately. Just a year later, one of the brothers -- Malvinder Singh -- quit as CEO. Disputes flared between the company and the US Food and Drug Administration, and evidence emerged that Ranbaxy had been systematically gaming tests and failing to meet health standards.

Regulatory theory

- The original Act was enacted when the Indian pharmaceutical industry was in its infancy.
- At the time, the guiding theory of this law was based on testing manufactured drugs purchased by drug inspectors from the open market.

- If a drug failed quality testing, the manufacturer could be jailed.
- This was not the most efficient system of regulation because it depended entirely on luck or fate – only if a drug inspector picked a certain drug on a certain day and it failed testing would the manufacturer face legal action.
- Much of the world has shifted to a more rigorous system of regulation centered around the compliance of manufacturing units with good manufacturing practices (GMPs).
- In theory, a drug manufactured in compliance with GMPs is subject to so many checks that it is unlikely that it would fail quality tests once shipped to the market.
- In 1988, India incorporated a system of GMPs via rules framed by the government rather than Parliament. But even then, the government did not make GMPs the centrepiece of its regulatory strategy.
- In the U.S., the regulator’s focus is in ensuring that manufacturing units comply with GMPs.
 - American law presumes that any drug that is manufactured in a facility that fails to comply with GMPs is ‘adulterated’. Given this focus on GMP compliance, U.S. law mandates the publication of reports of inspections conducted by its drug inspectors.
- Indian law, on the other hand, contains no such criminal penalties for pharmaceutical companies failing to comply with GMPs.
 - At the most, licences may be cancelled, but since inspection reports are never published, citizens have no idea if drug inspectors are conducting GMP compliance-related inspections.
 - There is ample evidence to suggest that such inspections are not carried out.
- The Bill does nothing to change this system. In fact, it does not mention the phrase GMP even once.

The federalism question

- The one issue that has come up in every review of the drug regulatory system since 1947 has been the uneven enforcement of the Drugs and Cosmetics Act across India.
- This is because, unlike the U.S. which has a single federal agency tasked with enforcing drug regulation across the country, India has 37 agencies for the same job: one in each State and Union Territory along with the Central Drugs Standard Control Organisation (CDSCO), which is under the control of the Union Health Ministry.
- State drug controllers are expected to license drug manufacturing and also conduct enforcement actions such as sampling, testing and prosecution for substandard drugs.
- The CDSCO’s role is limited to regulating imports and to deciding whether new drugs have adequate clinical evidence before they can be sold.
- Over the years, even the CDSCO has started drawing samples for testing and prosecuting erring manufacturers.
- In addition, the Health Ministry is in charge of laying down rules and regulations and banning drugs which do not have supporting clinical evidence.

The problem with having several regulators

- India has 37 agencies for the same job: one in each State and Union Territory along with the Central Drugs Standard Control Organisation (CDSCO)
- A problem with this setup is that States such as Himachal Pradesh, which account for a bulk of pharmaceutical manufacturing on account of a tax holiday, do a poor job in enforcing the Drugs and Cosmetics Act.

- Since India is a single market, drugs manufactured in Himachal Pradesh are sold across the country and even States with relatively more competent drug regulators, such as Tamil Nadu, Karnataka and Gujarat, can do little to stop the flood of these substandard drugs.
- It is only the drug controller in Himachal Pradesh who can cancel manufacturing licences of facilities located in that State.

Suggestions

● **Centralising drug agency**

- The **Mashelkar Committee in 2003** had recommended centralising drug licensing with the central regulator.

● **Ensure bureaucratic accountability**

- Drug regulation by its very nature vests vast discretionary powers in unelected bureaucrats to take decisions such as approving a new drug or a new manufacturing facility, both of which can have huge implications for public health and profits of the pharmaceutical industry.
- These decisions are often based on scientific data, inspections, reports, etc. In such circumstances, the only safeguard to ensure bureaucratic accountability is transparency.

● **The Right to information**

- As citizens, we should not be required to run after the regulator begging for information under the Right to Information Act, 2005.
- Rather, the law should be written in a way to guarantee proactive disclosure of all crucial documentation related to regulatory decisions.
- If a new drug is being approved, the regulator should be required to disclose all the data, including clinical trial data.
- Every time a drug is tested in a government laboratory, the test report should be published on a publicly accessible database.
- Each inspection for GMP compliance should conclude with an inspection report accessible to the general public.
- This is the only way to ensure accountability and build public confidence in the regulator.
- The government must consider rewriting this law in a way that guarantees transparency by design.

● **Citizens' participation in decision making**

- Modern regulation delegates an incredible amount of power to unelected bureaucrats and technocrats. From the perspective of accountability, it leads to a democratic deficit.
- This is why a modern regulatory system should be designed in a manner that guarantees citizens a right to participate in decision making. Making information available to citizens is only the first step in this process.

● **Creating Legal pathways**

- Create legal pathways, such as public hearings or citizen's petitions which will enable citizens to participate in the regulatory process and register their objections.
- For example, every drug approval process should be accompanied by a public hearing to allow doctors and ordinary citizens to question regulators and explain their rationale for approving the new drug.

REVAMP INDIA'S SCHOOL HEALTH SERVICES

As schools reopen, there is a need and an opportunity for States to look at a comprehensive package of services

Time for concrete policy to target schoolchildren

- Children across India are back to school for in-person classes after an prolonged closure in the wake of the COVID-19 pandemic.
- It is time for concrete policy measures and actions that target schoolchildren.
- On the education front, while there has been some discourse on 'learning recovery', there is an urgent need to factor in the health needs of schoolchildren.

Reasons why school health services receive inadequate policy attention

- One of the reasons for wrongly designed, and often very rudimentary, school health services — not only in India but also in most low- and middle-income countries — is, arguably, limited understanding and clarity on what constitutes well-functioning and effective school health services.
- This situation co-exists in spite of much evidence guided by international literature.
- School health services receive inadequate policy attention is because health-care needs are often equated with medical care needs.

What do they need?

- Though school age children have a relatively low sickness rate (and thus limited medical care needs), they do have a wide range and age-specific health needs that are linked to unhealthy dietary habits, irregular sleep, lack of physical activity, mental, dental and eye problems, sexual behaviour, and the use of tobacco and other substances, addiction, etc.
- Then, the health knowledge acquired, and lifestyle adopted in the school-going age are known to stay in adulthood and lay the foundations of healthy behaviour for the rest of their life.
- For example, scientific evidence shows that tobacco cessation efforts are far more successful if started in school.

The Delhi example *Nurturing Leaders of Tomorrow*

- In the first week of March 2022, the government of Delhi began 20 school health clinics with the promise of more.
- Though small, this initiative has two messages.
 - One, it recognises the importance of school health services in the post-pandemic period.
 - Two, the importance of multi-stakeholder partnership for school health services as these are being set up through corporate social responsibility funding from a donor on the one hand and internal collaboration between health and education departments within government on the other.
- On a flip side, by the Delhi government's own assertion, these clinics are curative focused services.
- They also highlight the main issue: what makes comprehensive school health services has still not been fully understood.

FRESH approach

- UNESCO, UNICEF, the World Health Organization (WHO) and the World Bank have published an inter-agency framework called FRESH (Focusing Resources on Effective School Health.)
- The FRESH framework and tools propose four core areas and three supporting strategies.

- The core areas suggest that school health services need to focus on school health policies, i.e., water, sanitation and the environment, skills-based health education and school-based health and nutrition services.
- The supporting strategies include effective partnerships between the education and health sectors, community partnership and student participation.

Suggestions

- According to WHO, school health services should be designed based on local need assessment; should have components of health promotion, health education, screening leading to care and/or referral and support as appropriate.
- The objective of school health services has to be the promotion of positive health, prevention of disease, early diagnosis, treatment and follow up, raising health consciousness in children and enabling the provision of a healthy school environment.

Opportunity in reopening

- As schools reopen to full capacity, there is a need and an opportunity for a proactive approach for having expanded and strengthened school health services.
- Every Indian State needs to review the status and then draw up a road map to revamp and strengthen school health services, along with a detailed timeline and dedicated budgetary allocation.
 - The Fifteenth Finance Commission grant for the health sector should and could be leveraged.
- **Health talks and lifestyle sessions** (by schoolteachers and invited medical and health experts) should be a part of teaching just as physical activity sessions are.
- Some of the teaching must look at adolescent sexual health; also, subjects such as **menstrual hygiene, etc. should be integrated** into regular classroom teaching.
- School health clinics should be supplemented with **online consultation for physical and mental health needs**. This could be an important starting point to destigmatise mental health services.
- The role and the participation of parents, especially through parent-teacher meetings should be increased.
- **Parents need to be sensitised** about how school health services are delivered in other countries; this may work as an important accountability mechanism to strengthen school health.
- **Innovative approaches** that offer limited health services to parents, families and even schoolteachers could increase use, acceptance and demand.

Include Private Schools as well

- The Government's school health services initiatives do not include private schools most of the time. Private schools do have some health services, which are nearly always restricted to curative care and taking care of emergencies.
 - Clearly, school health services should be designed to take care of schoolchildren be they in private or government-run schools.

Review Ayushman Bharat Programme

- Under the Ayushman Bharat programme, a school health initiative was launched in early 2020, but its implementation is sub-optimal.
 - There is a need to review this initiative, increase dedicated financial allocation to bring sufficient human resources and monitor performance based on concrete outcome indicators.
 - Otherwise, it will end up being a 'missed opportunity'.

Need of a thorough approach

- A few weeks ago, following a review of the implementation of the National Education Policy, the Prime Minister's Office (PMO) is said to have advised regular health check-ups and screening schoolchildren.
- Some letters were said to have been sent to the Health Department and requests made to depute medical interns and students in post-graduate courses to conduct a health check-up in schools.
- Such an approach on an issue that needs a thorough approach is akin to 'tokenism'. India's children need better handling than this.

A common platform

- Every challenge has a silver lining.
- The onus is on health policy makers and programme managers in every Indian State to do everything in the best interests of children.
- The Departments of Education and Health in every Indian State must work together to strengthen school health services.
- It is an opportunity to bring children, parents, teachers, health and education sector specialists and the Departments of Health and Education on a common platform to ensure better health and quality education for every child in India.
- A convergence of the National Health Policy, 2017 and National Education Policy, 2020 should result in the provision of comprehensive school health services in every Indian State.

Conclusion

Children are the future of society, but only if they are healthy and educated. Therefore, elected representatives, professional associations of public health and paediatricians shoulder the responsibility — every citizen should raise the issue and work towards improved school health services being present in every State of India.

HOW WE CAN HAVE DISASTER-FREE FLOODS

Turning a crisis into an opportunity

- Assam has been ravaged by two bouts of floods in quick succession. At the peak of floods in May, more than 2,000 villages and 7 lakh people got affected.
- As the flood adversity increased, so did river bank erosion — at the peak, some districts reported multiple instances of river bank erosion.
- The holy grail of flood protection (the embankments) got breached once again.
- In this hour of crisis, it is apt to reflect on what Prime Minister had said a couple of years ago - "turning a crisis into an opportunity".

Moving away from hazard prevention to the minimisation of disaster risk

- The overall aim has to move away from hazard prevention to the minimisation of disaster risk.
- Hazards like floods are often triggered by extreme weather events, but they translate into disaster risk due to anthropogenic factors.
- The anthropogenic factors share a complex relationship with biophysical and social vulnerability.
- A logical corollary of this is to move away from the sole focus on structural interventions and river engineering to prevent floods and instead, address the underlying factors that drive the multiple dimensions of vulnerability.

What should the strategies include?

- Strategies should include round-the-year developmental activities.
- Risk management cannot be done just by the water resources department. It needs convergence across multiple departments.
- Expanding flood management strategies' scope: Flood risk management strategies would need to expand their scope from river engineering and embankment construction and address the diverse root causes through a set of interventions targeted to address the drivers of vulnerability.
- New models of embankment management are needed.
- Resilience building: At the community level, there must be redundancies that contribute to resilience building: For example, every village in Assam should have access to elevated shelters, even if they are not used during the non-flood months.
- Warning systems: There is an increase in the frequency and intensity of extreme weather events, and hence the importance of warning systems will increase.
- Convergence with the tiered community institutions:
 - With proper training, tiered community institutions promoted under the National Rural Livelihoods Mission could act as a response force of the community to calamities in disaster-prone areas.
- **Creating a specialist cadre:**
 - Dealing with flood risk is essentially a management problem. It requires dedicated and trained professionals who understand the interdisciplinarity required to manage flood risk and build resilience.
 - This set of professional cadres could be located at the district level, working closely with District Disaster Management Agency and district administration and coordinating with the various line departments.
- District Disaster Management fellows: There could be a dedicated group of trained young professionals with a time-bound and goal-driven assignment.

Conclusion

The riparian population and their lives and livelihoods should be at the centre of the planning process of flood management. This is an opportunity for the state government, philanthropic agencies, development implementers and academic institutes to come together and develop a resilient mechanism for flood management.

THE POOR STATE OF INDIA'S FISCAL FEDERALISM

The asymmetric federalism

This asymmetric fiscal federalism, inherent to the Constitution, was accelerated and mutually reinforced when GST was introduced, making the Union Government extractive rather than enabling. While States lost their capacity to generate revenue with the introduction of Goods and Services Tax (GST) regime, their expenditure pattern too was distorted.

What the Constitutional makers had opined?

- In his last speech, in 1949, to the Constituent Assembly, **B.R. Ambedkar** sounded a note of caution about the Indian republic entering a life of contradictions.
- He warned "In politics we will have equality and in social and economic life we will have inequality. These conflicts demanded attention: fail to do so, and those denied will blow up the structure of political democracy".
- A degree of centralisation in fiscal power was required to address the concerns of socio-economic and regional disparities, he felt.

Increased dependence on Finance Commission

- Historically, India's fiscal transfer worked through two pillars, i.e., the Planning Commission and the Finance Commission.
- The abolition of planning commission in 2014, led to the Finance Commission becoming a major means of fiscal transfer as the commission itself broadened its scope of sharing all taxes since 2000 from its original design of just two taxes — income tax and Union excise duties.
- The states have become highly dependent on Finance commission for finances which is appointed by the Central Government and states have no role in this appointment.

Hollowing out fiscal capacity

- The ability of States to finance current expenditures from their own revenues has declined from 69% in 1955-56 to less than 38% in 2019-20.
- **Impact of GST:** While the expenditure of the States has been shooting up, their revenues did not.
 - They still spend 60% of the expenditure in the country — 85% in education and 82% in health. Since States cannot raise tax revenue because of curtailed indirect tax rights — subsumed under GST.
- **Shrinking of divisible pool:** Even the increased share of devolution, mooted by the Fourteenth Finance Commission, from 32% to 42%, was subverted by raising non-divisive cess and surcharges that go directly into the Union kitty.
 - This non-divisive pool in the Centre's gross tax revenues shot up to 15.7% in 2020 from 9.43% in 2012, shrinking the divisible pool of resources for transfers to States.
- **Cut in corporate tax:** The recent drastic cut in corporate tax, with its adverse impact on the divisible pool, and ending GST compensation to States have had huge consequences.
- **Differential rate of interest:** States are forced to pay differential interest — about 10% against 7% — by the Union for market borrowings.
- **Centrally sponsored schemes:** By turning States into mere implementing agencies of the Union's schemes, their autonomy has been curbed.
 - There are 131 centrally sponsored schemes, with a few dozen of them accounting for 90% of the allocation, and States required to share a part of the cost.
 - These schemes, driven by the one-size-fits-all approach, are given precedence over State schemes, undermining the electorally mandated democratic politics of States.
 - The diversion of a State's own funds to centrally sponsored schemes, thereby depleting resources for its own schemes, violates constitutional provision.

Deepening inequality

- This political centralisation has only deepened inequality.
- The World Inequality Report estimates 'that the ratio of private wealth to national income increased from 290% in 1980 to 555% in 2020, one of the fastest such increases in the world.
 - The poorest half of the population has less than 6% of the wealth while the top 10% nearly grab two-third of it.'

Conclusion

India's fiscal federalism driven by political centralisation has deepened socio-economic inequality, belying the dreams of the founding fathers who saw a cure for such inequities in planning. It has not altered inter-state disparities either. If there was anything that alleviated poverty, reduced inequality and improved the well-being of people, these were the time-tested schemes of State governments, but they are now under threat.

WE NEED TO PROTECT WHISTLE BLOWERS

Context

“Words, words, words” was Hamlet’s reply to Polonius’ question, “What do you read, my lord?” That is what our **Right to Information (RTI) Act, 2005**, is being reduced to.

The Right to Information Act

- The Centre for Law and Democracy classifies it among the top five laws in the world.
- The RTI empowers us to participate in the policymaking process, by providing access to information relating to the functioning of all public authorities.
- Ordinary citizens have used the law to make public authorities accountable and transparent in their functioning.
- In fact, the law has been used extensively by a cross section of citizens including activists, lawyers, bureaucrats, researchers, journalists and most importantly, ordinary folk.
- They all have been asking simple questions and pursuing answers on the use of public funds, and unearthing corruption of all kinds from the Panchayat level right up to Parliament.
- The widespread understanding and use of the RTI is a shining example of a participatory democracy in spite of our current realities.

The dangerous underside of the RTI

- Since the implementation of the Act, some 100 RTI activists across the country have been killed and several are harassed on a daily basis.
- This is a reality of one of the strongest laws for democratic accountability that we must systematically address through strong legal and institutional safeguards.

Where the crimes against activists are maximum?

- Bihar is turning out to be one of the most dangerous States for RTI activists.
- The State ranks first in the number of deaths of RTI users.

Govt’s responsibility to save activists

- These brutal murders have not only raised an urgent question of the protection of people engaging with the system to seek accountability, but also of the state’s responsibility to provide legal assistance, time-bound grievance redressal, compensation, and dignified access to justice to the families of those killed.
- The killing of RTI users and the intimidation of their family as they struggle for justice, in Bihar and other parts of the country, are reflective of the lack of action by the government and collusion of the police with powerful vested interests.

What is needed to be done?

- **Recognises RTI users under attack as human right defenders:** We need to advocate for and move towards creating a socio-legal system that recognises RTI users under attack as human right defenders and build a framework that facilitates and protects them in their attempt to pursue issues of public interest.

- **Complete investigations in time:** State governments must direct law-enforcement agencies to expeditiously and in a time-bound manner complete investigations in all cases where RTI users are harassed. This must include making proactive efforts to provide adequate compensation to the victim's family.
- **institutionalise proactive disclosure of actionable information:** Available evidence clearly shows that the information requested by the murdered RTI users was information that should have been mandatorily disclosed in the public domain under Section 4 of the RTI Act. Therefore, the State governments must take immediate efforts to institutionalise proactive disclosure of actionable information.

Rajasthan has taken the lead in active disclosure. Its Jan Soochna portal subsequently followed by Karnataka's Mahiti Kanaja are outstanding examples of practical ways of mandatory disclosure.

- **Immediately direct the relevant public authorities:** In all cases of threats, attacks or killings of RTI users, the State Information Commission must immediately direct the relevant public authorities to disclose and publicise all the questions raised and the answers given to the user.
- **Effective legislation:** There is an urgent need to enact an effective legislation to protect whistle blowers.
 - State governments, such as those of Bihar and Maharashtra, which have recorded the highest number of murders of RTI activists, must introduce their own mechanisms for protecting whistle blowers by enacting at least a State-level whistle blower protection law.

What has the Supreme Court observed?

- In 2016, a Supreme Court bench came down heavily on the Union government for its reluctance in notify the Whistle Blowers Protection Act of 2014, but unfortunately to no avail.
- The Supreme Court observed that there was an "absolute vacuum" which could not be allowed to go on.
- The Central government was called upon to decide on a specific time frame to establish an administrative set-up to protect whistle blowers. Eight years have gone by and the proposed Act has not been notified.

Conclusion

Ignoring the plight of RTI users facing death for keeping our democracy alive is a threat to democracy itself. After all, the whistle blowers were performing a basic civic duty of public vigilance that the government should encourage and initiate timely action on.

GS PAPER 3

A RENEWABLES REVOLUTION

Worrisome response of some nations

Nero was famously accused of fiddling while Rome burned. Today, some leaders are doing worse. They are throwing fuel on the fire. Literally. As the fallout of Russia's invasion of Ukraine ripples across the globe, the response of some nations to the growing energy crisis has been to double down on fossil fuels, pouring billions more dollars into the coal, oil and gas that are deepening the climate emergency.

Fossil fuels are not the answer

- All climate indicators continue to break records, forecasting a future of ferocious storms, floods, droughts, wildfires and unlivable temperatures in vast swathes of the planet.
- Fossil fuels are not the answer, nor will they ever be. We can see the damage we are doing to the planet and our societies.
- Fossil fuels are the cause of the climate crisis.

Abandoning fossil fuels

- Renewable energy can limit climate disruption and boost energy security.
- Renewables are the peace plan of the 21st century. But the battle for a rapid and just energy transition is not being fought on a level field.
- Investors are still backing fossil fuels, and governments still hand out billions in subsidies for coal, oil and gas — about \$11 million every minute.
- The only true path to energy security, stable power prices, prosperity and a livable planet lies in abandoning polluting fossil fuels and accelerating the renewables-based energy transition.

A five-point plan to boost renewable energy

- We must make renewable energy technology a global public good, including removing intellectual property barriers to technology transfer.
- We must improve global access to supply chains for renewable energy technologies, components and raw materials.
- We must cut the red tape that holds up solar and wind projects. We need fast-track approvals and more effort to modernise electricity grids.
- The world must shift energy subsidies from fossil fuels to protect vulnerable people from energy shocks and invest in a just transition to a sustainable future.
- We need to triple investments in renewables. This includes multilateral development banks and development finance institutions, as well as commercial banks.

What should be done?

- We need more urgency from all global leaders.
- We are already perilously close to hitting the 1.5°C limit that science tells us is the maximum level of warming to avoid the worst climate impacts.
- We must reduce emissions by 45 per cent by 2030 and reach net-zero emissions by mid-century.
 - But current national commitments will lead to an increase of almost 14 per cent this decade. That spells catastrophe.

The answer lies in renewables

- The answer lies in renewables — for climate action, energy security, and providing clean electricity to the hundreds of millions of people who currently lack it.
- There is no excuse for anyone to reject a renewables revolution.
- While oil and gas prices have reached record price levels, renewables are getting cheaper all the time.

- The cost of solar energy and batteries has plummeted 85 per cent over the past decade. The cost of wind power fell by 55 per cent.
- Investment in renewables creates three times more jobs than fossil fuels.
- As we wean ourselves off fossil fuels, the benefits will be vast, and not just to the climate. Energy prices will be lower and more predictable, with positive knock-on effects for food and economic security.
- When energy prices rise, so do the costs of food and all the goods we rely on. So, let us all agree that a rapid renewables revolution is necessary and stop fiddling while our future burns.

Conclusion

Renewables are not the only answer to the climate crisis. Nature-based solutions, such as reversing deforestation and land degradation, are essential. So too are efforts to promote energy efficiency. But a rapid renewable energy transition must be our ambition.

CRUDE SOLUTION

Imposition of Windfall Tax: An Extraordinary decision

Extraordinary times call for extraordinary measures. This seems to be the most charitable explanation one can give for the Centre's decision last week to impose a windfall profits cess on domestic crude producers, and special additional excise duty on petrol and aviation turbine fuel (ATF) exports, and diesel exports.

Declaration from the Exporters

- Exporters will also need to declare that they will supply at least 50 per cent of their export quantity in domestic markets.
- Mercifully, smaller producers with less than 2-million-barrel crude output will be exempt from the windfall cess, and so will be any production by large companies over and above last year's output.
- With the Russia-Ukraine conflict and surging post-Covid demand sending global crude oil prices shooting up over \$110 barrel in the last four months, India-based oil refiners and upstream producers have enjoyed super-normal profits in recent months.

Centre's objective

- The Centre's objective behind the series of measures appears to be two-fold.
 - One, increase supplies of transportation fuels in the domestic market
 - Two, tap into the super-profits that the crude oil producers and refiners are making through their nimble-footed strategies.
- Upstream companies such as ONGC, Oil India and Vedanta which sell crude to oil marketing companies at international parity prices have seen their realisations rise to over \$110 a barrel from \$70-80 a barrel.
- The Centre now seeks to appropriate as much as \$40 a barrel of this, which it contends is the "windfall".

Upstream Companies

- Companies that search for deposits of oil or gas (exploration) and then its extraction through drilling or other methods.
- Upstream also includes related services companies such as those dealing in rig operations, feasibility studies, machinery rental, and extraction of chemical supply.

How private refiners were making huge profits?

- Private refiners such as Reliance Industries and Nayara Energy have been importing Russian crude at deeply discounted prices and selling refined products in global markets, thus earning crack spreads of \$20–30 a barrel against the normal \$12-13 a barrel.

What has sparked the fuel shortage?

- The diversion of private refining capacities to cater to export markets almost wholly has sparked domestic fuel shortages, with pumps in a few States running dry.

The Smart move

- The levies put together are estimated to generate revenues of around 52,000 crore for the Centre if they remain until March 2023.
- The smartness of the move lies in the fact that the levies will not increase retail prices and have nil impact on inflation while compensating for the loss of revenues from the recent excise duty cuts on petrol and diesel.
- From a macro-economic perspective, the additional revenue is certainly good news for the fisc.

Suggestions

- Centre should ensure that levies on windfall gains and export tax on fuels are temporary steps
- The Centre must note that while imposing ad hoc cesses may help raise opportunistic revenues, it doesn't make for sound economic policy.
- In the long run, it is extremely important for India to step up its domestic exploration efforts and reduce its import dependency on crude oil.
- Appropriating excess profits of upstream companies during good times while doing nothing to support them in bad times, is far from conducive to oil capex.
- Sudden interventions in the commercial decisions of refiners and producers will also undermine efforts to draw investments into the sector or disinvest PSUs in future.
- Cesses in India, once imposed, have a habit of staying long beyond their promised tenure.
- In this case, it is critical for the government to keep its word on periodically reviewing these levies to lift them as soon as super-normal profits evaporate.

AMENDING ENVIRONMENTAL LAWS

Context

- The Union Environment Ministry, tasked with safeguarding India's forests and its environmental assets, proposes to amend sections of key environmental legislation and make them less threatening to potential violators.

Current Provisions

- India has eight cornerstone pieces of legislation that define a regulatory framework to ensure that natural resources are not wantonly exploited, acts of pollution are apprehended and there is a mechanism to punish and deter violators.
- Under provisions in the existing legislation, violators are punishable with imprisonment up to five years or with a fine up to one lakh rupees, or with both.
- Were violations to continue, there is an additional fine of up to ₹5,000 for every day during which such failure or contravention continues after the conviction.
- There is also a provision for jail terms to extend to seven years.

The proposed amendments

- Under the new amendments proposed, the fear of imprisonment for simple violations will be weeded out as such violations invite only monetary fines.
- However, serious environmental crimes that cause grave injury or death would invite imprisonment under the Indian Penal Code.
- These penalties would be decided by an 'adjudication officer' and transferred to an '**Environment Protection Fund**'.
- Moreover, the **quantum of potential fines has been raised** from beyond the one lakh rupees to as much as five crore rupees.
- The proposed amendments do not cover the destruction of forests and wildlife, which make up a substantial fraction of environmental crime, and would continue to invite existing penal provisions.

What have the researches found?

- Research on environmental crime in the United States and Europe suggests that fining is the most common mode of punishment.

Environmental crimes and India

- India has a long history of corporate violations as well as a woefully slow redress system.
- An analysis by the Centre for Science and Environment found that Indian courts took between 9-33 years to clear a backlog of cases for environmental violations.

Fines will not help, then what will?

- Fines could theoretically help with faster redress, large environmental fines will continue to be contested in courts, adding to the prevailing practice of tardy justice.
- The threat of imprisonment might have acted as a deterrent in India where the effectiveness of environment regulation is under par.
- Justice for environmental crimes must be dispensed quickly and equitably before tinkering with the law to make it less foreboding.

THE SCAM FAULTLINE IS DAMAGING INDIAN BANKING

Context

The biggest banking scam in India has come to the forefront in the midst of celebrations of 'Aazadi Ka Amrit Mahotsav'; in this case, Dewan Housing Finance Corporation Limited (DHFL) has hoodwinked a consortium of banks driven by the Union Bank of India to the tune of 35,000 crore through financial misrepresentation.

Taking a hit

- The banking system of any country is the backbone of its economy. Excessive losses to banks affect every person in the country because the amounts deposited in banks belong to the citizens of the country.
- The NPAs that banks in cur are mainly due to bad loans and scams.
- Data by the Reserve Bank of India (RBI) show that around 34% of scams in the banking industry are on account of inside work and due to poor lending practices by and the involvement of the junior and mid level management.
- The data by the RBI also show that one of the fundamental problems in the way of the development of banking in India is on account of rising bank scams and the costs consequently forced on the framework.
- Strangely, as in a Global Banking Fraud survey (KPMG), the issue is not just for India alone; it is a worldwide issue.

An NPA projection, a list

- In a Financial Stability Report released by the RBI in December 2021, there is a projection of the gross NPAs of banks rising from 6.9% in September 2021 to 8.1% of total assets by September 2022 (under a baseline scenario) and to 9.5% under a severe stress scenario.
- Frauds in the banking industry can be grouped under four classifications:
 - Management,
 - Outsider,
 - Insider and
 - Insider and Outsider(jointly).
- All scams, whether interior or outside, are results of operational failures.
- Research by Deloitte has shown that limited asset monitoring after disbursement (38%) was the foremost reason behind stressed assets and insufficient due diligence before disbursement (21%) was among the major factors for these NPAs.
- There is a list of frauds example- the Nirav Modi and Mehul Choksi scam involving the Punjab National Bank (1,400 crore), the case of businessman Vijay Mallya (9,000 crore) involving nearly 13 banks, the Andhra Bank fraud (8,100 crore) etc.
- A high NPA also reduces the net interest margin of banks besides increasing their operating cost; these banks meet this cost by increasing the convenience fee from their small customers on a day to day basis.
- According to the RBI data,
 - corporate loans account for nearly 70% of these bad loans,
 - while retail loans, which include car loans, home loans and personal loans, account for only 4%.
- A study by the Indian Institute of Management Bangalore has shown that poor bank corporate governance is the cause behind rising bank scams and NPAs.

What is 'Non Performing Assets'

A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days. Banks are required to classify NPAs further into-

- Substandard assets: Assets which have remained NPA for a period less than or equal to 12 months.
- Doubtful assets: An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.
- Loss assets: As per RBI, "Loss asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value."

Steps that need consideration

As the time goes, bad loans lead to higher NPAs. So, there are suggestion which must be considered seriously by all stakeholders

- Banks have to exercise due diligence and caution while offering funds.
- The regulation and the control of chartered accountants is a very important step to reduce non-performing assets of banks.
- Banks should be cautious while lending to Indian companies that have taken huge loans abroad.

- There is also an urgent need to tighten the internal and external audit systems of banks.
- The fast rotation of employees of a bank's loan department is very important.
- Public sector banks should set up an internal rating agency for rigorous evaluation of large projects before sanctioning loans. Further, there is a need to implement an effective Management Information System (MIS) to monitor early warning signals about business projects.
- The CIBIL score of the borrower (formerly the Credit Information Bureau (India) Limited) should be evaluated by the bank concerned and RBI officials. This must also include the classification and responsibilities of the lending and recovery departments.
- Financial fraud can be reduced to a great extent by the use of artificial intelligence (AI) to monitor financial transactions.
 - However, the adoption of digitisation beyond a point may have limits as AI provides quantitative information but does not take into account the qualitative aspects.

Conclusion

While the Government of India and the RBI have taken several measures to try and resolve the issue of scams in the banking industry, the fact is that there is still a long way to go. Rather than having to continuously write off the bad loans of large corporates, India has to improve its loan recovery processes and establish an early warning system in the post disbursement phase. Banks need to carry out fraud risk assessments every quarter.

Only establishment of National Asset Reconstruction Company Ltd. (NARCL) or the 'bad bank' is not a real solution. These measures can help only after a loan is bad but not the process of a loan going bad.

STAYING WATCHFUL

Context

The CPI-based inflation is above 7 per cent for the third consecutive month and above the RBI's 6 percent upper tolerance target for the sixth month.

What does recent retail inflation data shows

- The concerted efforts made by the Reserve Bank and the Union government to contain inflation appear to be having some impact, albeit marginal, in slowing the pace of price gains, the latest retail inflation data show.
- Price gains as measured by the Consumer Price Index (CPI) eased almost imperceptibly to 7.01% in June, from May's 7.04%, with food price inflation slowing by a distinct 22 basis points to 7.75%.
 - Of the 12 items comprising the food and beverages basket, almost half the weight of the CPI, **the prices of pulses and edible oils both shrank from a month earlier.**
 - Prices of the key cooking medium, which had been on a boil amid a supply shock (from Ukraine and Indonesia), have cooled, helped by import duty reductions.
- Year on year inflation in oils and fats decelerated last month by a whopping 390 basis points to 9.4%, with the index shrinking 0.7% on a sequential basis.
 - And prices of pulses contracted both from a year earlier and the preceding month.
- The other major positive sign of a policy measure translating to softer prices was with transportation fuels.
 - The Centre's reduction of excise duty on petrol and diesel in May manifested in a significant easing in inflation in the transport and communication index: year on year, the rate slowed by 260 basis points to 6.9%, while sequentially it shrank by 120 basis points.

Case of USA

- U.S. consumer prices surged 9.1% in June, the largest increase in more than four decades amid stubbornly high costs for gasoline, food and rent, cementing the case for another 75 basis point interest rate increase by the Federal Reserve this month.
- The larger than expected increase in the year on year consumer price index reported by the Labor Department also reflected higher prices for healthcare, motor vehicles, apparel as well as household furniture.
- Many experts have also said that high inflation in the US has warranted another rate hike at the upcoming Federal Open Market Committee (FOMC) meeting. FOMC is a Federal Reserve committee that decides US interest rates.
- **Its effect on india:** This will impact India in three possible ways:
 - Firstly, India would become a less attractive destination for the currency carry trade as the differential interest rate between India and US is narrowing.
 - Second, higher returns in the US debt markets could also trigger a churn in emerging market equities, which will dampen the spirit of foreign investors' from investing in India.
 - Third, this will have a potential impact on currency markets, because of the outflows from Indian equity and debt markets.
- Already, in the case of India, nine consecutive months of selling by FPIs is weighing upon the Indian rupee amidst expectation of widening of CAD to \$105 billion in FY23 from \$39 billion in FY22. Overall, a bullish dollar backdrop and expectation of a BoP deficit of 1 percent of GDP could continue to keep rupee under moderate pressure. Experts expect the rupee to depreciate towards 81 levels before the end of FY23.

What lies ahead

- It would be way too premature for policymakers to drop their guard.
 - With nine of the 12 items in the food and beverages basket, representing almost 80% of the sub index and spanning cereals, milk and meat to vegetables, sugar and spices, experiencing sequential price gains, the Government would need to maintain vigil to ward off any buildup of inflationary pressures in consumers' kitchens.
- Year on year inflation in cereals, meat and milk all accelerated in June from May's pace, and price gains in vegetables still remained in double digits at 17.4%.
- The progress of monsoon rains give hope that the prices of farm produce may moderate in the coming months, provided the extreme rainfall and flooding seen in some States does not adversely hit crop growing regions.
- And while an appreciable softening in global crude oil prices in recent sessions offers some respite, the rupee's sharp depreciation against the dollar means India will continue to face the spectre of 'imported inflation' as the bill for imports, including crude, keeps rising.
- The decision of the GST Council to raise tariffs on a range of goods including some items of mass consumption is also bound to add upward pressure on prices.
- Finance Minister Nirmala Sitharaman's remarks reflect authorities' recognition that any let up in the fight against inflation risks undermining growth and broader macroeconomic stability.

Imported inflation

Imported inflation may be set off by foreign price increases, or by depreciation of a country's exchange rate.

- Imported inflation is a general and sustainable price increase due to an increase in costs of imported products. This price increase concerns the price of raw materials and all imported products or services used by companies in a country. Imported inflation is also referred to as cost inflation.

- Imported inflation is also caused by a decline in the value of a country's currency. The more the currency depreciates on the foreign exchange market the higher the price of imports. Effectively, more money is needed to buy goods and services outside the country.
- With imported inflation, production costs are higher for companies. These companies most often reflect this increase in the selling price of the goods and services sold. As a result, prices within the country rise. Imported inflation causes inflation.

Example-

- Let's take the example of a French company that manufactures cotton clothing. To be able to manufacture these garments, the company must buy cotton from abroad, as France is not a cotton producer. It therefore imports cotton paying with Euros. If the value of the euro falls against the currency of the cotton exporting country, it must pay more euros to obtain supplies. To keep its margins, the company then decides to increase the selling price of its clothing in France. This is then imported inflation, as the selling prices of clothing sold in France have increased due to an increase in production costs.

ORDERLY TRANSITION FROM COAL TO RENEWABLES

Need of Energy Security

- Since the onset of the pandemic and over the past few months, after the Ukraine-Russia war, commodity prices, especially that of energy, have surged worldwide.
- With inflation at unprecedented levels in many countries, concerns over energy security have gained centre stage

National coal index (NCI).

- Recently, there have been several policy initiatives in the coal sector in India.
- One which has gone largely unnoticed is the introduction of the national coal index (NCI).
- This index was created to provide a benchmark for revenue-sharing contracts being executed after the auctions for commercial mining of coal.
- The NCI had to be introduced as the wholesale price index (WPI) for coal has no component of imported coal.
- For the last six months, the WPI for Coal has been stable at around 131. Over the same period, the NCI has jumped from about 165 to about 238 reflecting the sharp increase in international coal prices.

How the domestic coal industry has responded to sharp increase in international coal prices?

- The domestic coal industry has responded to this situation with an increase of over 30 per cent in coal production from April to June this year. This has helped reduce inflationary pressures in the economy.
- This development shows the importance of increasing domestic coal production to reduce the exposure of the domestic economy to the price volatility of international markets.

What more needs to be done?

- **Sensitising the financial community:** The financial community has to be sensitised to the need of increasing domestic coal production to meet the growing energy demand.
- **Finalise the National Electricity Policy:**
 - The Ministry of Power recognised the need to increase coal-based generation in the country in its draft National Electricity Policy released in May 2021, before the present crisis erupted.

- This policy has not yet been finalised.
- It should clearly articulate the importance of domestic coal-based generation.
- **Environmental, social, and governance (ESG):** Apart from the government, the industry should also take up this issue with the financial community in adopting a more holistic approach toward environmental, social, and governance (ESG) criteria.
- **Need for a regulator:**

There is the need for a regulator to address the issues arising from a greater role of the private sector.

The current arrangements were put in place at a time when the public sector dominated.

There are several issues where new private commercial miners would need help.

A single point of contact for the industry in the form of a dedicated regulator would give great comfort to private players and would help to overcome problems that could arise in due course.
- **Increasing Domestic Protection:**
 - Increasing domestic production of coal and diversifying the production base are both needed.
 - This must be complemented with efforts to improve the quality of the coal produced.
 - High prices of coal and coal-based generation will only encourage imported coal and expose the country to price risks from international energy prices.
- **Reform the coal subsidy regime:** The undue financial burden on the coal sector due to various cross subsidies needs attention. The regime needs to be reformed

Cross Subsidy: Cross subsidization is defined as **the variation in the price policy for 2 sets of buyers** or it can be stated as When a marketer charges higher prices to a group of consumers in order to subsidise lower prices for another group, it is referred to as cross-subsidisation.

- **Don't look at coal from GHG emission only:** Looking at coal from a singular focus on GHG emissions will give a myopic view of energy requirements for a growing economy like India.
- **A gradual transition towards renewables:** The path to achieving 500 GW of renewables needs to be gradual, ensuring an orderly transition as coal is unavoidable in the near future

Conclusion

- Reducing coal imports and increasing domestic production of coal needs focused attention. The changes in the coal industry in the last few years are in the right direction. These were long overdue. Action on the issues discussed above will help to deepen and strengthen these reforms which are needed to overcome the challenges that have resurfaced over the past few months.

WEIGHING IN ON INDIA'S INVESTMENT-LED REVIVAL

The finance minister said recently at the third G20 Finance Ministers and Central Bank Governors (FMCBG) meeting hosted by Indonesia in Bali that India's long-term growth prospects are embedded in public capital expenditure programmes. She added that an increase in public investment would crowd in (or pull in) private investment, thus reviving the economy.

Crowding-in effect

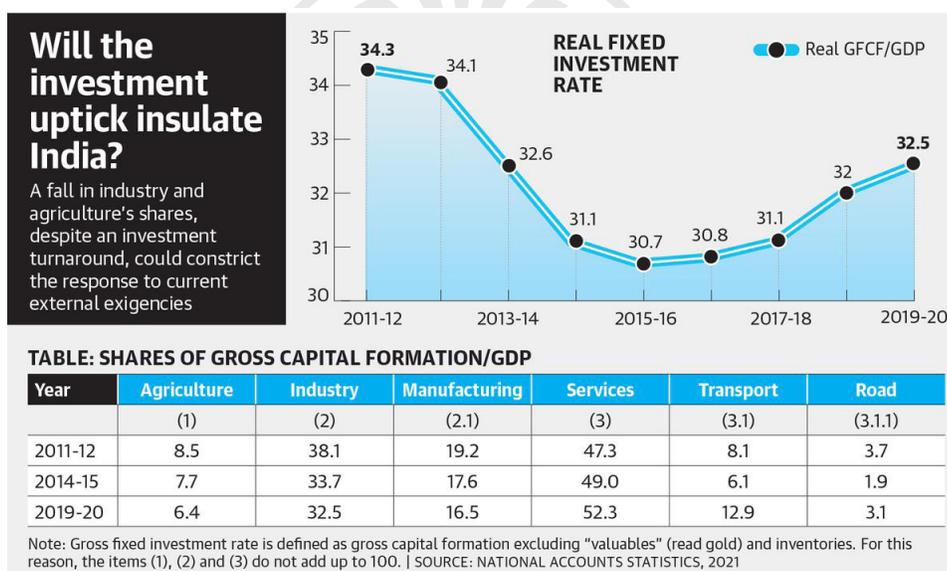
Crowding-in is a phenomenon that occurs when higher government spending leads to an increase in economic growth and therefore encourages firms to invest due to the presence of more profitable investment opportunities.

Public investment led economic growth: Case study from the past

- Public investment-led economic growth has a respectable academic pedigree (lineage), and forms a credible strand of explanation for India's post-Independence economic growth.
- Here is an illustration. When it was faced with a slow-down after the Asian financial crisis of 1997, the Atal Bihari Vajpayee led-National Democratic Alliance government initiated public road building projects. In the form of the Golden Quadrilateral (to link metro cities using a high-quality road network) and the Pradhan Mantri Gram Sadak Yojana (to 'provide good all-weather road connectivity to unconnected habitations'), these initiatives sowed the seeds of economic revival, culminating in an investment and export-led boom in the 2000s; GDP grew at 8%-9% annually.

Lag in investment

- In comparison, the investment record during the 2010s has been dismal. However, a recent uptick is evident in the real gross fixed capital formation (GFCF) rate. The ratio recovered to 32.5% in 2019-20 from a low of 30.7% in 2015-16 (figure).



- The finance minister has claimed that the Government sustained the investment tempo even during the novel coronavirus pandemic (2020-21 and 2021-22).
- As in the June edition of the Ministry of Finance's Monthly Economic Review, the fixed investment to GDP was 32% in 2021-22.
- However, there is need for caution in reading the most recent data, as they are subject to revision.
- Moreover, the budgetary definition of investment refers to financial investments (which include purchase of existing financial assets, or loans offered to States) and not just capital formation representing an expansion of the productive potential.

Gross Fixed Capital Formation (GFCF)

- Gross fixed capital formation (GFCF) is **also called "investment"**.
- As per RBI, Gross capital formation refers to the **'aggregate of gross additions to fixed assets** (that is fixed capital formation) **plus change in stocks during the counting period.'**
- Fixed asset refers to the construction, machinery and equipment.

On gross capital formation

- The National Accounts Statistics provides disaggregation of gross capital formation (GCF) by sectors, over 90% of GCF consists of fixed investments.
- The upturn in the investment rate is welcome, though its productive potential depends on its composition.
- The shares of agriculture and industry in fixed capital formation/GDP fell between 2014-15 and 2019-20 (Columns 1& 2).
- Services' share rose in 2019-20 compared to 2014-15 (Column 3).
- The rise in the services sector is almost entirely on transport and communications.
 - The share of transport has doubled during the same period. Within transportation, it is mostly roads.
- As roads and communications are classic public goods, investment in them is welcome. But over-emphasising it may be lop-sided.
- For healthy domestic output growth, there is a need for balance between "directly productive investments" (in farms and factories) and infrastructure investments. And this balance was missed.
- Moreover, the share of agriculture and industry shrank even as the economy's gross capital formation rate trended downwards (see figure).

TABLE: SHARES OF GROSS CAPITAL FORMATION/GDP

Year	Agriculture	Industry	Manufacturing	Services	Transport	Road
	(1)	(2)	(2.1)	(3)	(3.1)	(3.1.1)
2011-12	8.5	38.1	19.2	47.3	8.1	3.7
2014-15	7.7	33.7	17.6	49.0	6.1	1.9
2019-20	6.4	32.5	16.5	52.3	12.9	3.1

Note: Gross fixed investment rate is defined as gross capital formation excluding "valuables" (read gold) and inventories. For this reason, the items (1), (2) and (3) do not add up to 100. | SOURCE: NATIONAL ACCOUNTS STATISTICS, 2021

Import dependence grew

- The case of manufacturing is distressing. Its share in the investment ratio fell from 2011-12 to 2019-20.
- It is not surprising that 'Make in India' failed to take off, import dependence went up, and India became deindustrialised.
- Import dependence on China is alarming for critical materials such as fertilizers, bulk drugs (active pharmaceutical ingredients or APIs) and capital goods.
 - This became acute during the COVID-19 pandemic, as China imposed export restrictions — prompting the Prime Minister to announce the 'Atmanirbhar Bharat' campaign.
- Instead of boosting investment and domestic technological capabilities, the 'Make in India' campaign frittered away time and resources to raise India's rank in the World Bank's (questionable and contested) Ease of Doing Business Index.
- India's position did go up, from 142 in 2014 to 63 in 2019, but it failed to boost industrial investment, let alone foreign investment.
- The contribution of foreign capital to financing GCF fell to 2.5% in 2019-20 from 3.8% in 2014-15.
- With declining investment share, industrial output growth rate fell from 13.1% in 2015-16 to a negative 2.4% in 2019-20, as per the National Accounts Statistics.

Public investment

- The finance minister has claimed that public investment is the pivot of the ongoing investment-led economic revival.
- The recent upturn in the aggregate fixed capital formation to GDP ratio is positive, though the rate is still lower than its mark in the early 2010s.
- The claim that the investment revival is public sector driven is not borne out by facts.
- The budgetary figures refer to financial investment, not estimates of capital formation, indicating expansion of the economy's productive capacity.
- During the 2010s, the investment shares of agriculture and industry fell but rose sharply in services. The percentage share for roads has doubled. The expansion of roads and communications is surely welcome.
- Considering such a skewed investment priority, the 'Make in India' strategy failed to take off, accentuating India's import dependence, especially on China, leading to deindustrialisation.
- The lack of domestic capacity for essential raw industrial materials and capital goods could prove costly.
- It will likely test India's ability to withstand external economic challenges.
- With a depreciating currency and rising (imported) inflation, prospects of sustaining investment recovery are likely to get harder.
- The deficit on balance of payment is already well above policy makers' comfort level of 2.5% of GDP.

53RD ANNIVERSARY OF BANK NATIONALISATION

Why in News

Last week, on July 19 was the 53rd anniversary of 1st nationalisation where 14 banks were Nationalised.

Nationalization of banks

Nationalization of banks is the process of converting a private stake into a public stake, essentially increasing the government's share of the banking sector.

Background of Bank Nationalisation

- With the nationalisation of the **Imperial Bank** in **1955**, the central government entered the banking business, taking a 60% stake and forming a new bank, State Bank of India.
- The nationalisation of banks broadened the scope of public sector banking, which had previously been limited to the **State Bank of India**.
- At the time of India's independence, all of the country's major banks were privately led, which was a source of concern because people in rural areas were still reliant on money lenders for financial assistance.
- To address this issue, the then-Government decided to nationalise the banks. **The Banking Regulation Act of 1949** was used to nationalise these banks.
- The Reserve Bank of India, on the other hand, was nationalised in 1949.
- Following the formation of the State Bank of India in 1955, another **14 banks** were nationalised **between 1969 and 1991**. These were the banks with more than 50 crores in national deposits.
- Another **six banks** were nationalised in **1980**, bringing the total to twenty.
- Aside from the aforementioned 20 banks, seven SBI subsidiaries were nationalised in 1959.
- The government merged **Punjab National Bank** and **New Bank of India** in 1993. It was the only merger between nationalised banks.

Why Nationalization of Banks?

- **To boost private sectors** - Banks were collapsing at an alarming rate – 361 banks failed between 1947 and 1955, equating to approximately 40 banks per year! Customers' deposits were forfeited, and there was no way to recover them.
- **To assist agricultural sector** - Banks favoured big industries and businesses while ignoring the rural sector. Nationalization was accompanied by a promise to support the agricultural sector.
- **To grow India's banking network** - Nationalisation facilitated the establishment of new branches, ensuring that banks were well-represented throughout the country.
- **To mobilize individual savings** - Nationalizing the banks would give people more access to banks and encourage them to save, bringing in more revenue to a cash-strapped economy.
- **Economic & Political Factors** - The two wars in 1962 and 1965 had wreaked havoc on the economy. The nationalisation of Indian banks would boost the economy by increasing deposits.

Benefits of Nationalisation of Banks

- **Prevention of Monopoly:**
 - Before the government nationalised banks, corporate families-controlled banking systems in India. It effectively ensured a monopoly over capital.
 - Bank nationalisation helped make the economy more equitable and opened bank credit to even people without connections.
- **Reducing Regional Imbalance:**
 - Bank nationalisation helped in more equitable regional growth since banking system was concentrated in urban centres and that too largely in the West and the North.
- **Improvement in working conditions:**
 - Government banking improved working conditions of the employees also in the banking sector.
 - The state ensured higher wages, security of services and other fringe benefits.
- **Protection of Public Interest**
 - Unhealthy competition among industrialists injured the interest of the public which was measured and mitigated by state ownership.
- **Centralised Management**
 - Centralised management made possible due to coordination in nationalised banks helped provide uniform services throughout the country.
 - It thus enabled the state to solve the problems of organisation, capital, labour operation and marketing.
- **Use of Surplus Profit**
 - Under state ownership the profit earned by banking enterprises could be utilised for greater public good and help in supporting the Government's economic policies.
- **Uniformity and Stability in Service**
 - Nationalisation ensured uniform banking services and reached banking services to different corners of the country.

- Banking services were placed within reach of people in rural areas and reduced their dependence on moneylenders
- **Core Sector Lending**
 - Private banks were averse to lend to Agriculturists and to the core sector of steel and coal, which required huge investment. Nationalisation made funds available to these sectors.
- **Increase in Standard of Living**
 - It enabled rapid increase in the number of banking offices in rural and semi-urban areas and helped considerably in deposit mobilisation with the added benefit of the expansion of personal loans giving a fillip to consumption.
- **Developing banking habits**
 - RBI records show that per capita deposits increased from Rs. 88 in 1969 to Rs. 4242 by 1995 and have further increased with time.

Criticism of Nationalisation of Banks

- **Socio-economic Challenges:** Banks were unable to provide adequate support to eradicate poverty or finance the grassroots levels of society. This was especially noticeable in rural India.
- **Private Bank Competition:** Despite government support and increased impetus from increased deposits, public sector banks were never able to outperform private banks in terms of performance.
- **Failure to Achieve Financial Inclusion:** Despite the fact that financial inclusion was the primary goal of nationalising banks, it was not adequately enabled.
 - It was accomplished only to a limited extent after the launch of a government campaign known as the **Pradhan Mantri Jan Dhan Yojana**.

WHOSE GDP IS IT ANYWAY?

In a few weeks, the Government will release the first quarter's Gross Domestic Product (GDP) growth numbers with some chest-thumping about how India is among the fastest-growing economies in the world. But the real question is: what is the significance and impact of GDP growth for the common person? The answer: very little.

Growth and jobs

- It is safe to say that the average person's primary and perhaps sole concern about the economy is the income they can earn.
- It is well documented that for several years, the single most important demand of people in India is jobs, specifically, a high-quality formal sector job that ensures dignity of work, good income and job security.
- It is then apparent that GDP growth matters to the average Indian only if it can generate good quality jobs and incomes for them.
- It is amply clear that the correlation between formal sector jobs and GDP growth has weakened considerably.
- Ostensibly, high GDP growth now does not necessarily mean more jobs and incomes for people.
- This divorce of GDP growth and jobs is both a reflection of the changed nature of contemporary economic development with emphasis on capital-driven efficiency at the cost of labour and GDP being an inadequate measure.

GDP is not a measure of societal well-being

- Nobel laureate Simon Kuznets, who conceived of GDP as a measure of economic performance, never intended it to be the single-minded economic pursuit for a nation that it has now become, and warned repeatedly that it is not a measure of societal well-being.

The obsession with GDP

- The excessive obsession over GDP growth by policymakers and politicians can be unhealthy and dangerous in a democracy.
- Irrefutably, GDP is an elegant and simple metric that is a good indicator of economic progress which can be compared across nations. But a compulsive chase for GDP growth at all costs can be counter-productive, since it is not a holistic but a misleading measure. As the saying goes, when a measure becomes a target, it ceases to be a good measure.

Conclusion

GDP growth has turned into a misleading indicator that portrays false economic promises, betrays people's aspirations and hides deeper social problems. The statistical aphorism 'Everything that counts cannot be counted and everything that can be counted does not count' succinctly summarises the GDP growth paradox facing many democracies today.

WHAT NUMBERS DO NOT REVEAL ABOUT TIGER CONSERVATION?

Extinction, this ominous word has one meaning. The death of a species. And it is a word that we seem to hear so often these days, especially in the news. But the opposite is possible. July 29, which is Global Tiger Day (also called International Tiger Day), the world and India can celebrate the recovery of at least one endangered species.

Increase in number in India: Cause for celebration

India is now reporting increased tiger numbers, and a recent International Union for Conservation of Nature assessment suggests that tiger numbers have increased by 40% since 2005. This is cause for celebration. But is the rise in tiger numbers enough to prevent their extinction?

Reasons behind high probability of extinction

Genetic Drift

- Populations that are smaller than 100 breeding individuals have a high probability of extinction.
- At the same time, for populations to persist, they should be part of larger landscapes with other such populations that are connected.
- This is because small populations are subject to chance/random events.
- These random events may cause them to lose advantageous genetic variants, while other, detrimental genetic variants might increase in frequency.

Genetic drift describes **random fluctuations in the numbers of gene variants in a population.**

Inbreeding

- Individuals in small populations are more likely to be related, leading to **inbreeding**.
- This exposes the many slightly disadvantageous genetic variants that are present in all genomes.
- When expressed together, these detrimental genetic variants cause inbreeding depression, and reduced survival and reproduction of inbred individuals.

Avoiding extinction

- Results showed that extinction could be avoided if corridors were safeguarded.
- As long as we manage landscapes outside tiger reserves to allow tiger movement, and protect prey and tigers inside tiger reserves, tigers are sure to survive in landscapes such as central India.

Genetic effects of isolation and small population size

- Pseudo-melanistic or black tigers found in Odisha has demonstrated the genetic effects of isolation.
- Black tigers were found only in the Similipal tiger reserve in Odisha.
- Genome sequences of a litter of zoo tigers that included pseudo-melanistic cubs revealed that a single spelling mistake (or mutation) in a specific gene causes these tigers to look this way (black).
- Results of the research pointed to genetic drift, or random events that have led to this genetic variant that causes Pseudo-melanistic coat colour becoming common only in Similipal.

Adverse effects of inbreeding

- In Rajasthan, genome sequences from wild tigers reveal that individual in the Ranthambore tiger reserve show inbreeding.
- While we do not see adverse effects of inbreeding as yet, individuals are related and carry potentially disadvantageous genetic variants, which might affect the survival and the reproduction of tigers in Ranthambore in future.

Way forward

- **Focus on connectivity:** While we celebrate the recovery of tiger populations only by looking at numbers, we must not lose sight of other factors that are **critical to their continued survival**, such as connectivity.
- **Special attention** is needed for populations that are becoming isolated and facing the genetic consequences of such isolation.
- The future of such populations may depend on **genetic rescue** or even the introduction of novel genetic variants.

Conclusion

We are fortunate that novel genome sequencing technology provides an opportunity to understand tigers much better in the context of their conservation. The future of tigers will require a 'dialogue' between such data and management strategies in order to ensure their survival. India is lucky to have so many wild tigers and we must work together to save them.