



Civil's IAS
Empowering Nation

Weekly Current Affairs Compilations

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Topic 1. INTER STATE RIVER WATER DISPUTES

- Why dispute between states arise?
- What was existing arrangement?
- Inter state River water disputes (Amendment) Bill 2019
- Implication
- Other solutions.

Why dispute between states arise?

- increasing demand of water and decreasing source of water
 - urbanisation
 - Industry
 - Irrigation
 - Population explosion
 - Unsustainable Agriculture eg more usage of water
- encroachment of water bodies
- Siltation
- depletion of ground water
- Lack of water conservation
- irregular water cycle
- pollution of water bodies
- low water use efficiency

Existing arrangement

- Art 262 - adjudication of interstate water disputes
- parliament can make law for adjudication of disputes, use, distribution and control of water in interstate river and river valley

River Board Act, 1956

- establishment of River board for regulation & development of interstate rivers & river valley.
- established by Central govt on request of state govt

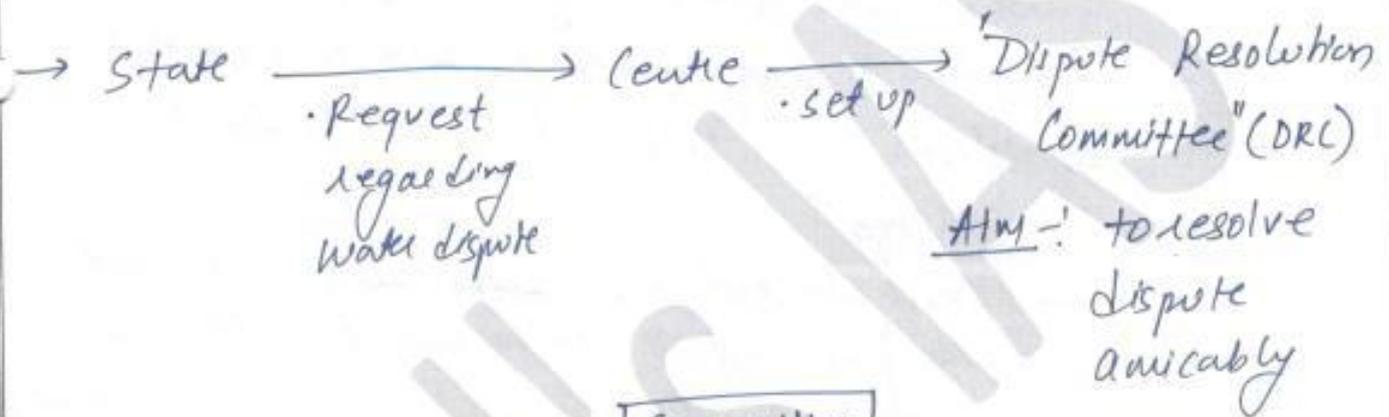
Inter-state water
: disputes Act, 1956

- empowers central govt to set up ad hoc tribunal for adjudication of dispute between two or more states

Interstate River water disputes (Amendment) Bill, 2019

→ amend "Interstate river water disputes Act, 1956"

→ adjudication of disputes relating to water of Interstate rivers and River Valleys.



Composition

- chair person
- experts with at least 15 years of experience in relevant sectors (nominated by Centre)
- one member from each party State of joint secretary level

Time frame

- resolve dispute within one year & submit it report to central govt (period can be extended to another 6 months).

→ if dispute is not solved or settled by DRC, then central govt will refer it to "Inter state river water Disputes Tribunal"

→ Interstate River water dispute tribunal

Objective - adjudication of water disputes

- multiple benches

- must give decision within 2 years + 1 year extension (again referred ~~with~~ for 6 months)

- decision of Tribunal will be final & binding

→ Central govt may ~~make~~ formulate act to give effect to tribunal order.

Composition

- Chair person

- vice chair person

- 3 judicial member

- 3 expert member

} appointed by central govt based on recommendation of Select Committee

- Each Tribunal bench consists of

• Chair person / vice chair person

• Judicial member

• expert member.

Implication

- Permanent Tribunal will save cost and duplicacy of work
- Standardisation in adjudication of all disputes due to involvement of Judicial and expert members.
- Govt may frame law to give effect to Tribunal order.
- Time frame in adjudicating disputes.
- Two tier of disputes settlement negotiations and adjudication by DRC and Tribunal respectively.

Augmenting water
↓
Source



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Solutions for water dispute

- Conservation of water
 - Surface
 - Groundwater
- Low cost desalination Technology
- River Interlinking
- Decentralised irrigation and water storage
- Reduction of heating of Earth surface
- Objective criteria for water distribution.
- Collection of water taxes to minimize wastages

⇒ China Currency (Yuan) devaluation

- Aim → generating more growth and employment at home. → while expanding export base and capturing foreign market.

How China is Manipulating Currency [\$ - Yuan exchange rate]

- exporting more and earning US dollar
holding \$

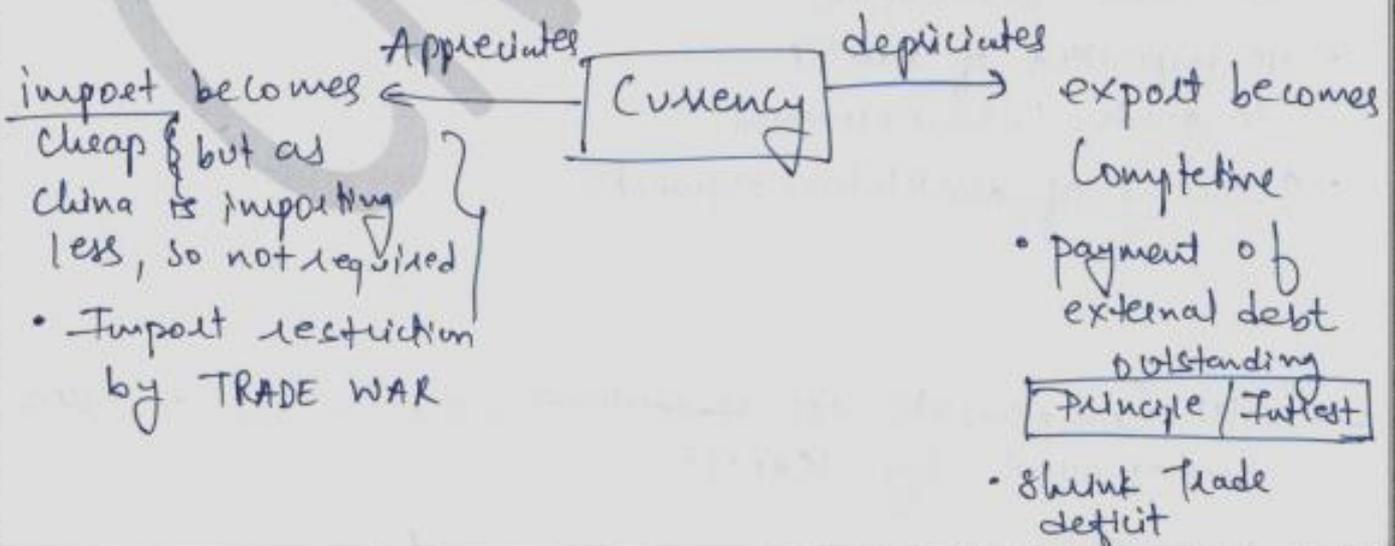
not using \$ to import goods

- Investing in forex market to buy \$, by paying more Yuan

shortage of \$ in International market will lead to Rupee depreciation

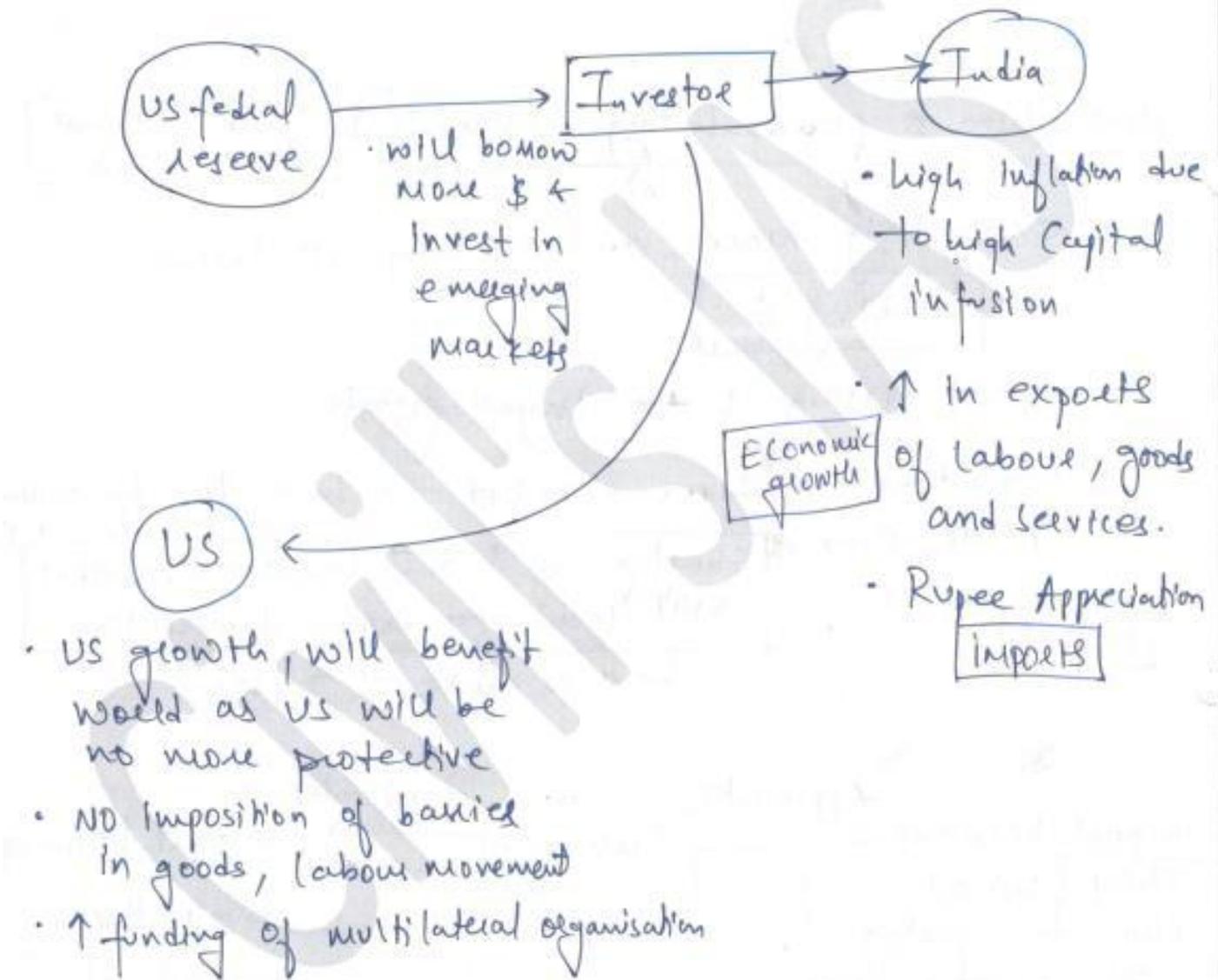
Impact

↳ ↑ in crude oil prices.



US federal Reserve rate cut by 0.25%

Impact



→ will compensate for ~~uncertain~~ uncertainties in Euro and pound by Brexit.

War by other means

U.S. President Donald Trump has escalated the trade war with China, announcing that he would bring essentially all Chinese imports under tariffs

HERE ARE SOME KEY DATES IN THE 16-MONTH-LONG TRADE BATTLE

- March 8, 2018:** President Donald Trump announces 25% tariffs on steel imports and 10% on aluminium from a number of countries in a bid to slash the huge U.S. trade deficit

The deficit reached \$566 billion in 2017, of which \$375 billion was with China, the world's biggest producer of steel and aluminium

- March 22:** Beijing responds with a list of 128 U.S. products on which it says it will impose customs duties of 15-25%

- May 19:** The two countries announce a draft deal under which Beijing agrees to reduce its trade surplus "significantly"

- July 6:** The U.S. nonetheless slaps 25% duties on about \$34 billion of Chinese imports, including cars, hand disks and aircraft parts

Beijing in turn imposes tariffs of equal size and scope, including on farm produce, cars and marine products

- August 23:** Washington imposes tariffs on another \$16 billion of Chinese goods

China applies 25% tariffs on \$16 billion of U.S. goods, including Harley-Davidson motorcycles

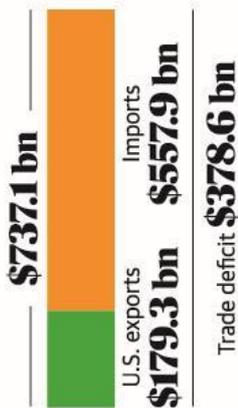
- September 24:** Washington slaps 10% taxes on \$200 billion of Chinese imports

Beijing puts customs duties on \$60 billion of U.S. goods

- December 1:** U.S. suspends for three months a tariff increase from 10 to 25% due to begin January 1 on \$200 billion of Chinese goods

China agrees to purchase a "very substantial" amount of U.S. products and also suspends extra tariffs added

Total U.S.-China trade in 2018



to U.S.-made cars and auto parts for three months starting January 1

- May 10, 2019:** U.S. pulls the plug on the truce, increasing punitive duties to 25% on \$200 billion in Chinese imports

- May 15:** Trump signs an order barring U.S. companies from using foreign telecoms equipment deemed a security risk – a move aimed at Chinese giant Huawei

The U.S. Commerce Department also announces an effective ban on U.S. companies selling or transferring U.S. technology to Huawei

- May 20:** The U.S. issues a 90-day reprieve on the ban

- June 29:** At the G20 in Osaka, Trump and President Xi Jinping strike a trade war ceasefire, with Washington vowing to hold off on further tariffs and Trump declaring trade negotiations "back on track"

U.S. and Chinese negotiators meet in Shanghai on July 30 and 31 for "constructive" and "frank" talks, and agree to continue discussions in September

- August 1:** Accusing Beijing of renegeing on promises to buy U.S. agricultural products, Trump announces he will hit China with punitive 10% tariffs on another \$300 billion in goods from September 1

The new tariffs would affect

\$45 bn
In cellphones

\$39 bn
In laptops and tablets

\$5.4 bn
In videogame consoles

Chinese goods already under extra tariff

\$200-250 bn
25% tariff

More tariffs
10%, starting September 1 on Chinese goods worth **\$300 bn**



SOURCE: USTR, AFP AND CONSUMER TECHNOLOGY ASSOCIATION

Topic 3. JAMMU and KASHMIR

Outline

- Recent steps by govt of India
 - Article 35A
 - Article 370
 - J&K reorganisation Bill, 2019
 - J&K Reservation Bill
- What is J&K dispute?
- Solution of dispute
- implication of govt move
- Difference between States and UTs

Recent Steps

① Constitution (Application to Jammu and Kashmir) Order, 2019

→ abolishes the status of "permanent resident" granted by Art 35A

→ Art 35A

- empower J&K legislature to define permanent residents of state and their special rights and privileges

- Non-permanent permanent residents could not acquire immovable property, were denied govt employment, scholarships or other aid provided by the state

→ Scrap presidential proclamation of 1954

② Article 370

- president's order does not repeal entirely but amends, Art 370 (its provision has been diluted).
- NOW central law will be applicable to J&K without any consultation
- J&K Constitution, which arose from ~~Art 370~~ Art 370 will cease to exist as centre will define new legal experiment.
- the state will no longer have its own flag.

③ J&K Reorganisation Bill, 2019

- Split J&K state into two union territories

④ J&K Reservation Bill, 2019

- amends presidential order of 1954 in order to amend the state's Reservation Act
- 3% reservation in jobs and educational institutions for those living along line of control (LoC) due to hardships because of shelling from across the border.
- will benefit people living in Kathua, Jamba and Jammu districts.

Comparison between Article 370 and Jammu and Kashmir Reorganization Bill, 2019

Provisions	Article 370	The Jammu and Kashmir Reorganization Bill, 2019
Indian Constitution	<ul style="list-style-type: none"> • Mentioned in Part XXI • NON-APPLICABLE: <ul style="list-style-type: none"> ○ Part I, ○ Part IV, ○ Part IVA, ○ Part VI, • APPLICABLE with EXCEPTIONS: <ul style="list-style-type: none"> ○ Part III ○ Part X ○ Part XVII ○ Part XVIII ○ Part XX 	<p>The Bill provides for reorganization of the state of Jammu and Kashmir into the</p> <ol style="list-style-type: none"> i. Union Territory of Ladakh. (will comprise Kargil and Leh districts) ii. Union Territory of Jammu and Kashmir with legislature (will comprise the remaining territories of the existing state of Jammu and Kashmir) <p style="text-align: center;">Part VIII – Art 239 to 241</p>
Executive	<ul style="list-style-type: none"> • It vests the executive powers of the state in the governor appointed by the president for a term of five years. • It provides for a council of ministers headed by the chief minister to aid and advise the governor in the exercise of his functions. • The council of ministers is collectively responsible to the assembly. 	<ul style="list-style-type: none"> • The Union Territory of Jammu and Kashmir will be administered by the President, through an administrator appointed by him known as the Lieutenant Governor. • The Union Territory of Ladakh will be administered by the President, through a Lieutenant Governor appointed by him.
Legislature	<p>It provides for a bicameral legislature consisting of the legislative assembly and the legislative council.</p> <ul style="list-style-type: none"> • The assembly consists of 111 members directly elected by the people. • Out of this, 24 seats are to remain vacant as they are allotted for the area that is under the occupation of Pakistan. • Hence, as an interim measure, the total strength of the Assembly is to be taken as 87 for all practical purposes. • Two women may be nominated as members by the Governor of Jammu and Kashmir, if he is of the opinion that women are not adequately represented 	<p>The Bill provides for a Legislative Assembly for the Union Territory of Jammu and Kashmir.</p> <ul style="list-style-type: none"> • The total number of seats in the Assembly will be 107. • Of these, 24 seats will remain vacant on account of certain areas of Jammu and Kashmir being under the occupation of Pakistan. • Further, seats will be reserved in the Assembly for Scheduled Castes and Scheduled Tribes in proportion to their population in the Union Territory of Jammu and Kashmir. • In addition, the Lieutenant Governor may nominate two members to the Legislative Assembly to give representation to women, if they are not adequately represented.

<p>Term of Assembly</p>	<p>Members of the Legislative Assembly are elected for a six years term and Governor must summon the Assembly at least once in six months.</p>	<p>The Assembly will have a term of five years, and the Lieutenant Governor must summon the Assembly at least once in six months.</p>
<p>Power of Parliament</p>	<ul style="list-style-type: none"> • Parliament can make laws in relation to the state on most of the subjects enumerated in the Union List and on a good number of subjects enumerated in the Concurrent List. • But the residuary power belongs to the state legislature except in few matters like prevention of activities involving terrorist acts, questioning or disrupting the sovereignty and territorial integrity of India and causing insult to the National Flag, National Anthem and the Constitution of India. • Further, the power to make laws of preventive detention in the state belongs to the state legislature. This means that the preventive detention laws made by the Parliament are not applicable to the state. 	<p>The Legislative Assembly may make laws for any part of the Union Territory of Jammu and Kashmir related to:</p> <ol style="list-style-type: none"> any matters specified in the State List of the Constitution, except "Police" and "Public Order", and any matter in the Concurrent List applicable to Union Territories. <p>Further, Parliament will have the power to make laws in relation to any matter for the Union Territory of Jammu and Kashmir.</p>
<p>Council of Minister</p>	<ul style="list-style-type: none"> • The state of Jammu and Kashmir will have a Council of Ministers of not more than 15% of the total number of members in the Assembly. • The Council will aide and advise the Governor on matters that the Assembly has powers to make laws. • The Chief Minister will communicate all decisions of the Council to the Governor. 	<ul style="list-style-type: none"> • The Union Territory of Jammu and Kashmir will have a Council of Ministers of not more than 10% of the total number of members in the Assembly. • The Council will aide and advise the Lieutenant Governor on matters that the Assembly has powers to make laws. • The Chief Minister will communicate all decisions of the Council to the Lieutenant Governor.
<p>High Court</p>	<ul style="list-style-type: none"> • It establishes a high court consisting of a chief justice and two or more other judges. • They are appointed by the president in consultation with the Chief Justice of India and the Governor of the state. • The High Court of J&K is a court of record and enjoys original, appellate and writ jurisdictions. • However, it can issue writs only for the enforcement of fundamental rights and not for any other purpose. 	<ul style="list-style-type: none"> • The High Court of Jammu and Kashmir will be the common High Court for the Union Territories of Ladakh, and Jammu and Kashmir. • Further, the Union Territory of Jammu and Kashmir will have an Advocate General to provide legal advice to the government of the Union Territory.

<p>Legislative Council</p>	<ul style="list-style-type: none"> The council consists of 36 members, most of them are elected in an indirect manner and some of them are nominated by the Governor, who is also an integral part of the state legislature. 	<p>The Legislative Council of the state of Jammu and Kashmir will be abolished. Upon dissolution, all Bills pending in the Council will lapse.</p>
<p>Advisory Committees</p>		<p>The central government will appoint Advisory Committees, for various purposes, including:</p> <ol style="list-style-type: none"> i. distribution of assets and liabilities of corporations of the state of Jammu and Kashmir between the two Union Territories, ii. issues related to the generation and supply of electricity and water, and iii. issues related to the Jammu and Kashmir State Financial Corporation. <p>These Committees must submit their reports within six months to the Lieutenant Governor of Jammu and Kashmir, who must act on these recommendations within 30 days.</p>

Comparison between States and Union Territories

Provisions	States	Union Territories
Total	28	9
Relation with Union	Federal	Unitary
Executive	<ul style="list-style-type: none"> • Governor • Council of Minister headed by Chief Minister 	<ul style="list-style-type: none"> • President (will appoint representatives such as Lieutenant Governor, Administrator etc.) • Council of Minister headed by Chief Minister (but President representative views prevails)
Legislature	Yes	With or Without
Council of Ministers	<ul style="list-style-type: none"> • 15% of size of Legislative Assembly 	<ul style="list-style-type: none"> • 10% of size of Legislative Assembly
Power of Parliament	<ul style="list-style-type: none"> • can make law on any Subjects enumerated in Union List and Concurrent List 	<ul style="list-style-type: none"> • can make law on any subject of three lists for UTs
		<ul style="list-style-type: none"> • Constitutional provisions for administration of UTs also apply to acquired territories.

Administrative Structure of UTs

Union Territories	Executive	Legislature	Judiciary
Andaman and Nicobar Islands	Lieutenant Governor	No	Calcutta HC
Delhi	Lieutenant Governor with CoM headed by CM	Legislative Assembly	Delhi HC
Puducherry	Lieutenant Governor with CoM headed by CM	Legislative Assembly	Madras HC
Chandigarh	Administrator	No	Punjab and Haryana HC
Dadra and Nagar Haveli	Administrator	No	Bombay HC
Daman and Diu	Administrator	No	Bombay HC
Lakshadweep	Administrator	No	Kerala HC
Jammu and Kashmir	Lieutenant Governor with CoM headed by CM	Legislative Assembly	Jammu and Kashmir HC
Ladakh	Lieutenant Governor	No	Jammu and Kashmir HC

Implication of govt move (Positives)

- More power to Centre, which will be used for integration and development of region.
- Long pending demand of people in Ladakh region of recognition will be fulfilled
- Corporate and Individual can buy land, which will lead to economic growth
- Change in demography of region, more immigrants will enter for employment, education etc.

Negatives Implication (challenges)

- As govt move is w/o local consensus, so it may lead to security backlash.
- Resentment among people, as Centre decision ~~is~~ ^{was} unilateral w/o involving local legislature.
- J&K state status has been lowered down
∴ from state to UTs (1st time in India)

What is Jammu and Kashmir dispute?

Reasons for dispute

- Strategic Location of J&K, which connect Pakistan, China and Afghanistan
- J&K is gateway for India to Central Asia and gateway for China to Arabian Sea through Pakistan
- Resources such as water, hydroelectricity, horticulture, minerals etc
- Manner in which it was integrated into India in 1948.

There are three stakeholders in J&K India, Pakistan and Locals. The dispute cannot be understood w/o knowing the interest of these stakeholders.

India

→ India needs J&K as

- it wants to prove partition of 1947 ~~was~~ wrong, it was historic blunder committed by Jinnah
- Uphold Secularism
- ~~Maintain~~ maintain security across border and also internal security.
- Strategic reasons because of its geo political and geo economic ~~reasons~~ considerations.

→ where India have failed?

- high handed approach by security forces have led trust deficit against India
- failed to revive economic growth in region and generate employment.

Pakistan

→ Pakistan need Kashmir to

- Justify partition
- Refute India's Secularism
- to claim other muslim majority region of India such as Assam, Hyderabad etc.

Locals

→ Local Kashmiris have following issue with India

- Disenchantment due to lack of development, high security and continuous vigilance
- Cultural gap with other part of India
- Mass anger against security forces
- Unemployment

Solution of Kashmir Issue

→ Robust Security

- Better Intelligence
- Delink religion from terrorism
- giving discretionary power to police / Army with proper checks and punishing them for high handedness
- Rehabilitation policy for terrorists.

→ Development

→ Democracy - engaging Citizens

→ Governance - public participation in decision making

→ freedom / Liberty

→ Diplomacy

How Article 370 came about

The government on Monday issued a decree abolishing Article 370 of the Constitution, which gives special autonomy to Jammu and Kashmir. The Article had limited the power of the Parliament to impose laws in the State. A look at the events that led to J&K receiving special status

November 1, 1858

- Half of Indian territories were princely States at the time of "Queen Victoria's proclamation" which effectively said that the queen would govern India

1947

- During an important year in India's history, Maharaja Hari Singh of the Dogra lineage was the ruler of J&K

- Jammu and Kashmir was one such princely State ruled by kings of the Dogra lineage under the British who were the ultimate power

August 1947

- At the time of Indian independence, there were 565 princely States

- The king of the border State did not sign the instrument of accession in favour of either India or Pakistan and remained indecisive

October 1947

- After the withdrawal of the British, barely months after independence, armed tribesmen invaded Kashmir from the Pakistan border. King Hari Singh wrote a letter to Lord Mountbatten, the Governor General of India, seeking help. He attached a signed Instrument of Accession to India

- The Governor General of India signed the acceptance.

- According to the instrument, defence, external affairs and communications were transferred to India's governance and the rest would be retained by the ruler

March 1948

- Hari Singh made a proclamation to convene a National Assembly and work out a new constitution for the State

- Sheikh Mohammed Abdullah was appointed as Prime Minister of an interim government in the State of Jammu and Kashmir

June 20, 1949

- Hari Singh, through a proclamation, transferred powers to his son Yuvraj Karan Singh Bahadur



Former Indian Prime Minister Jawaharlal Nehru with Sheikh Abdullah, Indra Gandhi and others. • THE HINDU ARCHIVES

November 26, 1949

- Indian Constitution adopted

January 26, 1950

- The Constitution

- came into effect and India became a democratic Republic

May 1951

- Yuvraj Karan Singh issued a proclamation

- for the election of a Constituent Assembly in the State. Jammu & Kashmir National Conference (JKNC) won 75 out of 75 seats

August 1953

- Prime Minister Sheikh Mohammed Abdullah was dismissed by Karan Singh

August 1953

- Bakshi Ghulam Mohammed was appointed as PM. Sheikh Abdullah was imprisoned

February 1954

- J&K's Constituent Assembly ratified the State's accession to India. The process of integration with India was complete

- Internal administration was retained by the State
- But unlike most of the other princely States, which accepted the Constitution of India in totality, J&K's relationship to India was guided only based on the Instrument of Accession

The new order

Union Home Minister **Amit Shah** introduced two statutory resolutions to recommend that the President issue a notification rendering **Article 370** inoperative, and to accept the Jammu and Kashmir Reorganisation Bill. A look at how the government changed the **special status** of the State **overnight**:

370 Under Article 370, Jammu and Kashmir had its own constitution and the laws passed by Parliament were applicable to the State only with the State government's concurrence

370 The President was empowered to decide which provisions of the Indian Constitution would be applicable with the State's assent

35A Article 35A protected the laws such as bar on outsiders buying property in the State and women marrying non-Kashmiris losing their property rights

These special measures could only be altered on the recommendation of the Sadar-i-Riyasat (on the advice of the Ministers Council) or by the 'Constituent Assembly'

President Ram Nath Kovind declared that all provisions of the Indian Constitution shall now apply to the State

367 To scrap Article 370 altogether, a few clauses were added to Article 367 on Monday which contains "Interpretations": the reference to the 'Constituent Assembly' was amended to read 'Legislative Assembly of the State'. All references to the 'Sadar-i-Riyasat' will be construed as references to the Governor

SHARING OF POWER

The Jammu and Kashmir Reorganisation Bill, 2019, will bring about the following changes to the State

Two Union Territories to be formed out of the State of Jammu and Kashmir: UT of Ladakh (Kargil and Leh districts; ●) and UT of J&K (all other districts of the State of J&K ●)



Both UTs to have L-G, for now the Governor of State will continue as both

- Four sitting Rajya Sabha members of the State will become MPs of UT of J&K
- Five Lok Sabha seats to go to the UT of J&K
- Legislative Assembly of UT of J&K will have 107 seats to be chosen through a direct election
- One Lok Sabha seat to go to the UT of Ladakh
- 24 seats in PoK will be vacant

No entry: Barbed wire erected by the security personnel to block vehicles on a road during restrictions in Srinagar on Monday.

REUTERS

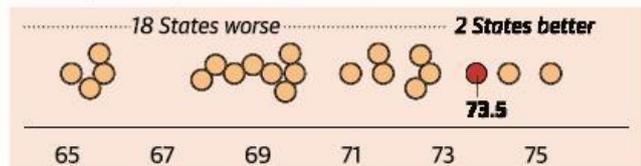
J&K's vital statistics

Home Minister Amit Shah cited poor health care, poverty, lack of doctors and slow economic growth as impediments in J&K that were linked to Article 370. A look at how J&K compares with other States in key indicators suggests that these concerns are exaggerated. By **Vignesh Radhakrishnan & Sumant Sen**

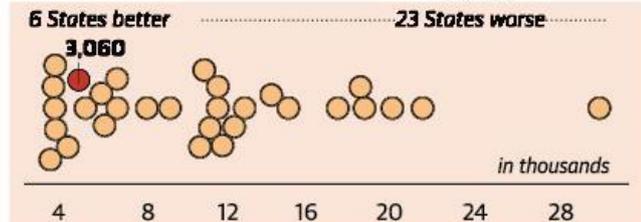
How to read the graphs

Each circle corresponds to a State, with Jammu & Kashmir highlighted in red. For instance, J&K's life expectancy was 73.5 years between 2012-16, the third best in the country

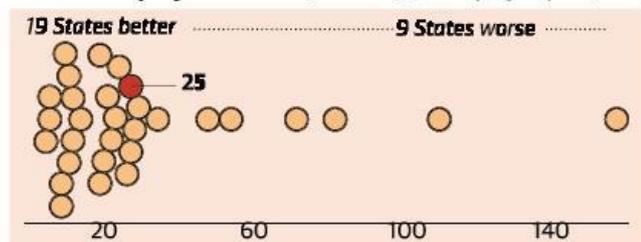
Life expectancy (2012-16) (in years)



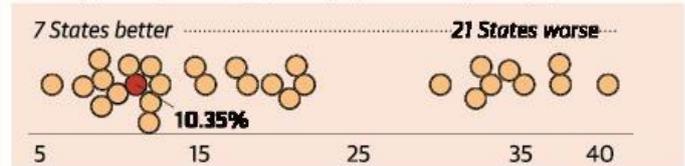
People served per govt. doctor - 2018 (lower the figure, better)



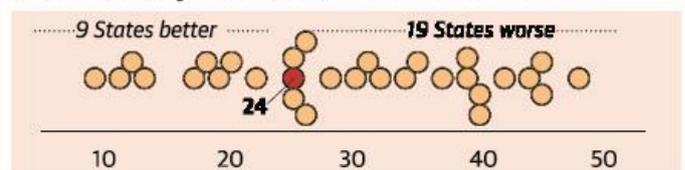
Rural unemployment rate (2011-12) (Unemployed per 1,000)



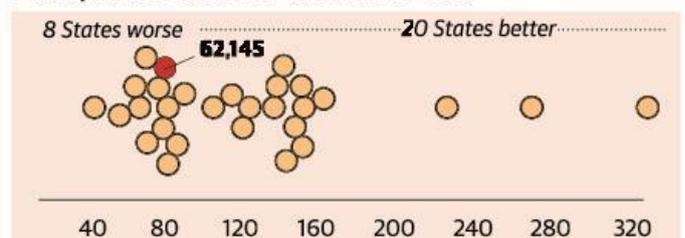
Poverty rate (2011-12) (% of population in poverty*)



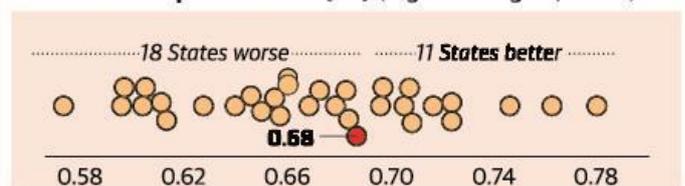
Infant mortality rate (2016) (infant deaths/1000 births)



Per capita net State GDP (FY17) (in ₹ '000)



Human Development Index ('17) (Higher the figure, better)



Source: RBI, Niti Aayog, National Health Profile 2018 *Tendulkar methodology

Topic 4. What is ARTICLE 371?

- Articles 370 and 371 were part of the Constitution at the time of its commencement on January 26, 1950;
- Articles 371A through 371J were incorporated subsequently.
- Home Minister told Lok Sabha that the government had no intention of removing **Article 371 of the Constitution, which includes “special provisions” for 11 states, including six states of the Northeast.**
- Part XXI of the Constitution, titled **‘Temporary, Transitional and Special Provisions’**.
 - Article 370 deals with ‘Temporary Provisions with respect to the State of Jammu and Kashmir’;
 - Articles 371, 371A, 371B, 371C, 371D, 371E, 371F, 371G, 371H, and 371J define special provisions with regard to another state (or states).
- Article 371, Maharashtra and Gujarat:**
 - Governor has “special responsibility” to establish “separate development boards” for “Vidarbha, Marathwada, and the rest of Maharashtra”, and Saurashtra and Kutch in Gujarat;
 - ensure “equitable allocation of funds for developmental expenditure over the said areas”, and
 - “equitable arrangement providing adequate facilities for technical education and vocational training, and adequate opportunities for employment” under the state government.
- Article 371A** (13th Amendment Act, 1962), **Nagaland:**
 - This provision was inserted after a 16-point agreement between the Centre and the Naga People’s Convention in 1960, which led to the creation of Nagaland in 1963.
 - Parliament cannot legislate in matters of Naga religion or social practices, Naga customary law and procedure, administration of civil and criminal justice involving decisions according to Naga customary law, and ownership and transfer of land without concurrence of the state Assembly.
- Article 371B** (22nd Amendment Act, 1969), **Assam:** The President may provide for the constitution and functions of a committee of the Assembly consisting of members elected from the state’s tribal areas.
- Article 371C** (27th Amendment Act, 1971), **Manipur:**
 - The President may provide for the constitution of a committee of elected members from the Hill areas in the Assembly, and entrust “special responsibility” to the Governor to ensure its proper functioning.
- Article 371D** (32nd Amendment Act, 1973; substituted by The Andhra Pradesh Reorganisation Act, 2014), **Andhra Pradesh and Telangana:**
 - President must ensure “equitable opportunities and facilities” in “public employment and education to people from different parts of the state”.
 - He may require the state government to organise “any class or classes of posts in a civil service of, or any class or classes of civil posts under, the State into different local cadres for different parts of the State”.
 - He has similar powers vis-à-vis admissions in educational institutions.
- Article 371E:**
 - Allows for the establishment of a university in Andhra Pradesh by a law of Parliament.
 - But this is not a “special provision” in the sense of the others in this part.
- Article 371F** (36th Amendment Act, 1975), **Sikkim:**
 - The members of the Legislative Assembly of Sikkim shall elect the representative of Sikkim in the House of the People.

- b. To protect the rights and interests of various sections of the population of Sikkim, Parliament may provide for the number of seats in the Assembly, which may be filled only by candidates from those sections.

12. **Article 371G** (53rd Amendment Act, 1986), **Mizoram**:

- a. Parliament cannot make laws on “religious or social practices of the Mizos, Mizo customary law and procedure, administration of civil and criminal justice involving decisions according to Mizo customary law, ownership and transfer of land... unless the Assembly... so decides”.

13. **Article 371H** (55th Amendment Act, 1986), **Arunachal Pradesh**:

- a. The Governor has a special responsibility with regard to law and order, and “he shall, after consulting the Council of Ministers, exercise his individual judgment as to the action to be taken”.

14. **Article 371I** deals with **Goa**, but it does not include any provision that can be deemed ‘special’.

15. **Article 371J** (98th Amendment Act, 2012), **Karnataka**:

- a. There is a provision for a separate development board for the Hyderabad-Karnataka region.
- b. There shall be “equitable allocation of funds for developmental expenditure over the said region”, and “equitable opportunities and facilities” for people of this region in government jobs and education.
- c. A proportion of seats in educational institutions and state government jobs in Hyderabad-Karnataka can be reserved for individuals from that region.

Topic 5. The Consumer Protection Bill, 2019

1. Ministry of Consumer Affairs, Food and Public Distribution.
2. The Bill replaces the Consumer Protection Act, 1986.

Key features of the Bill include:

1. Definition of consumer:

- a. A consumer is defined as a person who buys any good or avails a service for a consideration.
- b. It does not include a person who obtains a good for **resale or a good or service for commercial purpose**.
- c. It covers transactions through **all modes** including offline, and online through electronic means, teleshopping, multi-level marketing or direct selling.

2. Rights of consumers:

- a. consumer rights:
 - i. be **protected against** marketing of goods and services which are hazardous to life and property;
 - ii. be **informed of** the quality, quantity, potency, purity, standard and price of goods or services;
 - iii. be assured of **access to a variety of goods or services** at competitive prices; and
 - iv. **seek redressal** against unfair or restrictive trade practices.

3. Central Consumer Protection Authority:

- a. The central government will set up a Central Consumer Protection Authority (CCPA) to **promote, protect and enforce the rights of consumers**.
- b. It will **regulate matters** related to
 - i. violation of consumer rights,
 - ii. unfair trade practices, and
 - iii. misleading advertisements.
- c. The CCPA will have an investigation wing, headed by a Director-General, which may conduct inquiry or investigation into such violations.
- d. CCPA will carry out the following functions, including:
 - i. **inquiring** into violations of consumer rights, investigating and launching prosecution at the appropriate forum;
 - ii. **passing orders to recall goods or withdraw services** that are hazardous, reimbursement of the price paid, and discontinuation of the unfair trade practices, as defined in the Bill;
 - iii. **issuing directions** to the concerned trader/ manufacturer/ endorser/ advertiser/ publisher to either discontinue a false or misleading advertisement, or modify it;
 - iv. **imposing penalties**, and;
 - v. **issuing safety notices** to consumers against unsafe goods and services.

4. Penalties for misleading advertisement:

- a. The CCPA may impose a penalty on a manufacturer or an endorser of up to **Rs 10 lakh** and imprisonment for up to **two years** for a false or misleading advertisement.
- b. In case of a subsequent offence, the fine may extend to Rs 50 lakh and imprisonment of up to five years.
- c. CCPA can also prohibit the endorser of a misleading advertisement from endorsing that particular product or service for a period of up to one year.
- d. For every subsequent offence, the period of prohibition may extend to three years.

- e. However, there are certain exceptions when an endorser will not be held liable for such a penalty.

5. Consumer Disputes Redressal Commission:

- a. Consumer Disputes Redressal Commissions (CDRCs) will be set up at the **district, state, and national levels**.
- b. A consumer can file a complaint with CDRCs in relation to:
 - i. **unfair or restrictive trade practices**;
 - ii. **defective goods or services**;
 - iii. **overcharging or deceptive charging**; and
 - iv. **offering of goods or services for sale** which may be hazardous to life and safety.
- c. Complaints against an **unfair contract** can be filed with only the State and National CDRCs.
- d. Appeals from a District CDRC will be heard by the State CDRC.
- e. Appeals from the State CDRC will be heard by the National CDRC.
- f. Final appeal will lie before the **Supreme Court**.

6. Jurisdiction of CDRCs:

- a. The **District CDRC** will entertain complaints where value of goods and services does not exceed Rs **one crore**.
- b. The **State CDRC** will entertain complaints when the value is more than Rs one crore but does not exceed Rs **10 crore**.
- c. Complaints with value of goods and services **over Rs 10 crore** will be entertained by the **National CDRC**.

7. Product liability:

- a. Product liability means the liability of a product manufacturer, service provider or seller to compensate a consumer for any harm or injury caused by a defective good or deficient service.
- b. To claim compensation, a consumer has to prove any one of the conditions for defect or deficiency, as given in the Bill.

What are Consumer Rights?

1. Right to Safety:

- a. Consumer should have the right to protection of health and safety against goods which are unsafe to life and health/services which are hazardous to life and property, that is appliances, flammable fabrics, dangerous toys, food additive, food colouring, etc.

2. Right to be Informed:

- a. It means right to be informed about quality, quantity, potency, purity, standard and price of goods or services, as the case may be, so as to protect the consumer against unfair trade practices.
- b. Consumers should be given all the relevant facts about the product so that they can take intelligent decisions in purchasing.
- c. Advertising and labelling on the package can provide objective information to buyers.

3. Right to Choose:

- a. That is right to have access to variety of goods and services at competitive prices. In case of monopolies, say, railways, telephones, etc., it means right to be assured of satisfactory service.
- b. Free competition provides sample choice in the selection of goods and services.
- c. It is expected from the manufacturers not to use aggressive selling techniques to sell a particular product without giving the consumer a chance to choose the best among alternatives products available.

4. Right to be Heard:

- a. There should be a provision for standing machinery to ensure feedback of information in business communication to listen to the genuine grievances and complaints from the customers.
- b. Such a safety valve is necessary for smooth flow of understanding between sellers and buyers.
- c. It can keep sellers duly informed about consumer reactions and feelings.

5. Right to Get Redress:

- a. There should be prompt settlement of complaints and claims lodged by aggrieved customers.
- b. This will ensure consumer confidence and provide justice to buyers. Incidentally, it will also enhance seller's goodwill and reputation.
- c. For this purpose, a number of consumer courts and agencies have been specifically set up.

6. Right to Receive After-Sale Service:

- a. It is essential in costly and durable goods i.e., mechanical and electrical/electronic appliances.

7. Freedom from Pollution:

- a. Community life should be free from various modes of pollution.
- b. This will enhance the quality of human life.

Ways and Means for Consumer Protection

1. **Self-help** i.e. **Voluntary organisation of consumers** in form groups such as NGO, cooperative societies to safeguard their own interests.
2. **self-regulation and discipline** by
 - a. Business
 - b. Manufacturers
 - c. Suppliers of goods and services.
3. **Government**, by having special consumer legislation and its strict implementation.
 - a. Legislation ensures competition, provisions of information to buyers, and fair play through regulation of unfair trade practices.

Topic 6. The National Medical Commission Bill, 2019

1. Minister of Health and Family Welfare.
2. The Bill seeks
 - a. to **repeal** Indian Medical Council Act, 1956 and
 - b. provide for a medical education system which ensures:
 - i. **availability** of adequate and high quality medical professionals,
 - ii. adoption of the latest **medical research** by medical professionals,
 - iii. periodic **assessment** of medical institutions, and
 - iv. an effective **grievance redressal mechanism**.

Key features of the Bill include:

1. National Medical Commission (NMC):

- a. The Bill **sets up** the National Medical Commission.
- b. Within **three years** of the passage of the Bill, state governments will establish **State Medical Councils** at the state level.
- c. The NMC will consist of 25 members, appointed by the central government.
- d. A Search Committee will recommend names to the central government for the post of Chairperson, and the part time members.
- e. The Search Committee will consist of seven members including the Cabinet Secretary and five experts nominated by the central government (of which three will have experience in the medical field).
- f. **Members** will include:
 - i. Chairperson (must be a medical practitioner),
 - ii. Presidents of Under-Graduate and Post-Graduate Medical Education Boards,
 - iii. Director General of Health Services, Directorate General of Health Services,
 - iv. Director General, Indian Council of Medical Research, and
 - v. five members (part-time) to be elected by the registered medical practitioners from amongst themselves from states and union territories for a period of two years.
- g. **Functions:**
 - i. framing policies for **regulating** medical institutions and medical professionals,
 - ii. **assessing the requirements** of healthcare related human resources and infrastructure,
 - iii. **ensuring compliance** by State Medical Councils of the regulations made under Bill,
 - iv. framing guidelines for **determination of fees** for up to 50% of the seats in private medical institutions and deemed universities which are regulated under the Bill.

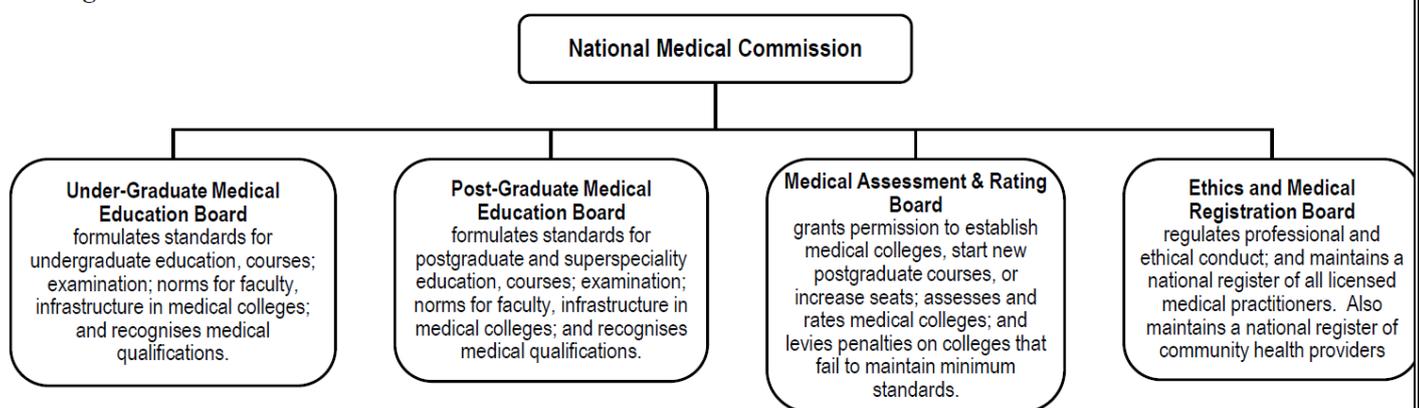
2. Medical Advisory Council:

- a. central government will constitute a Medical Advisory Council.
- b. The Council will be the primary platform through which the **states/union territories can put forth their views and concerns** before the NMC.
- c. Further, Council will **advise** the NMC on measures to determine and maintain minimum standards of medical education.

3. Autonomous boards:

- a. The Bill sets up autonomous boards under the supervision of the NMC.
- b. Each autonomous board will consist of a President and four members, appointed by the central government.
- c. These boards are:
 - i. **Under-Graduate Medical Education Board (UGMEB)** and **Post-Graduate Medical Education Board (PGMEB):**

- These Boards will be responsible for formulating standards, curriculum, guidelines, and granting recognition to medical qualifications at the undergraduate and post graduate levels respectively.
- ii. **Medical Assessment and Rating Board (MARB):**
- MARB will have the power to levy monetary penalties on medical institutions which fail to maintain the minimum standards as laid down by the UGMEB and PGMEB.
 - MARB will also grant permission for establishing a new medical college, starting any postgraduate course, or increasing the number of seats.
- iii. **Ethics and Medical Registration Board:**
- This Board will maintain a National Register of all licensed medical practitioners, and regulate professional conduct.
 - Only those included in the Register will be allowed to practice medicine.
 - The Board will also maintain a separate National Register for community health providers.



4. **Community health providers:**

- a. NMC may grant a limited license to certain mid-level practitioners connected with the modern medical profession to practice medicine.
- b. These mid-level practitioners may prescribe specified medicines in primary and preventive healthcare.
- c. In any other cases, these practitioners may only prescribe medicines under the supervision of a registered medical practitioner.

5. **Entrance examinations:**

- a. There will be a uniform National Eligibility-cum-Entrance Test for admission to undergraduate and post-graduate super-specialty medical education in all medical institutions regulated under the Bill. The NMC will specify the manner of conducting common counselling for admission in all such medical institutions.
- b. The Bill proposes a common final year undergraduate examination called the National Exit Test for the students graduating from medical institutions to obtain the license for practice. This test will also serve as the basis for admission into post-graduate courses at medical institutions under this Bill.

Why government wants to regulate medical education?

1. to ensure that doctors are **appropriately trained and skilled** to address the prevailing disease burden;
2. to ensure that medical graduates reflect a **uniform standard of competence and skills**;
 - a. **Problems** of inappropriately trained doctors of varying quality has been known since decades.
 - i. doctors had neither the skills nor the knowledge to handle primary care and infectious diseases that were a high priority concern.
 - ii. standards vary greatly with competence levels dependent upon the college of instruction.
 - b. **Solutions**
 - i. NMC has the potential to be nimbler in setting curricula, teaching content, adding new courses and providing the much needed multisectoral perspectives.
 - ii. NMC has the potential to link the disease burden and the specialties being produced.
 - iii. NMC can encourage and incentivize innovation and promote research by laying down rules that make research a prerequisite in medical colleges.
3. to ensure that only those with **basic knowledge of science and aptitude** for the profession get in;
 - a. **NEET** will solve following problems
 - i. reduce pain of students having to take an estimated 25 examinations to gain admission in a college;
 - ii. given the abysmal level of high school education, to ensure a minimum level of knowledge in science,
 - iii. to reduce corruption by restricting student admission to those qualifying the NEET.
 - b. **NEXT**
 - i. by centralizing the qualifying examination, college with the largest number of failed students will automatically close down.
 - ii. Bill has virtually given up inspections for assuring the quality of education.
4. to ensure **ethical practice** in the interest of the patients;
 - a. **Failed in curbing unethical practice and commercialization** of medical education.
 - i. Today, there are 536 medical colleges with 79,627 seats. Of them, 260 or 48.5 per cent are private with 38,000 seats.
 - ii. The bill allows differential pricing with freedom for the college managements to levy market determined fees on 19,000 students, under what is called the management quota. This is admission for those with the ability to pay. There are colleges that are rumored to arrange admission and the degree for a fee.
5. to create an environment that enables **innovation and research**;
6. to check the corrosive impact of the process of **commercialization on values** and corrupt practices.

Shortcomings of NMC Bill

1. The Bill, in reducing oversight, allowing extensive discretionary powers to government to set aside decisions of the NMC, making it virtually an advisory body.
2. permitting a registered medical practitioner to prescribe medicines.
 - a. Left vague, much will depend on the rules.
 - b. While there is a need to decentralize, to give to non-medical personnel some powers and authority, it needs tight regulation and supervision.
 - c. Given our inability to enforce the Drugs and Cosmetics Act, as seen in the rising rate of the antimicrobial resistance problem.
3. continuance of the two parallel streams of producing specialists.
 - a. By not bringing the DNB under the purview of the NMC, the DNB system is left open to abuse.
 - i. Diplomate of National Board (DNB) is title awarded by the National Board of Examinations (NBE), an autonomous academic body under the Ministry of Health and Family Welfare, Government of India to candidates who successfully complete their postgraduate or postdoctoral medical education under it.

IMPORTANT EDITORIALS

1. HONGKONG PROTESTS

City at a *crossroads*

China's semi-autonomous city of Hong Kong has been rocked since April by increasingly violent protests that were sparked by a proposed extradition law

THE TRIGGER

April 28: Thousands march against a Bill that would allow extraditions to mainland China

- There are fears that the law will allow Beijing to pursue its political enemies in Hong Kong

June 9: Despite government tweaks to soften the law, tens of thousands more protest again

- It descends into violence after midnight when police, using batons and pepper spray hoses, try to disperse small groups of protesters who hurl bottles and use metal barricades

June 12: Huge crowds attempt to storm Parliament, delaying the Bill's second reading



June 15: Hong Kong leader Carrie Lam postpones the Bill, but a fresh demonstration the next day calls for its full withdrawal



THE BILL IS DEAD

July 1: Just ahead of an annual march to mark Hong Kong's return to China, young masked protesters take over key roads, sparking new clashes with police

- Later in the day,

hundreds smash their way into Parliament and ransack the building, daubing its walls with anti-government graffiti

July 9: Lam says the extradition Bill "is dead" but protesters dismiss her comments

DEMONSTRATORS ATTACKED

July 21: Protesters are back on the streets and police fire tear gas and rubber bullets

- In the Yuen Long area, masked men – suspected

to be triad gangsters – attack protesters inside a train station

July 30 **44** protesters are charged with rioting

UNREST SPREADS

August 3: Demonstrators erect barricades in the tourist district of Tsim Sha Tsui

August 5: Activists disrupt the subway system, paralysing much of the city and delaying scores of international flights

148 people were arrested

August 6: China warns that "those who play with fire will perish by it"

In return: A protester throws a tear gas canister back at the police in Hong Kong.

■ REUTERS

SOURCE: AFP

Hong Kong adrift and China without an anchor

Beijing should realize that political reform rather than economic lures is what resonates in Hong Kong

As Hong Kong's turbulent summer of protests continues unabated, China's patience with its restive southern city could be wearing thin, and it has hinted at using the People's Liberation Army (PLA) to quell the protests. That would be disastrous for both Hong Kong and China.

Angry and frustrated young Hong Kongers have confronted the city's government with a series of demands, including the withdrawal of a bill that would allow people to be extradited from Hong Kong to China. The government has said it will shelve the bill temporarily, but will not scrap plans to reintroduce it at a later stage.

The extradition bill is only the latest issue that has brought people out on the streets. In 2014, young people occupied the streets of central Hong Kong for several weeks demanding among other things universal suffrage rather than the current electoral college to choose the head of the Hong Kong government. Earlier, students had protested attempts to introduce what was described as patriotic education into the school curriculum.

The Chinese government is increasingly a target of the demonstrators, who recently attacked Beijing's liaison office in Hong Kong and defaced the Chinese national emblem. In China's view, this was a grave provocation, and appears to have triggered a threat to bring in the PLA to end the protests.

The Tiananmen shadow

In a rare public statement, the head of the PLA garrison in Hong Kong, Chen Daoxiang, warned that "violence should not be tolerated" and that the PLA "was determined to protect national sovereignty, stability and prosperity of Hong Kong." To drive home the message the PLA released a video of anti-riot drills showing heavily armed soldiers supported by helicopters quelling demonstrators.

If PLA troops and tanks rumble through Hong Kong's streets it would effectively end any pretence of Hong Kong's autonomy within China. It would spell the end of Hong Kong as a city open to the world, where freedom of expression and the rule of law prevailed.

For China, it would be a rerun of June 1989, when troops and tanks were used in Tiananmen Square in Beijing to crush students protesting for reforms. That action taken at the urging of Deng Xiaoping quelled the unrest, but threw China into a decade of international isolation at a time when it was desperately seeking to modernise its economy and emerge as a global power. The G7 refused to deal with China, World Bank loans were frozen, and many western countries imposed trade sanctions.

Potential global fallout

Any violence in Hong Kong with the Chinese military will produce a strong reaction from China's main trade partners. The United States is already engaged in a trade war with China, and the Trump administration has slapped additional import duties on Chinese goods to force it to end what it describes as predatory trade practices. Military action in Hong Kong will only strengthen support in the U.S. for tougher trade and economic sanctions. Similarly the European Union can be expected to react strongly to any action by the PLA in Hong Kong.

China's leader, Xi Jinping, is extremely conscious of the legacy he wants to create as the most consequential leader modern China has had, alongside Mao and Deng Xiaoping. Sending tanks into Hong Kong is not going to help him achieve this. But neither can he allow his authority to be defied in Hong Kong in a way that would not be allowed anywhere else in China.

China does not understand what fuels the anger in Hong Kong. It has fallen back on the standard argument that governments confronted with popular protests tend to use: foreign forces are behind the unrest. Yang Jiechi, a PolitBuro member of the Communist Party of China, has said that the U.S. and other unnamed countries had been stirring up trouble in order to undermine Hong Kong.

But there is no evidence to show that these protests are anything but home grown, and the continuing tragedy is that the Chinese leadership is either unable or unwilling to understand the roots of the anger in Hong Kong.

A disconnect

The hard fact China has to face is that 22 years after the British withdrew and Hong Kong returned to Chinese sovereignty, the former colony is drifting further and further away from China, rather than getting closer to the motherland.

The Hong Kongers who are at the forefront of the protests were all born shortly before or after Hong Kong returned to Chinese sovereignty. They have only known Hong Kong as a part of China. But their identity, outlook and worldview is not mainland Chinese, but distinctively Hong Kong. They speak Cantonese, not Mandarin. They look to Japan, Korea, Taiwan and the western world for their culture, not the mainland. When they travel on holiday, it is not to China but to other parts of the world. When they go abroad to study, it is not to China, but to the west. Like their parents who grew up under British rule, they have no desire to be integrated with the rest of China; they are suspicious of Chinese intentions.

China's leaders had thought that greater economic opportunities in a booming China would help bind Hong Kong to the motherland. The booming cities of the Pearl River delta have become closely economically integrated with Hong Kong, offering jobs in cutting edge industries to young Hong Kongers.

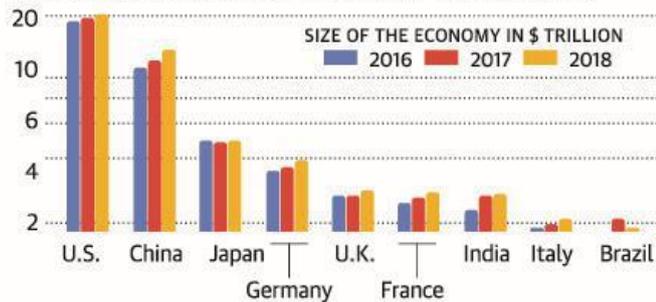
But these economic lures have not enticed them. Their desire is to to preserve what they see as the Hong Kong way of life. And for that to happen, they demand their own elected government, not leaders appointed by the Chinese government. This is more than China is willing to concede, and therein lies the seed for future tragedy in Hong Kong.

2. INDIA'S GDP

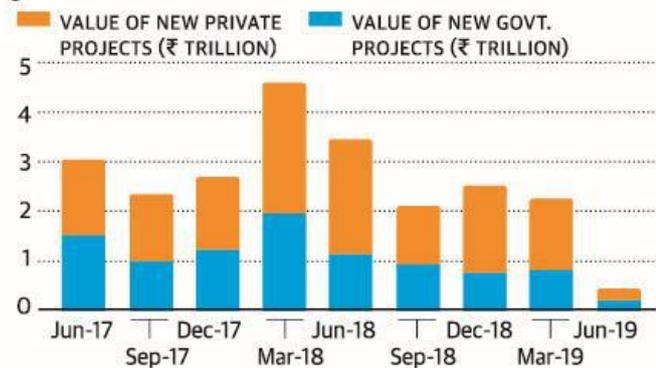
Downturn continues

India dropped two places in GDP rankings in 2018 compared to 2017. With a slump in consumption, and new investments reducing to a trickle, the government's aim of making India a \$5-trillion economy by 2024 seems far-fetched.
By **Vignesh Radhakrishnan** and **Sumant Sen**

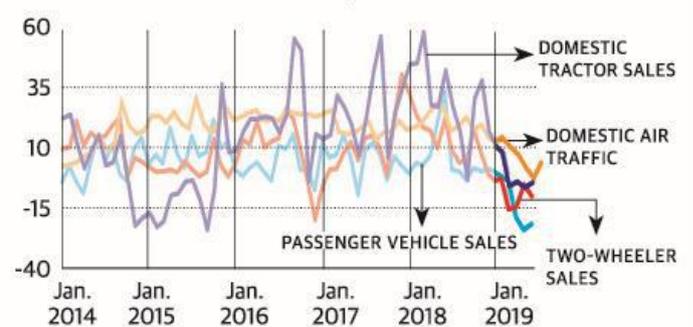
Drop in position | In 2017, the size of the Indian economy stood at \$2.65 tn, the fifth largest. In 2018, India's economy in \$ terms grew by 3.01% to \$2.73 tn. But in the same period, the U.K. and France grew by 6.8% and 7.3%, respectively, pushing India to the seventh place in the World Bank's GDP rankings in 2018



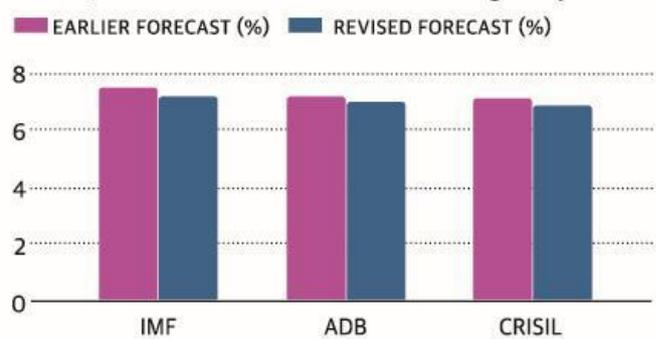
Investment woes | Investments in new projects nosedived to a 15-year low in the quarter ending June 2019. The drop in value of new projects was driven by a dip in both private and government investments



Consumption drops | Three of the four major indicators of the consumer economy recorded negative growth rates in the first half of 2019. The graph shows year-on-year % growth of four macro-economic indicators. The unfaded portion shows the recent downturn



Downward revision | The IMF, Asian Development Bank and CRISIL brought down their GDP projections for India for FY20. While both IMF and ADB have projected that India will grow at 7% or more, CRISIL has estimated that the GDP will grow by 6.9%



Source: World Bank, SIAM, DGCA, Tractors Manufacturers Association, CMIE, IMF, ADB, CRISIL

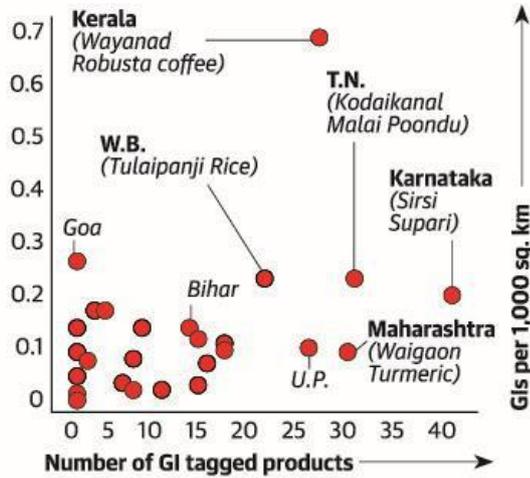
3. GEOGRAPHICAL INDICATIONS TAG

Making a mark

Odisha recently got a Geographical Indications (GI) tag for its variant of the rasagola. A GI tag is given to products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. There are 347 GI-tagged products across the country. By **Varun B. Krishnan**

Geographical spread

Karnataka has the highest number of GI-tagged products. However, when geographical area is factored in, Kerala has the highest. Products GI-tagged to multiple locations were omitted. The graph shows the recent GI-tagged items of some States



What's special?

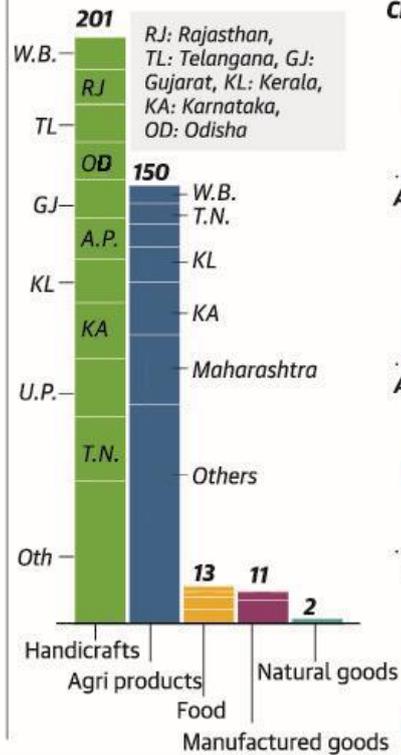
A text analysis of the names of GI-tagged products shows that over 30 types of sarees and fabrics have been given the tag (the highest), with specialised craft items figuring second

Odisha's rasagola comes under the food category which includes other famous items such as the Tirupathi laddu, Hyderabad haleem, Dharwad pedha and Bikaneri bhujia

Source: Geographical Indications Registry

Category split

While Tamil Nadu has the highest no. of handicraft GIs, Maharashtra leads in the no. of GI-tagged agricultural products. The graph shows the number of GI tags across categories & States



A few tags

Kancheepuram silk



Tamil Nadu

Channapatna toys



Karnataka

Alphonso mango



Maharashtra

Aranmula mirror



Kerala

Darjeeling tea



West Bengal

4. IPCC REPORT

How land relates to climate

A major new IPCC report has underlined the contribution of food production to climate change. As a source as well as a sink of carbon dioxide, land and its use, including agriculture, are key to climate conversations

AMITABH SINHA
PUNE, AUGUST 8

A NEW report by the Intergovernmental Panel on Climate Change (IPCC) released Thursday presents the most recent evidence on how land affects, and is affected by, climate change. What use land is put to – forestry, agriculture, industries, urbanisation – has an impact on greenhouse gas emissions. At the same time, activities like agriculture are directly impacted by global warming.

The Geneva-based IPCC is mandated by the United Nations to assess the science related to climate change. It produces periodic reports, called Assessment Reports, that provide a comprehensive account of the state of climate system.

Among the headline statements, the report says land-based activities like agriculture, forestry and “other land use” contribute almost a quarter of all greenhouse gas emissions in a year. This amounts to about 12 billion tonnes of carbon dioxide equivalent every year.

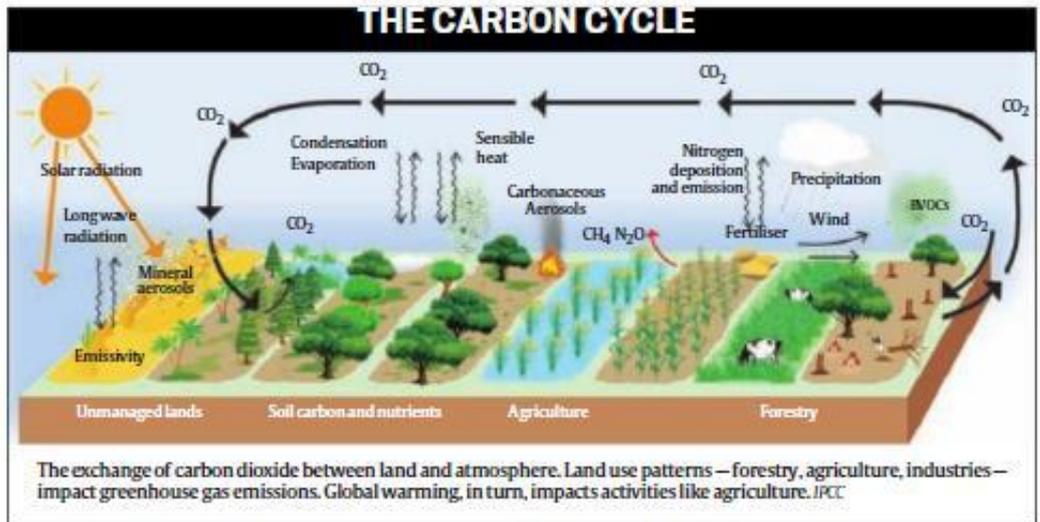
It says that the global food system, which would include activities such as cattle rearing, agriculture, food processing industries, energy and transportation, could account for as much as a third (21 to 37 per cent) of all greenhouse gas emissions.

The report, after assessing all different kinds of impacts due to land-use and changes in land-use, provides the possibilities of containing emissions from land in different future scenarios of land-use, without compromising on global food security.

Land & climate change

Land use and changes in land use have always been an integral part of the conversation on climate change. That is because land acts as both the source as well as a sink of carbon. Activities like agriculture and cattle rearing, for example, are a major source of methane and nitrous oxide, both of which are hundreds of times more dangerous than carbon dioxide as a greenhouse gas.

At the same time, soil, trees, plantations, and forests absorb carbon dioxide for the natural process of photosynthesis, thus reducing the overall carbon dioxide content in the atmosphere. In fact, nearly 50 per cent of all carbon dioxide generated on earth is trapped by land and oceans, and the rest is released in the atmosphere. In a complex but constant natural interaction known as the carbon cycle, carbon dioxide is continuously exchanged among



land, ocean and atmosphere. The debate over the life spans of carbon dioxide in ocean, land and atmosphere is not yet settled. The contribution of livestock – cows, pigs, even chicken generate emissions, mainly methane – to greenhouse gases is also contested.

Because of the fact that land is both the source as well as a sink of carbon dioxide, large-scale changes in land use, like deforestation or urbanisation, or even a change in cropping pattern, have a direct impact on the overall emissions of greenhouse gases in the atmosphere.

The impact of land use changes on emissions is a separate point of discussion at the international climate change negotiations. And, activities like afforestation or restoration of forests are considered important strategies in the fight against climate change. India's action plan on climate change too has a crucial component on forests. India has promised that it would create an additional carbon sink of about 2.5 billion to 3 billion tonnes by 2032 by increasing its forest cover, and planting more trees.

The IPCC report

This is the first time that the IPCC, whose job it is to assess already-published scientific literature to update public knowledge of climate change science, has focused its atten-

tion solely on the land sector. It is part of a series of special reports that IPCC is doing in the run-up to the sixth Assessment Report (AR6) that is due around 2022.

Last year, the IPCC had produced a special report on the feasibility of restricting global rise in temperature to within 1.5°C from pre-industrial times. Later this year, it is scheduled to come out with a special report on ocean systems and cryosphere. These three reports were specifically sought by the governments to get a clearer picture of specific aspects of climate change. For the first time, a majority of the scientists who contributed to the report belonged to developing countries.

The assessment

The report says that the land sector had been contributing about 5.2 billion tonnes of carbon dioxide (not all greenhouse gases) every year between 2007 and 2016. During this same period, the land sector absorbed almost 11.2 billion tonnes of carbon dioxide every year. “The sum of (these two processes)... gives a total net land-atmosphere flux that removed about 6 billion tonnes of carbon dioxide per year during 2007 and 2016,” it says.

About the impact of climate change on land systems, the report notes that 25 per cent of ice-free land was subject to degradation due

to human use. And that this process was being exacerbated by climate change. Global food security was already under threat because of warming, changing precipitation patterns and greater frequency of extreme weather events, and this could come under further risk.

The report points out that that nearly 25 per cent of all food produced globally was either lost or wasted. And even the decomposition of the waste releases emissions.

Suggestions

IPCC reports do not offer any policy prescriptions. They do not even recommend the best course of action. Instead, they just provide the possible pathway scenarios under different assumptions of responses offered by countries.

It does mention that reduction in food wastage, sustainable agriculture practices, and shifting of dietary preferences to include more plant-based food could avoid a part emissions emanating from land systems without jeopardising food security. In fact, it would also have co-benefits in terms of human health.

It says it was possible to avoid between 2.3 and 9.6 billion tonnes of CO2 equivalent per year from agriculture and livestock activities by the year 2050. Similarly, it was possible to avoid up to 8 billion tonnes of CO2 equivalent every year by the year 2050 just through a change in people's dietary habits.

5. DRUGS

'2016 to 2018: 645 new drugs get nod'

Drugs imported, manufactured and sold in the country are regulated under the provisions of the Drugs and Cosmetics Act, 1940

GENERIC MEDICINES are generally those which contain same amount of same active ingredient(s) in same dosage form, and are intended to be administered by the same route of administration as that of corresponding branded medicines

MEDICINES, WHETHER branded or generic, imported

or manufactured for sale, distribution in the country, are required to comply to the same standards as specified in the Second Schedule to the Drugs and Cosmetics Act, 1940

CENTRAL DRUGS Standard Control Organisation (CDSCO) grants permission to manufacture/import of new drugs under the provisions of

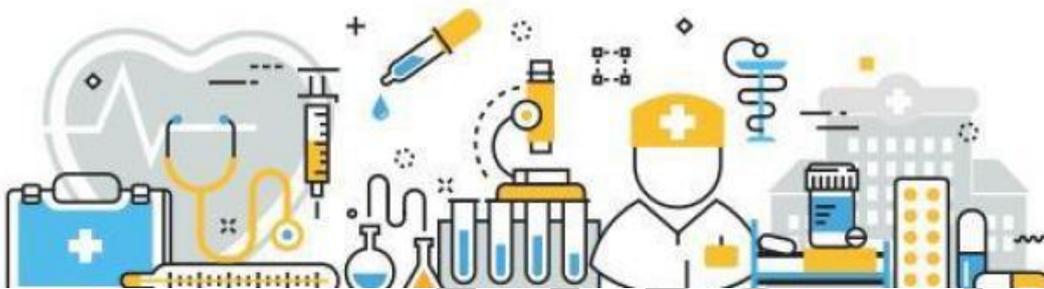
Year	Permissions Granted
2016	194
2017	212
2018	239
Total	645

Drugs and Cosmetics Act 1940 and Rules made thereunder in proper name. Details of number of permissions granted during

the last three years are:

BOTH GENERIC drugs without any brand name and branded drugs are treated alike for fixation of ceiling price under the provisions of Drugs (Prices Control) Order, or DPCO

AS PER PROVISIONS of DPCO, all manufacturers of Scheduled medicines (branded or generic) have to sell their products within the ceiling price fixed by the Government. As regards non-scheduled formulations, the manufacturers are not allowed to increase the price by more than 10 per cent per annum



Why Gujarat and MP are arguing over Narmada water and hydro power

ADITIRAJA
VADDODARA, AUGUST 8

OVER THE last two weeks, Madhya Pradesh and Gujarat have engaged in war of words over the sharing of Narmada river waters. Madhya Pradesh has threatened to restrict the flow of water into the Sardar Sarovar Dam, located in Gujarat. This was after Gujarat, in April, had requested the Narmada Control Authority for permission – which was granted – not to start generation at a power house until the dam fills to its full level.

The power equation

The Sardar Sarovar Project includes two power houses, the River Bed Power House (RBPH; 1,200 MW) and the Canal Head Power House (250 MW). Power is shared among Madhya Pradesh, Maharashtra and Gujarat in a 57:27:16 ratio. The RBPH has been shut since 2017, when the gates were closed and the reservoir height was raised

to 138.63 m. Gujarat has sought that generation should not start until the water reaches the full reservoir level (FRL).

"The protocol is that once the dam crosses 131 m, we ought to release some water as it fills to its FRL. For this, we have to resume power generation in the RBPH, where the turbines release the water downstream into the river. If the inflow exceeds the capacity of the water released by the turbines after power generation, then too we have to open the gates. The dam cannot just be filled to 138.63 metres without balancing the outflow," said Rajeev Kumar Gupta, Managing Director, Sardar Sarovar Narmada Nigam Ltd (SSNNL).

On Thursday, the SSNNL issued a circular announcing an upcoming 6-cusec release, in keeping with the 131m protocol. The current level is 129.65 m.

What Gujarat wants

In April, the SSNNL approached the Narmada Control Authority which granted its request not to start production until the

water reaches 138.63 m. Gujarat has been facing a rain deficit in 2017 and 2018, when the reservoir reached levels of 130.75 m and 129 m. Engineers in Gujarat say reaching the FRL is necessary for testing whether the concrete can withstand the thrust at that level. The construction has lasted close to five decades with gaps of several years. Filling the reservoir is possible only when the RBPH is closed because the water used for generating hydro power cannot be reused – it is drained into the sea. The Garudeshwar Weir is still being constructed to store water released after generation of power at the RBPH. Once the weir is ready, the water can be stored and pumped back using reversible turbines during non-peak hours of the grid, officials say.

Why MP objects

While MP Chief Minister Kamal Nath has indicated that the state will follow the Authority guidelines in letter and spirit, the government has raised an objection to its consent to Gujarat, terming it 'unilateral',

SARDAR SAROVAR (NARMADA) PROJECT



and has refused to share its surplus water with Gujarat that would allow the reservoir to be filled. MP took that position after frequent power outages led to discontent, the

political power having just changed hands. The BJP attacked the government saying MP has returned to the "dark days" of the previous Congress rule of 1993-2003. The gov-

ernment's official position was instead of generating power – and sharing it with MP – Gujarat was storing the water released from MP. The MP government has also cited incomplete rules and regulations, arguing that if the reservoir level increases, those yet to be resettled will be affected.

Gujarat counter

Gujarat Chief Minister Vijay Rupani has blamed the Congress government in MP for playing politics over Narmada water. Officials say that Gujarat's share of 9MAF (million acre feet) water in a normal monsoon year is insufficient to generate power as drinking water and irrigation are priorities, and Gujarat can generate power only when all states work together. They allege that while MP has the highest share of the water at 18 MAF, it refuses to release the surplus share for power generation and to allow the dam to be tested at FRL out of a "political design".

With inputs from Milind Chaturwat in Bhopal

6. NARMADA WATER DISPUTE

7. RBI RATES

Fourth rate cut in 2019

The RBI's MPC has cut repo rate for the fourth time in 2019 by 35 basis points stating that "benign inflation outlook provides headroom for policy action"

5.40%

is the current repo rate, the rate at which the RBI lends funds

5.15%

is reverse repo rate, the rate at which RBI borrows from banks

6.9%

GDP growth for 2019-20, down from 7% projected earlier

3.1%

inflation projected for second quarter of 2019-20

110 bps

is the reduction in Repo rate in calendar 2019 so far

MPC VOTED FOR CUT:

While MPC members Chetan Ghate and Pami Dua voted for 25 bps cut, Ravindra Dholakia, Michael Patra, BP Kanungo and Shaktikanta Das opted for 35 bps reduction in repo rate and retained accommodative policy stance.

INFLATION OUTLOOK:

Uneven spatial and temporal distribution of monsoon could exert some upward pressure on food items, though this risk is likely to be mitigated by the recent catch up in rainfall. The outlook for CPI inflation excluding food and fuel remains soft.

RBI FOCUS: Addressing

REVISION IN POLICY RATES

	Bank rate	Repo rate	Reverse repo	SLR
April 5, 2018	6.25	6.00	5.75	19.50
June 6, 2018	6.50	6.25	6.00	19.50
Aug 1, 2018	6.75	6.50	6.25	19.50
Oct 5, 2018	6.75	6.50	6.25	19.50
Dec 5, 2018	6.75	6.50	6.25	18.00*
Feb 7, 2019	6.50	6.25	6.00	18.00*
April 4, 2019	6.25	6.00	5.75	18.00*
June 6, 2019	6.00	5.75	5.50	18.00*
Aug 7, 2019	5.65	5.40	5.15	18.00*

*Over six quarters

growth concerns by boosting aggregate demand, especially private investment, assumes

the highest priority while remaining consistent with the inflation mandate.

RBI's Goldilocks cut

The government must now unleash measures to boost growth

Faced with slowing GDP growth and encouraged by benign inflationary trends, the Reserve Bank of India (RBI) has delivered a Goldilocks cut of 35 basis points in the benchmark repo rate. Though a rate cut was a foregone conclusion ahead of the monetary policy announcement, the expectation was of either a 25 or 50 basis points one. Given the extent of the slowdown in the economy, the Monetary Policy Committee (MPC) deemed the former as too low but taking into account factors such as the turbulence in the global financial markets and the rupee's fall in the last few days, the latter was seen as too high. In the event, the MPC settled on a median and unconventional 35 basis point cut, which keeps the powder dry for further cuts this financial year. With this, the RBI has cut rates in four consecutive policy announcements beginning February this year, aggregating to a total of 110 basis points. But the transmission by banks to lenders has not been even a third of this. The central bank says that banks have passed on just 29 basis points which is poor indeed. One factor inhibiting transmission was the tight liquidity conditions until June when the RBI flooded the market — in fact, the last two months the central bank has had to absorb excess liquidity floating around. There is, therefore, reason to hope that transmission from hereon would be quicker.

The repo rate at 5.40% is now at a nine-year low and is headed lower in the next few months and could well settle at 5% or very close to that by the time this rate cutting cycle plays out. Supporting this theory is the fact that inflation is projected to be benign for the next one year. Growth, on the other hand, is expected to be weak and the MPC has revised downwards the projected GDP growth rate for this fiscal to

6.9% from 7% earlier, with downside risks. Even this appears optimistic given the current impulses in the economy and it is very likely that GDP growth this fiscal will be closer to 6.5%. With the latest cut, the RBI has signified that it is willing to do the heavy lifting. But this alone will not suffice as cost of capital is just one aspect that determines investment. The government has to play its part too in boosting growth. Arguably, the space for fiscal concessions is limited given the overall revenue scenario, but the government can certainly push for further reforms to incentivize investment without impacting its fiscal arithmetic. The slowdown now is part cyclical — which can be addressed by a rate cut — and part structural, for which reforms are an absolute necessity. Therefore, unless the government responds with its own measures, the RBI's efforts to support growth may go in vain.

CIVILSIAS

8. NATIONALISATION OF BANKS

The nationalisation of banks in 1969 was a watershed moment in the history of Indian banking. From July 19 that year, 14 private banks were nationalised; another six private banks were nationalised in 1980. It is certain that one cannot locate a similar transformational moment in the banking policy of any country at any point of time in history.

At the time of Independence, India's rural financial system was marked by the domination of landlords, traders and moneylenders. In 1951, if a rural household had an outstanding debt of ₹100, about ₹93 came from non-institutional sources. From the 1950s, there were sporadic efforts to expand the reach of the institutional sector, particularly in the rural areas. Despite these measures, the predominantly private banking system failed to meet the credit needs of the rural areas.

Class to mass banking

India's banking policy after 1969 followed a multi-agency approach towards expanding the geographical spread and functional reach of the formal banking system. First, as a part of a new branch licensing policy, banks were told that for every branch they opened in a metropolitan or port area, four new branches had to be opened in unbanked rural areas. As a result, the number of rural bank branches increased from 1,833 (in 1969) to 35,206 (in 1991). Second, the concept of priority-sector lending was introduced. All banks had to compulsorily set aside 40% of their net bank credit for agriculture, micro and small enterprises, housing, education and "weaker" sections. Third, a differential interest rate scheme was introduced in 1974. Here, loans were provided at a low interest rate to the weakest among the weakest sections of the society.

Fourth, the Lead Bank scheme was introduced in 1969. Each district was assigned to one bank, where they acted as "pace-setters" in providing integrated banking facilities. Fifth, the Regional Rural Banks (RRB) were established in 1975 to enlarge the supply of institutional credit to the rural areas. Sixth, the National Bank for Agriculture and Rural Development (NABARD) was constituted in 1982 to regulate and supervise the functions of cooperative banks and RRBs.

The outcomes of such a multi-agency approach were admirable. The share of institutional sources in the outstanding debt of rural households increased from just 16.9% in 1962 to 64% in 1992.

Growth spurring

India's nationalisation experience is an answer to mainstream economists who argue that administered interest rates cause "financial repression". According to this view, if the government administers interest rates, the savings rate would decline, leading to a rationing of investment funds. On the contrary, India's nationalisation led to an impressive growth of financial intermediation. The share of bank deposits to GDP rose from 13% in 1969 to 38% in 1991. The gross savings rate rose from 12.8% in 1969 to 21.7% in 1990. The share of advances to GDP rose from 10% in 1969 to 25% in 1991. The gross investment rate rose from 13.9% in 1969 to 24.1% in 1990.

Nationalisation also demonstrated the utility of monetary policy in furthering redistributionist goals. Some economists argue that banks cannot be used to right "historical wrongs". On the other hand, India's nationalisation shows that monetary policy, banks and interest rates can be effectively used to take banks

to rural areas, backward regions and under-served sectors, furthering redistributionist goals in an economy.

A retreat

Yet, strangely, arguments in favour of financial liberalisation after 1991 were based on the theory of financial repression. The Narasimham Committee of 1991 recommended that monetary policy should be divorced from redistributionist goals. Instead, banks should be free to practise commercial modes of operation, with profitability as the primary goal.

Taking the cue, the Reserve Bank of India allowed banks to open and close branches as they desired. Priority sector guidelines were diluted; banks were allowed to lend to activities that were remotely connected with agriculture or to big corporates in agri-business, yet classify them as agricultural loans. Interest rate regulations on priority sector advances were removed.

The outcomes were immediately visible. More than 900 rural bank branches closed down across the country. The rate of growth of agricultural credit fell sharply from around 7% per annum in the 1980s to about 2% per annum in the 1990s. This retreat of public banks wreaked havoc on the rural financial market. Between 1991 and 2002, the share of institutional sources in the total outstanding debt of rural households fell from 64% to 57.1%. The space vacated by institutional sources was promptly occupied by moneylenders and other non-institutional sources.

A to and fro

The government and the RBI probably saw the danger coming. In 2004, a policy to double the flow of agricultural credit within three years was announced. Only public banks could make this happen. So, in 2005, the RBI quietly brought in a new branch authorisation policy. Permission for new branches began to be given only if the RBI was satisfied that the banks concerned had a plan to adequately serve underbanked areas and ensure actual credit flow to agriculture. By 2011, the RBI further tightened this procedure. It was mandated that at least 25% of new branches were to be compulsorily located in unbanked centres.

As a result, the number of rural bank branches rose from 30,646 in 2005, to 33,967 in 2011 and 48,536 in 2015. The annual growth rate of real agricultural credit rose from about 2% in the 1990s to about 18% between 2001 and 2015. Much of this new provision of agricultural credit did not go to farmers; it largely went to big agri-business firms and corporate houses located in urban and metropolitan centres — but recorded in the bank books as “agricultural credit”. For this reason, the share of institutional credit in the debt outstanding of rural households in 2013 stood at 56%, still lower than the levels of 1991 and 2002. Yet, in achieving the high growth of credit provision, the expansion of public bank branches was pivotal.

After 2005, public banks also played a central role in furthering the financial inclusion agendas of successive governments. Between 2010 and 2016, the key responsibility of opening no-frills accounts for the unbanked poor fell upon public banks. Data show that more than 90% of the new no-frills accounts were opened in public banks. Most of these accounts lie dormant or inactive, but it is unmistakable that the fulfilling of the goal required the decisive presence and intervention of public banks. The same public

banks were also India's vanguard during the global financial crisis of 2007 when most markets in the developed world, dominated by private banks, collapsed.

However, despite such a stellar track record, the macroeconomic policy framework of successive governments has hardly been supportive of a banking structure dominated by public banks. In times of slow growth, the excess liquidity in banks was seen as a substitute for counter-cyclical fiscal policy. Successive governments, scared of higher fiscal deficits, encouraged public banks to lend more for retail and personal loans, high-risk infrastructural sectors and vehicle loans. Here, banks funded by short-term deposit liabilities were taking on exposures that involved long-term risks, often not backed by due diligence. Unsurprisingly, many loans turned sour. Consequently, banks are in crisis with rising non-performing assets. The same fear of fiscal deficits is also scaring the government away from recapitalising banks. The solution put forward is a perverse one: privatisation. The goose that lays golden eggs is being killed.

9. FLOOD and DROUGHT

Cycle of extremes

India must address its crippling cycles of drought and flood with redoubled vigour

After a worrying pre-monsoon phase between March and May, when rainfall was scarce, the current robust season in most parts of coastal, western and central India augurs well for the entire economy. Aided apparently by beneficial conditions in the Indian Ocean, very heavy rainfall has been recorded, notably in Maharashtra, Gujarat, Rajasthan, the northeastern States, Karnataka, the Konkan coast, hilly districts of Kerala and Tamil Nadu. This pattern may extend into the eastern regions. A normal Indian Summer Monsoon is bountiful overall, but as last year's flooding in Kerala, and the Chennai catastrophe of 2015 showed, there can be a terrible cost. Distressing scenes of death and destruction are again being witnessed. Even in a rain-shadow region such as Coimbatore in Tamil Nadu, the collapse of a railway parcel office after a downpour has led to avoidable deaths. What this underscores is the need to prepare for the rainy season with harvesting measures, as advocated by the Jal Shakti Abhiyan, and a safety audit of structures, particularly those used by the official agencies. In drafting their management plans, States must be aware of the scientific consensus: that future rain spells may be short, often unpredictable and very heavy, influenced by a changing climate. They need to invest in reliable infrastructure to mitigate the impact of flooding and avert disasters that could have global consequences in an integrated economy.

The long-term trends for flood impact in India have been one of declining loss of lives and cattle since the decadal high of 1971-80, but rising absolute economic losses, though not as a share of GDP. It is important, therefore, to increase urban resilience through planning. Orderly urban development is critical for sustainability, as the mega flood disasters in Mumbai and Chennai make clear. It is worth pointing out that the response of State governments to the imperative is tardy. They are hesitant to act against encroachment of lake catchments, river courses and floodplains. The extreme distress in Chennai, for instance, has not persuaded the State government against allowing structures such as a police station being constructed on a lake bed, after reclassification of land. Granting such permissions is an abdication of responsibility and a violation of National Disaster Management Authority Guidelines to prevent urban flooding. As a nation that is set to become the most populous in less than a decade, India must address its crippling cycles of drought and flood with redoubled vigour. Scientific hydrology, coupled with the traditional wisdom of saving water through large innovative structures, will mitigate floods and help communities prosper.

10.INDIA PAKISTAN

Knee-jerk

Pakistan must reconsider its decision to downgrade diplomatic ties with India

Pakistan's decision to expel India's High Commissioner, snap trade relations and observe August 15 as a black day in supposed solidarity with the people of Jammu & Kashmir is a serious setback for diplomatic relations. Wednesday's announcements appear to be a knee-jerk reaction to the mounting pressures on the Pakistani establishment to respond to India's executive-legislative actions that whittle down Article 370. Pakistan has consistently described chief ministers of Jammu & Kashmir as "puppets" and never recognised the legitimacy of the government in Srinagar. Its sudden concerns about India's actions in its own territory are reflective of muddled confusion. Ironically, this is the first time Islamabad has articulated that Article 370 was aligned with the interests of the Kashmiri people. Every Pakistani government and the country's permanent establishment have continued to peddle the myth that they could unilaterally alter the status quo in J&K. Now, they feel compelled to respond to the expectations that they have themselves raised in Pakistan Occupied Kashmir. Sections of Indian civil society have legitimate concerns about the actions of the BJP Government in emptying out Article 370 and the continuing lockdown of the Valley, but this does not license Pakistan to interfere in what the MEA correctly described on Thursday as India's internal matter.

In the days to come, India can expect Pakistan to raise the Kashmir issue at the United Nations, mobilise the Organisation of Islamic Cooperation and send envoys to friendly capitals. India is well placed to deal with Pakistan on the diplomatic front given the changed international context. India's economic clout has grown enormously in the last couple of decades, and given doubts in the Western world about Pakistan's overt and covert support to Islamist terror, New Delhi has the space to deal with Islamabad's efforts to "internationalise" the Kashmir issue. Downgrading diplomatic relations between troubled neighbours is never a good idea. Neither is snapping trade and transport links. India withdrew its High Commissioner to Pakistan after the 2001 Parliament attack, but chose not to send back the Pakistani envoy at the time. However, the Pakistani High Commissioner was expelled by India after the Kaluchak terror strike in 2002. It's interesting to note that despite all the troubles the two countries have had, High Commissioners have been able to return to their jobs since full diplomatic relations were restored in 1976. In fact, even after the 2001 Parliament attack, India and Pakistan managed to have their High Commissioners back in place by March 2003. Diplomacy is a mechanism to ensure that channels of communication remain open. While India and Pakistan have used back channels in recent years, the presence of seasoned diplomats in Delhi and Islamabad has always benefited the two countries. Pakistan needs to comprehend this.

11.KASHMIR

The fragility of India's federalism

The government's Kashmir move exposes the contingent nature of India's asymmetric constitutional provisions

The abrogation of Article 370 has exposed ambiguities that have long been evident in India's federal system. Asymmetric agreements have been negotiated in settlement of a number of regional conflicts in India. Kashmir's autonomous status was the oldest and — in original conception — the most far-reaching of these provisions. But in practice, there has been a contingency to autonomy provisions, leaving them open to revision by popular majorities at the all-India level.

An altered trajectory

The regionalisation of India's party system between 1989-2014 contributed to the appearance that deeper federalism and growing regional autonomy vis-à-vis the Central government was an almost inexorable process. However, the rise of the Bharatiya Janata Party (BJP) to national political dominance has altered that trajectory. By abrogating Article 370 and bifurcating Jammu and Kashmir State to create two Union Territories, the BJP has demonstrated the possibility of using the inherent flexibility in the federal order to centralise power and reshape the size, powers and stature of a constituent unit of the Indian Union — the only unit with a Muslim majority population.

The constitutionality of the abrogation of Article 370 will be carefully picked over in the months and years to come. But the government's ability to table and pass legislation with such important consequences for the fabric of federalism — while the elected assembly of Jammu and Kashmir is in abeyance — exposes the fragile set of compromises on which India's asymmetric federal system rests.

Asymmetric federalism involves the granting of differential rights to certain federal subunits, often in recognition of their distinctive ethnic identity. In the case of Jammu and Kashmir, the negotiation of Article 370 was a transitional and contingent constitutional arrangement agreed in the midst of a continuing conflict while the Indian Constitution was being finalised. Over time, this 'transitional' clause had become a semi-permanent institutional compromise, although this was ever an uneasy compromise. Kashmir's autonomy arrangements had been eroded under successive governments as tensions grew between the desire of Prime Ministers from Jawaharlal Nehru onwards to integrate the State more closely into the Indian Union and the desire of many Kashmiris to preserve a special status for their State. Since 1954, as many as 94 of 97 entries in the Union List and two thirds of constitutional articles have been extended to the State. This process has happened with the approval of the Supreme Court.

Subsequent asymmetric agreements were reached with the Nagas and the Mizos, which are enshrined in Article 371 in the Constitution. When the small State of Sikkim joined the Indian Union in the early 1970s, Article 371F was added to the Constitution. Article 371F allowed for laws that were in place before Sikkim's accession to remain in place unless amended or repealed by the legislature. Article 371 also contains measures that were intended to promote intra-State equity in Andhra Pradesh, Telangana, Maharashtra, Gujarat and Karnataka.

Contesting asymmetry

Asymmetric constitutional provisions are a common feature of federalism in diverse societies. Many have argued that India sets an international example for how asymmetric features can help dampen secessionist conflicts by recognising multiple modes of belonging within the Union. Rather than encouraging secessionism, proponents of asymmetric arrangements argue that it is the denial of autonomy that can provide ground for secessionist claims to grow.

However, asymmetric arrangements are often contested by majority national communities and by other regions without special arrangements. The annulment of Article 370 has long been a cause célèbre for Hindu nationalism, but it was striking that it also received wide support from many regional parties in Parliament.

The rationale set out by the BJP this week drew on all the textbook critiques of asymmetric arrangements to attract the support of many regional parties to pass the legislation in the Rajya Sabha. These include the argument that asymmetric provisions are discriminatory, for instance, by placing prescriptions on who can own property in particular regions, or because they privilege certain kinds of 'special' identities over others. A Telugu Desam Party MP, from India's first linguistic State Andhra Pradesh, welcomed the fact that India would now be 'one nation with one flag and one constitution.' Alternatively, asymmetric status is presented as contributing to secessionist claims, hence the argument that Article 370 is the 'root cause of terrorism'. Autonomy arrangements are also presented as anti-egalitarian because they prevent the extension of rights in force elsewhere in a country. This last argument underscores the significance of the simultaneous emphasis on extending reservations for Scheduled Castes and Scheduled Tribes in the new Union Territories alongside the abrogation of Article 370. As the Home Minister, Amit Shah, said in the Lok Sabha: "Those who support Article 370 are anti-Dalit, anti-tribal, anti-women."

A deliberate flexibility

By design, India's federal institutions place relatively weak checks on the power of a government with a parliamentary majority. As the political scientist, Alfred Stepan, identified, federal systems can be more or less 'demos constraining'. In those at the more 'demos constraining' end of the spectrum, federalism serves to undermine the consolidation of power by national majorities. For instance, the American theorist, William Riker, saw American federalism as a counter-weight to national populism since 'the populist ideal requires that rulers move swiftly and surely to embody in law the popular decision on an electoral platform'. By contrast, other federal systems, such as India's, are more 'demos-enabling'. This means that the design of federalism places fewer checks on the power of national majorities. For instance, the composition of the Rajya Sabha mirrors the composition of the Lok Sabha, rather than providing equal representation to States regardless of size, and the Rajya Sabha has weaker powers than the Lower House. Fewer powers are constitutionally allocated to federal subunits exclusively compared to more demos-constraining federations.

Placing this kind of flexibility in the hands of the Central government was deliberate and designed to enable decisive Central action to protect national integrity in the aftermath of Partition. In the Constituent Assembly, B.R. Ambedkar highlighted the difference between the 'tight mould' of other federal systems and the flexibility hard-wired into India's which would enable it to be both 'unitary as well as federal' according to the requirements of time and circumstances.

This constitutional permissiveness has been used to do things that have deepened federalism in the past under both Congress and BJP-led governments, such as the creation of new States in response to regional demands from the linguistic reorganisation of States in the 1950s onwards. By granting the Central government the power to create new States or alter State boundaries under Article 3, and not giving State governments a veto over bifurcation, the Constitution enabled the Central government to accommodate linguistic and ethnic diversities in a way that would have been much harder in a more rigid federal system. It also enabled the Central government to adopt asymmetrical measures in the first place without facing a backlash from other regions that might have resented the 'special' treatment of minority regions. Until the 2000s, most of these changes were done based on a slow process of consensus building within the regions concerned.

The unknown

By abrogating Article 370, bifurcating Jammu and Kashmir and downgrading the status of the successor units to Union Territories, the government has used the flexibility of the federal provisions of the Constitution to other ends. This is not the first time that a Central government has used its powers to bifurcate a State in the absence of local consensus. This was also seen with the creation of Telangana in 2014. As in the case of Telangana, the creation of the Union Territory of Ladakh does respond to a long-run demand in this region with a substantial Buddhist population. However, the decision to transform the remainder of J&K State into a Union Territory, at the same time as annulling Article 370, is a departure with profound and as yet unknown consequences in Kashmir, and wider implications for Indian federalism.

12.FAST TRACKS COURTS

The hard realities of India's fast-track courts

Many of them are understaffed and under-resourced

Fast-track courts are in the limelight yet again. Smriti Irani, Minister for Women and Child Development, informed the Rajya Sabha that the government has proposed to set up 1,023 fast-track courts to clear the cases under the Protection of Children from Sexual Offences (POCSO) Act. A few weeks ago, the Supreme Court in a suo motu petition had issued directions, stating that districts with more than 100 cases pending under the POCSO Act need to set up special courts that can deal specifically with these cases.

Increasing the number of courts as a recourse to deal with the mounting backlog has been a common practice. However, while large sums of money and attention are being devoted to creating additional posts, little is being done to identify and address the prevalent systemic issues. Without fully optimising the current mechanisms and resolving the problems, sanctioning more judges may not provide the intended results.

Fast-track courts (FTCs) have been around for a long time, with the first ones being established in the year 2000. Since then, much has been spoken and written about them. To quote the Ministry of Law and Justice, at the end of March, there were 581 FTCs operational in the country, with approximately 5.9 lakh pending cases, Uttar Pradesh having the most number of cases. However, 56% of the States and Union Territories, including Karnataka, Madhya Pradesh and Gujarat, had no FTCs. In terms of money, ₹870 crore was released by the Centre between 2000-2001 and 2010-2011 towards these FTCs.

State-by-State variations

With all these years of experience and money spent, it is discomfoting to see not only the decline of FTCs across the country but also systemic issues prevalent in the States that have the courts. In a survey of FTCs conducted by National Law University Delhi, it was observed that there is a huge variation in the kinds of cases handled by these courts across States, with certain States primarily allocating rape and sexual offence cases to them and other States allocating various other matters. Further, several FTCs lacked technological resources to conduct audio and video recordings of the victims and many of them did not have regular staff.

While the Centre is promising to set up FTCs across the country, the moot question is: will a mere increase in the number of judges lead to a direct reduction in pendency of cases? Data collated from the Supreme Court's 'Court News' between 2010 and 2017 show otherwise. For instance, in Karnataka, the number of working judges increased between 2012 and 2017 (with occasional dips in certain years) but pendency did not reduce. Similarly in other States, such as Maharashtra, Kerala, Delhi and West Bengal, increase or decrease in the number of judges did not affect pendency of cases.

Addressing the systemic issues

Hence, there are several other factors that have an impact on disposal of cases. Inadequate staff and IT infrastructure, delay in getting reports from the understaffed forensic science laboratories, frivolous

adjournments and over-listing of cases in the cause list are some of the variables. Identifying systemic issues and addressing the concerns is as important for timely disposal of cases as increasing the number of judges.

Furthermore, given the vacancies in subordinate courts across the country, it also needs to be seen whether States will hire additional judges or appoint FTCs from the current pool of judges. For instance, in the case of commercial courts, several States designate special judges from the current pool of judges. Such a move could prove to be problematic as it would increase substantially the workload of the remaining judges.

All said and done, the final responsibility of making sure that the entire exercise results in a positive change vests with the States. For the FTCs to become successful, States will need to take stock of the issues at the ground level.

It is often noted that policies and regulations are passed without keeping in view the ground realities. It is important that States engage with the principal and senior district judges to get a sense of issues the courts are facing in various districts. Equal attention must be paid to both the metropolitan and far-flung non-metropolitan areas. Critical issues such as inadequate court staff, improper physical and IT infrastructure and understaffed forensic labs, which affect the day-to-day functioning of the FTCs, must be comprehensively addressed. For the overall system to work productively, it is important to ensure that its various components work efficiently and without any hindrance.

13.AFGANISTAN

Clouds of uncertainty over Afghanistan

There can be no peace unless the Taliban and Afghan security forces de-escalate

After Pakistan Prime Minister Imran Khan's 'successful' visit to Washington last month, another round of Doha talks between the U.S. and the Taliban has started. U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad was in a hurry to go to Doha via Islamabad to ensure that Pakistan will deliver. On July 31 he tweeted, "In Doha, if the Taliban do their part, we will do ours, and conclude the agreement we have been working on".

U.S. policy reversal

U.S. President Donald Trump has reversed his Afghanistan policy over the past two years. The 2017 policy aimed at breaking the military stalemate in Afghanistan by authorising an additional 4,000 soldiers, giving U.S. forces a freer hand to go after the Taliban, putting Pakistan on notice, and strengthening Afghan capabilities. Within a year, it became clear that the policy was not working. The U.S. failed to understand that no insurgency can be defeated as long as it enjoys sanctuary. Direct talks with the Taliban began with the appointment of Mr. Khalilzad. But soon, the U.S. realised that it needed the Pakistan army's help to get the Taliban to the negotiating table. A politically savvy Khalilzad understood that his negotiating time frame was governed by President Trump's re-election due in 2020; therefore any deal had to be concluded before the end of 2019. This reality wasn't lost on either the Taliban or the Pakistan army; time was on their side.

While the U.S. maintained that the seventh round of Doha talks would cover four issues — a cessation of hostilities; an intra-Afghan peace dialogue; assurance from the Taliban that Afghan territory would not be used for attacking U.S. interests; and U.S. troop withdrawal — the Taliban made it clear that its priority was the last issue. It rejected a ceasefire, instead launching its spring offensive, Operation Fath, as well as talks with the Afghan government, describing it as a "puppet regime". The Taliban provided some assurances on the third issue but kept demanding a firm date for U.S. troop withdrawal.

The Taliban relented on the second issue, an intra-Afghan peace dialogue, when pushed by Pakistan. In early July, it met with an Afghan delegation, which included some officials who were present in their personal capacity.

The quid pro quo for Pakistan for delivering on this soon emerged in Mr. Khan's meeting with Mr. Trump on July 22. On January 1, 2018, Mr. Trump had accused Pakistan of "lies and deceit". He tweeted that while the U.S. had given Pakistan "\$33 billion in aid", Pakistan was providing a "safe haven to terrorists". He conveyed his displeasure by cutting off \$1.3 billion of assistance. Nearly 18 months later, with Mr. Khan standing beside him, Mr. Trump told the world that "Pakistan is going to help us out to extricate ourselves".

Mr. Khan cleverly tickled Mr. Trump's ego by suggesting that as the leader of the "most powerful country in the world", he could "play an important role in bringing peace in the subcontinent". Mr. Trump lapped it up and offered his mediation skills to help resolve the Kashmir problem, adding that Prime Minister Narendra Modi had himself suggested it during their exchange in Osaka, a claim that was promptly rejected by the Indian authorities. As a downpayment for the next round of Doha talks, the U.S. also cleared a \$125 million support package for Pakistan's F-16 fleet.

Meanwhile, elections in Afghanistan have been postponed twice and will now be held on September 28 to give time for the Doha talks. The Afghan government has lost credibility and there is little support for its term being extended. A deteriorating security environment makes it difficult for a credible election to be held. Afghan security forces are losing 25 to 30 men daily, a toll that is depleting ranks and dampening morale.

Campaigning kicked off on July 28 and was marked by a suicide attack on Amrullah Saleh, the candidate for vice president as Ashraf Ghani's running mate, at his party office in Kabul. Mr. Saleh had a narrow escape but the suicide attack claimed over 20 lives. Mr. Saleh has been among the most vocal critics of the hasty reconciliation process and the U.S.'s gullibility at reposing faith in the Pakistan army. A close aide to the former Northern Alliance leader Ahmad Shah Massoud, Mr. Saleh has long been targeted by the Taliban.

The Taliban is not going to take part in the election, and once a deal is concluded, its demand will be for an interim government. Even if elections take place, an elected government would soon find itself at cross purposes with the interim government. Further, a number of promised electoral reforms are yet to be implemented.

An interim government would prepare the ground for fresh elections after constitutional amendments and electoral reforms that would be decided by the traditional Loya Jirga process over two years. However, this approach is strongly opposed by the more secular and liberal Afghan groups, including women, who see it as a step back from the democratic rights and principles enshrined in the 2004 Constitution. There is a deepening sense of unease and betrayal in the Afghan government which feels that its legitimacy is being eroded by the U.S. tacitly making deals and leaving it in the lurch.

U.S. Secretary of State Mike Pompeo has already indicated September 1 as a deadline for concluding the Doha process. Instead of a messy and contentious election, an interim government would provide a better environment for the U.S. to manage its exit in keeping with the 2020 election calendar.

Continuing uncertainties

The reality is that there can be no peace unless the Taliban and Afghan security forces de-escalate, and this will require talks between the Taliban and the government. The Taliban wants to bypass this by entering government through the back door, using the interim structure. Such a move is likely to create strains within the Afghan security force which needs a clear chain of command to function. There is a rise in ethnic polarisation in Afghanistan. With the emergence of the Islamic State, there is growing evidence of sectarian polarisation. Any dilution of the cohesiveness of the Afghan security forces, which are dependent on external funding (primarily the U.S.), would dramatically increase the risks of fragmentation of Afghanistan.

All Afghans are tired of conflict, want peace, and accept that this requires reconciliation. But not all Afghans want peace on the terms of reconciliation dictated by the Taliban. Today 74% of the Afghan population is below 30 years and has lived for most part in a conservative but open society. That is why there is no national consensus on reconciliation. In the absence of a national consensus, external actors are able to intervene to support their own favourites. But that is not Mr. Trump's problem. The U.S.'s exit will end its long war in Afghanistan but growing political uncertainties will only exacerbate Afghanistan's ongoing conflict.

14.JUDICIARY

Bigger and better

More judges are welcome, but SC must focus on its role as interpreter of the Constitution

Any move to increase the strength of the judiciary ought to be welcomed, given the perennial complaint that availability of judges is not increasing in proportion to the institution of cases. In this perspective, the Union Cabinet's decision to raise the strength of the Supreme Court from 31 to 34, including the Chief Justice of India, will help in dealing with the large pendency — 59,331 cases on July 11. The law that fixes the number of judges in the highest court was last amended in 2009 to raise the figure from 26 to 31. Chief Justice Ranjan Gogoi had written to the Prime Minister recently, highlighting the problem of paucity of judges, due to which he was unable to constitute enough Constitution Benches to decide important questions of law. However, a moot question is whether the highest court should go into the correctness of every decision of every high court. Are the judicial resources available being used optimally? Is valuable time being taken up by mundane matters that do not impinge on larger questions that involve interpretation of laws and constitutional provisions? For instance, routine bail matters land up in the Supreme Court within days of persons being arrested. Every major crime or disaster seems to invite a litigant, ostensibly in public interest, who mentions the matter before the Chief Justice for urgent hearing. The court is being invited to even oversee flood relief work.

A mere increase in the court's strength may not be enough to liquidate the burgeoning docket. Another set of measures that would save the court's time, including a reasonable restraint on the duration of oral arguments and a disciplined adherence to a schedule of hearings may be needed. In this case, one of the principal objectives should be to preserve the apex court's primary role as the ultimate arbiter of constitutional questions and statutory interpretation. All other questions involving a final decision on routine matters, especially civil cases that involve nothing more than the interests of the parties before it, ought to be considered by a mechanism that will not detract from the court's primary role. Some countries have brought in a clear division at the level of the apex judiciary by having separate constitutional courts, which limit themselves to deciding questions of constitutional importance. It may be worthwhile considering the 229th Report of the Law Commission, suggesting a new system under which there will be one Constitution Bench in Delhi, and four 'Cassation Benches' for different regions of the country. These will be final appellate courts for routine litigation. This arrangement may also increase access to justice to those living in far-flung areas of the country and who may otherwise have to come to Delhi and spend more time and money in pursuing appeals. It may also cut down on the time taken for disposal of cases.

15. SEXUAL HARRASMENT

The roots of sexual brutality

In India, it is the quintessential form of political privilege and social authority

“Multiple and entangled wrongs as unfolded in Unnao do not appear as such to those who commit them.”
A solidarity rally for the Unnao rape victim in front of India Gate in New Delhi on July 29, 2019. AFP

As the young woman from Unnao, victim of multiple outrages, battles for her life, we, who are often reduced to being hapless chroniclers, have once again to wonder at the everyday workings of India's criminal justice system. Though several rounds of police and judicial reforms have sought to improve its workings, and humanise its approach, the fact remains that at the level of the police thana, other factors direct police action. Local political power; economic, social and sexual tensions between individuals; caste and community equations; habitual misogyny; and the measure of impunity that a perpetrator of crime might claim and exercise all shape not only police responses but those of the civilian government as well, including of doctors, revenue officers and those in the local Collectorate.

As those of us who have worked on issues of sexual assault since the late 1970s know, a complainant is most likely to be disbelieved, blamed for what happened to her, and denigrated and rubbished if she is a Dalit or Adivasi, or from a community perceived as marginal. If she persists in keeping with the justice system, its menacing indifference is calculated to demoralise her. If her family supports her, there might be some relief and care, but if they don't or cannot because they are themselves under pressure to keep quiet, she is left feeling abandoned and friendless and, worse, tainted. Many a time, a protest or a campaign, or the continued presence of women's groups, Dalit groups and progressive political and civil rights interventions alone have made it possible for even an FIR to be registered.

Civic indifference

With respect to the Unnao incident, notwithstanding the fact that the families of the alleged perpetrators and victim are known to each other, and from the same caste, the sequence of events has not been essentially different. For fear of the alleged perpetrator, an MLA belonging to the Bharatiya Janata Party, the police did the bare minimum that was required of them. It was only after the victim, who had been persistent in her quest for justice, threatened self-immolation in front of Uttar Pradesh Chief Minister Yogi Adityanath's office did the wheels of justice begin to move somewhat decisively.

What stands out even in this familiar landscape of crime is civic indifference to sexual violence. It is as if such violence is expected in situations where a supplicant approaches a man in power, and is made to wait upon or transact his ostensible largesse. We were witness to a similar and equally outrageous act in Banda, in Uttar Pradesh, in 2010, when a minor girl accused sitting Bahujan Samaj Party MLA Purushottam Dwivedi of rape. Her family had approached him for assistance and protection, since there had been an attempt to kidnap and sell the girl, with the collusion of the local police. Unlike in the Unnao instance, though, Mayawati, who was Chief Minister, called for the prosecution of her MLA. It is noteworthy that the victim had the support of the country's only rural women's news network, Khabar Lahariya, which has been long active in the region.

An ornamental document

The violently transactional nature of sexual assault in these circumstances bears looking at in some detail. A woman approaches an elected representative of the people for assistance, exercising her right to state redressal and assistance. She realises very soon that her claims are not transactable in a civic sense, but only in a violently sexual sense. In the event, not only is her bodily integrity violated, but also a series of constitutionally guaranteed rights, including the right to life and livelihood. And by those who have taken an oath in the name of the Constitution!

However, these crimes are not viewed in these terms. The Constitution is seldom viewed as enunciating shared civic values and morality. Rather, it exists as a formal and ornamental document that affirms not so much our sovereign democratic selves, but the privileges we have gained as elected representatives. Second, multiple and entangled wrongs as unfolded in Unnao and Banda and indeed elsewhere do not appear as such to those who commit them.

For one, they are validated in any number of ways, first by the family, and next by kin and caste networks. Kuldeep Singh Sengar's brother and henchmen were fully behind his various reportedly criminal acts. More important, whatever their personal feelings, Sengar and Dwivedi's spouses felt honour-bound to insist that their husbands could never have done what they ostensibly did. For to admit that their spouses are capable of such acts of crime would be tantamount to conjugal infidelity, and a denunciation of the caste family. Female complicity in these instances helps secure male authority as given and 'natural', thus placing it beyond the pale of questioning.

In any case, even if spouses do not actively endorse their husbands' crimes, the perpetrators suffer no pangs of conscience. After all, both within the family and without, a powerful man's right to a woman's body appears a natural extension of his maleness: marital rape is not an issue, for one, and male sexual entitlement is something that women are expected to reckon with. If they don't, that is entirely their problem, as has been made clear with respect to a slew of #MeToo allegations.

Survival of caste society

Further, such entitlement and power are affirmed by their constitutive context, which is caste society. Birth-based superiority, illegitimate as it is, cannot be sustained, unless it is renewed day in and day out through a combination of patent lies and brute force. Verbal and physical acts of sexualised humiliation and violence directed at the lower castes and Dalits are necessary for the survival of caste society and increasingly so, in the face of challenges and resistance. In the Unnao instance, and in other such instances, sexual brutality is thus not an afterthought: it is the quintessential form of political privilege and social authority in our social context. Our criminal justice system is yet to reckon with such routinised and habitual criminality, for it is never quite registered as such.

16.CURRENCY WAR in ASIA

Explaining the Asian rate cuts wave

Policy makers across Asia should ensure enough ammunition to manage a prolonged economic downturn

The latest International Monetary Fund (IMF)-World Economic Outlook update in July 2019 has confirmed a growing belief that global growth has decelerated and dark clouds seem to be looming in the near term. Specifically, the IMF has downgraded global growth multiple times since October 2018 and now projects it to be 3.2% compared to 3.6% in 2018.

The China factor

While the deceleration in economic activity is broad-based among both the advanced and developing economies, particular attention should be paid to China. The country has faced strong headwinds to growth both because of the ongoing supply-side reforms, including dealing with financial risks (reining in of shadow banking and hidden debt of local governments), as well as the negative effects of escalating tariffs and their consequent impact on its exports and investment. It is noteworthy that China is one of the few major economies that is expected to continue to decelerate into 2020 (along with Japan which is faced with acutely unfavourable demographics and seems unable to escape persistent deflationary pressures).

As corporates look to reconfigure their China-centric supply chains (both in response to the ongoing policy uncertainties and rising protectionist sentiments), many export-dependent Asian economies that are a part of the intricate production networks have also inevitably been hard hit. While there have been some short-term beneficiaries of the export and trade diversion from China to countries such as Vietnam, the global external demand slowdown has more than outweighed these gains. For instance, given Singapore's small size and acute openness, it has often acted as a recession barometer for the rest of Asia. Latest data show that exports from the city state have collapsed and the Singapore economy is expected to face stagnation in 2019 on the back of a sharp slowdown in the manufacturing sector. This does not bode well for other trade-dependent economies in the region.

Asian banks to the rescue?

In response to the global economic slowdown as well as generally subdued inflationary pressures, many Asian central banks (India, China, Indonesia, Malaysia, the Philippines, South Korea) have begun to ease monetary policy. However, this generalised loosening has happened largely following the recent signals from the U.S. Fed that it is set to embark on a new round of rate cuts in response to the slowdown in the United States and the rest of the world. In fact, in his congressional testimony on July 10, 2019, chairman Jerome Powell emphasised the slowdown in global growth as the main reason for the Fed moving towards a more accommodative stance, leading some to suggest that he has become the "world's central banker".

The recent wave of rate cuts in Asia is consistent with research which suggests that emerging economies tend to be cautious about lowering interest rates when the base country (usually the U.S.) does not do so as they are concerned about potential capital flight and sharp currency depreciations which in turn could

have negative repercussions on domestic firms and other entities with unhedged external borrowings in foreign currencies. However, when interest rates in the base country decline, while emerging economies may experience massive surges in capital inflows if they stand pat on interest rates, they can maintain monetary policy autonomy via a combination of sterilised foreign exchange intervention (leading to sustained reserve accumulation) as well as tightening of capital controls and/or use of macro prudential policies (MaPs).

Alternatively, if the emerging economies are themselves faced with an economic slowdown, they are comfortable lowering their interest rates along with the base country, as is the case currently in Asia. This said, it is wise for Asian policy makers to ensure that they have enough ammunition to manage a prolonged downturn given that 2020 is “precarious” with many downside risks, as the IMF’s chief economist, Gita Gopinath, put it.

RBI’s monetary policy stance

Where does all of this leave India? On the one hand, since India has not been well-integrated with the Asian and global supply chains, it has not been as impacted directly by the China-U.S. trade war. On the other hand, given existing acute domestic bottlenecks, policy missteps and ongoing structural challenges, India has not been able to reap significant benefits as an alternative production and export platform to China.

On the back of a prolonged downturn in the capex cycle, the IMF has downgraded projected growth for India to 7% in 2019. This is broadly in line with the forecasted range by the Reserve Bank of India (RBI). While this growth is admirable relative to other major countries, it is well below the country’s likely potential growth of 7.5% and 8%.

In view of this “growth recession” and subdued inflation, along with a lack of fiscal space, and with the government having been distracted by the general election, the RBI moved much earlier than most of its Asian counterparts in taking steps to lower interest rates, having cut rate multiple times by 25 basis points since October 2018 to a nine-year low in nominal terms. The concerns here however have been threefold.

One, despite the rapid interest rate cuts, India’s real interest rates are still higher than most other countries, though it remains unclear what the neutral real interest rate consistent with India’s potential output actually is. The statement by RBI Governor Shaktikanta Das following the June 2019 interest rate cut that the RBI’s policy stance “has again changed... from ‘neutral’ to ‘accommodative’” presumably suggests that he views current real interest rates to be below equilibrium. This is rather odd in view of the fact that real rates have actually risen in recent times.

Two, more than most other countries in the region, an ongoing concern for India is that interest rate policy transmission to bank rates tends to be rather slow and limited. This is likely due to a combination of factors: the banking system has been faced with a deterioration in asset quality and remains saddled with bad debts; there has been and anaemic deposit growth; and there is limited scope to reduce deposit rates.

Three, despite the interest rate cuts, India’s real effective exchange rate (REER) has actually appreciated somewhat (around 7%) since October 2018, consistent with the fact that real interest rates have not declined. This lack of price competitiveness boost is especially of concern given that external demand is expected to remain subdued and uncertain and other regional currencies may themselves face

depreciations pressures following the dovish policy stances by their central banks which could possibly translate to further REER appreciation in the rupee.

Sovereign bond issue

Going forward, if India is to succeed in its ambition of becoming a \$5-trillion economy by 2024-25, there can be no substitute for undertaking the necessary structural reforms needed to jump-start private investments and longer-term growth. However, in the short term, in all likelihood, monetary policy will have to remain accommodative (more so than what it is currently) and much greater attention will be needed to be paid on how to revive public capex without raising the cost of capital further.

In the face of constraints in raising revenues in a slowing economy, the government's preferred solution seems to be to issue overseas sovereign bonds rather than streamline subsidies and revenue expenditures. The proposed \$10 billion sovereign issuance is manageable vis-à-vis the country's stock of forex reserves, while India's sovereign external debt (as share of GDP) is modest at present. However, increases in external borrowings add an additional element of risk to the economy. Such a move also likely complicates monetary policy further, as any adverse exchange rate movements will lead to a ballooning of interest payments on government debt which is already eating up around a quarter of budgetary spending. It is not clear that the current policy mix is ideal for India.

17.CONSERVATION

The taproot of conservation justice

Cutting down the Forests Right Act will only weaken the conservation regime and affect the rights of forest dwellers

I have had the good fortune to work in, visit and learn about protected areas and wildlife habitats across India since 1980. Beginning in the late 1980s, I have written and spoken about the ecology and conservation of Indian wildlife to numerous and varied audiences. One question that is invariably asked by foreigners is how India has managed to conserve such a diversity of wildlife given its large population and development challenges. To me it has always been clear that the tolerance and, in many cases, the reverence that local communities have for Nature has been absolutely vital for the sustained success of the conservation efforts of the government and other agencies. Not to forget the widespread and long conservation track record of the local communities; the state of sacred groves is a very good example.

The Forest Rights Act (FRA) is a piece of social legislation which aims to address the historical injustice that our forest dwelling communities have had to face for nearly 150 years by providing them with security of tenure over land for cultivation and habitation through individual rights. It also provides access to a variety of resources through more than a dozen types of community forest rights. The FRA also empowers forest dwelling communities to protect, regenerate, conserve and manage any community forest resource which they have been traditionally protecting and conserving for sustainable use. It has the provision for creating critical wildlife habitats within protected areas which currently is the strongest conservation provision among existing laws of the country.

Legal challenges

It is extremely unfortunate that the very constitutionality of the FRA was challenged in the Supreme Court in 2008 by about half a dozen conservation organisations. The court has tagged many other cases including from several High Courts which are currently being heard jointly. The court's order of February 13, 2019 since put in abeyance by its order dated February 28, 2019 highlights the very tardy implementation of the FRA by the State governments.

One of the key arguments of the petitioners has been that it is beyond the legislative competence of Parliament to enact the FRA as 'land' is a state subject. Tenuous as this is, if this argument of the petitioners is accepted, the Wildlife Protection Act and the entire architecture of forest laws will have to be dismantled as ultra vires as all of them deal with 'land', including the Indian Forest Act and the Forest (Conservation) Act.

The February 13 order of the Supreme Court directs the eviction of lakhs of forest dwellers whose claims have been rejected under the FRA. With recent media reports showing that many State governments have admitted to the Supreme Court that their implementation of the FRA has been incomplete and flawed — with due process not having been followed especially while rejecting claims — the misguided and unmeritorious nature of this whole legal challenge becomes very clear.

What the FRA is

The FRA has been savagely criticised as a land distribution legislation, which it is not. The FRA very clearly states that forest dwellers who are either Scheduled Tribes or Other Traditional Forest Dwellers are only entitled to claim both individual and community forest rights through a clear process of submitting a claim

and after its verification and subsequent approval or rejection. For the rejected cases, an appeal process has been outlined. The FRA aims to only confirm tenure and access rights which in some sense the forest dwellers have been exercising de facto but under severe restrictions and control especially by the forest department. In fact, it is the failure of the state to settle pre-existing rights under existing forest and conservation laws that created the situation of historical injustice.

The FRA does not sanction any fresh clearance of forest, as individual rights over land will only be granted if the forest dweller was in possession of that parcel of land on December 13, 2005. It also limits the extent of land that can be granted to the area that was occupied on December 13, 2005 and places an upper limit of four hectares per claimant for individual rights. These provisions are often overlooked or deliberately suppressed by those who criticise FRA.

The FRA, by design, has tremendous potential to strengthen the conservation regime across India by recognising rights of forest dwellers over land and community forest resources, a key factor for conservation to succeed as shown both by research and practice in many countries. By democratising forest governance and conservation through the provision of rights and authority to local communities and gram sabhas for conservation and management of forests, the FRA will empower gram sabhas of the forest dwelling communities to halt the destruction of forests, as especially highlighted in the Niyamgiri case. Implementing the FRA in letter and spirit with empathy for forest dwellers will be a decisive step by India to achieve conservation justice.

18.MOTOR VEHICLE ACT

At a crossroads

India's transport sector needs reform; changes to the Motor Vehicles Act are a start

India's Motor Vehicles Act, 1988 has remained in hibernation, unable to meet the needs of a large economy that is witnessing rising travel demand, fast-paced motorisation, major shifts in technology and deteriorating road safety. The amendments to the Act voted by Parliament seek to address some of these challenges, notably in forming a National Transportation Policy and a National Road Safety Board, providing for stiffer penalties for violation of rules, and orderly operation of new-generation mobility services that use mobile phone applications. Union Transport Minister Nitin Gadkari has countered the charge that the changes are anti-federal in character — the proposed amendments were reviewed by 18 State Transport Ministers, and the Bill reflects the modifications they suggested. Also, the Rajya Sabha introduced last-minute changes, making concurrence of, rather than consultation with States necessary when issuing fresh schemes for national, multimodal, and inter-State transport. This new provision also includes last mile connectivity, accessibility, mobility as a whole and rural transport. There is a dire need for reform in these areas, and State governments have tended to ignore these aspects. During the previous NDA government, Mr. Gadkari blamed obstruction by a 'corrupt' Regional Transport Office system for the delay in amending the MV Act. An amendment in the Rajya Sabha allows for RTOs to visit dealerships to register vehicles. This is not much of a change over the practice of dealers taking vehicles to RTO offices.

The onus is on States to show that the purchaser will not have to pay a bribe.

Going forward, the Centre must deliver on its promise that the amended Act will help reduce dependence on personal vehicles, and present its National Transport Policy without delay. States must be incentivised to provide clean, comfortable and affordable services for all users, including people with disabilities. It is relevant to point out that the National Urban Transport Policy of the UPA failed to achieve this. Mr. Gadkari's emphasis is on structural reform and an upgrade to subsidised electric buses for low-cost air-conditioned travel. But State Transport Corporations must adopt modern management practices. New regulation can certainly shake up the status quo, facilitating transparent investment by any intending operator and removing vested interests, particularly in inter-State and multi-State coach services. But some of the other amendments are less promising. A sharp increase in fines has little chance of improving safety. Studies show that sustained, zero tolerance enforcement of even small fines reduces violations, while stringent penalties are either not enforced or lead to more bribery.