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PRELIMS and MAINS TOPICS

TOPIC 1. AFGHANISTAN



1. It is a historic moment, for this is first time Taliban, which does not recognize Afghan government, will sit across table with government and other delegates to discuss future of country.
2. After the Afghan government released the last batch of six Taliban prisoners on Thursday, both Kabul and the Taliban announced they would begin direct “intra-Afghan” talks on September 12 in Doha, the capital of Qatar. The talks are the next step after the **US-Taliban agreement** on the withdrawal of US troops from the country. It is a historic moment, for this is the first time the Taliban, which does not recognise the Afghan government, will sit across the table with government and other delegates to discuss the future of the country. An assassination attempt on Afghan vice-president Amrullah Saleh, the second in two years, that targeted his convoy and ended up killing 10 bystanders on September 9, was widely seen as a bid to derail the talks. Saleh, a former Afghan intelligence head, who has been an opponent of talking to the Taliban but has reluctantly gone along with it, has said it will be “one of the most difficult peace negotiations in history”.
3. The intra-Afghan talks (IAT) were originally scheduled to begin on March 10. But the Afghan government, excluded from the negotiations between the US and the Taliban, held out on the commitment made by the US Special Representative Zalmay Khalilzad as a pre-condition for releasing 5,000 Taliban prisoners, especially as there was no “reduction of violence” as the Taliban had promised the US. Instead, the months following the February 29 agreement saw a huge spike in attacks and bombings.
4. Under US pressure, the government of President Ashraf Ghani began to free Taliban prisoners from May onward. For the release of the last 400 prisoners who were involved in heinous crimes, President Ashraf Ghani called a loya jirga last month for a go-ahead. The government began releasing the prisoners late last month. In return, the Taliban released 1,000 government-side prisoners including ANF prisoners. The tussle over the release of the last few prisoners, accused of involvement in the killings of American, European and Australian nationals, were also the reason why talks could not be held earlier.
5. The **withdrawal of American troops** has taken place alongside. In its February 29 agreement with the Taliban, the US had agreed to bring down its troops to 8,600 (from 12,000), and shut down five bases, within 135 days. That commitment has apparently been kept. The US recently announced plans to further bring down troop levels from 8,600 to 4,500 by late October or early November, around the time of the US presidential elections, which has been the time table for this process from the start.
6. **What to expect from the talks?**
 - a. US-Taliban agreement said “[a] permanent and comprehensive ceasefire will be an item on agenda of intra-Afghan dialogue and negotiations. The participants of intra-Afghan negotiations will discuss date and modalities of a permanent and comprehensive ceasefire, including joint implementation mechanisms, which will be announced along with completion and agreement over future political roadmap of Afghanistan.”
 - b. Intra-Afghan talks are likely to be protracted. Progress and outcomes will remain mired in uncertainty.
 - c. If the two main goals are a political power-sharing settlement between the Afghan polity and the Taliban, and a ceasefire, the question that will have to be dealt with first is which should come first on the agenda. The Afghan government has stressed it wants a ceasefire first before anything else.
 - d. “The ceasefire will be the first item of the agenda when direct discussions—negotiations between the delegation of the Islamic republic of Afghanistan and the Taliban begin, now we will see what the Taliban truly believe, unfortunately, peace is not been socialised among their commanders and among

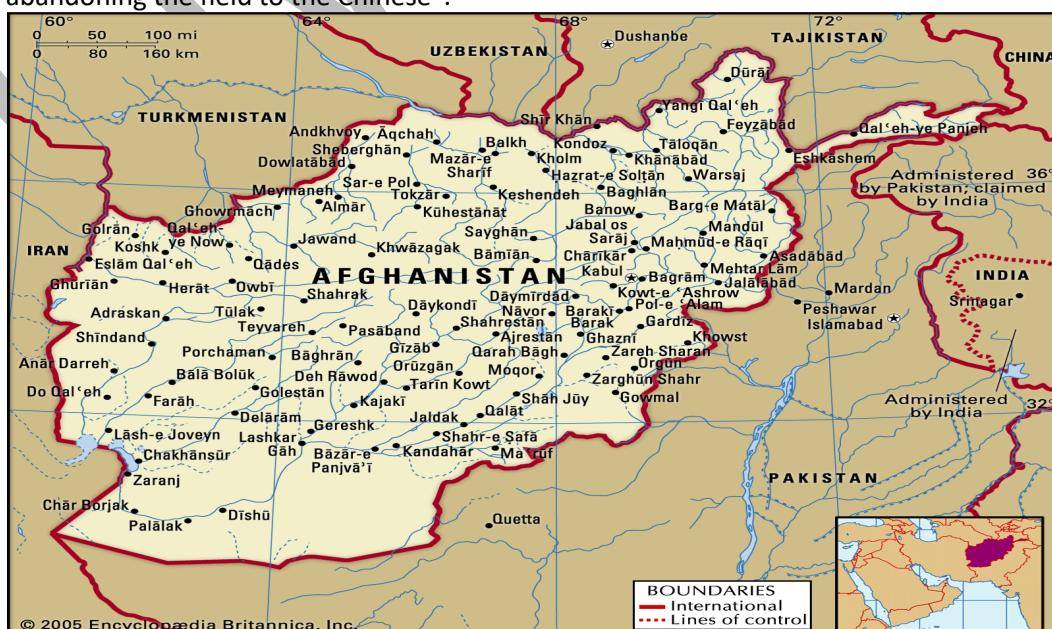
- their fighters, so it's an important juncture and I hope they will make the right choice," President Ghani said in a recent interview to the British newspaper *The Times*.
- e. But it is doubtful if the Taliban would agree to a truce first before getting what they want out of a political settlement. While in talks with the US, the Taliban had stepped up violence to leverage their demands, keeping up their armed campaign, and taking control of vast swathes of territory.
 - f. The specifics of what Taliban want out of a political settlement are also unclear. In past, Taliban have denounced democracy and democratic elections as western constructs that have no place in their vision of Afghanistan. They have dropped several hints of a return to Taliban-run Islamic Emirate of Afghanistan of 1996-2001, their preferred name for themselves and Afghanistan. But since talks with US, they have signaled they may accept some of the democratic gains that Afghanistan has made in the last two decades, but have made no commitments. They have also spoken of drafting a new Constitution.
 - g. The initial expectation is that the two sides should agree on an "inclusive" interim government that will be entrusted with hammering out the way forward.
 - h. The Afghan government, a former Indian diplomat observed, "is entering the negotiations knowing that they are a death sentence on itself". And while the US would like it all to be done and dusted before President Donald Trump's re-election bid in November, Ghani, who won a second term as President earlier this year, would prefer to stretch it out till the November US elections, hoping to get from a possible Biden White House the support that has not been forthcoming from President Donald Trump.

7. Who are the negotiators in these talks?

- a. Both sides have drawn up a list of 21 persons each for their respective negotiating teams. The Taliban has named Sheikh Abdul Hakim as its lead negotiator. The list was finalised in the first week of September. Some of the names are in line with Pakistan's expectations. The Pakistan Army, ISI played key roles in facilitating the US-Taliban agreement.
- b. Mullah Baradar, who was imprisoned by ISI for eight years, and was released under pressure from US in 2018 to take part in the talks with Khalilzad and signed the US-Taliban agreement will not lead the team.
- c. The composition of Afghan team reflect tensions within top leadership of the Taliban, especially in the absence of an overriding commander in the manner of the late Mullah Omar or of his successor, the late Mohammed Mansoor, and the dynamics between some of the key members with Pakistan. Baradar's relations with Pakistan, for instance, remain complicated. He is seen by ISI as too independent minded.
- d. Taliban Supreme leader Hibataullah Akhundzada had earlier announced that their side would be led by hardliner Abbas Stanekzai. Though close to the Pakistani security establishment, Stanekzai was bumped down to number 2 as perhaps he is not seen as pious enough by Taliban standards for the lead role.
- e. On the other hand, Sheikh Abdul Hakim, an elderly scholar-cleric, is a "real Talib". He was the "chief justice" of the Taliban judicial system, is seen as above the fray, more acceptable to all factions within the Taliban, as well as to Pakistan. He is not from the military side of the Taliban. He is also said to be close to the Supreme Leader, though he is similar to him in some ways.
- f. Though Hakim's name carries Haqqani appellation in some mentions, he does not belong to Haqqani network. He could hold Taliban together through what is likely to be a complex period in its existence.
- g. Haqqani Network is represented by Anas Haqqani, who in words of an Afghanistan watcher in India, has "walked in straight from Kabul jail to negotiating table". The younger brother of Haqqani Network leader Sirajuddin Haqqani, he and two other militants were released from prison by Afghan government in November 2019 in exchange for an American and an Australian who were being held hostage by Taliban.
- h. The Afghan government's side is headed by Masoom Stanekzai, a former head of the Afghan intelligence agency, National Directorate of Security. Not all representatives are from the government. Four of the delegates are women, who will be important to the process of safeguarding women's rights, hard won over the last two decades. There is civil society representation. Overall, the team's composition reflects the power play and the tug-of-war between various interests within the Afghan polity. Some in the delegation owe allegiance to Ghani's rival Abdullah Abdullah, who was appointed head of the High Council for National Reconciliation. The pro-Pakistan Hizb-e-Islami leader Gulbuddin Hekmatyar is also represented in the team through his son-in-law, Senator Ghairat Baheer.
- i. The inaugural session of the talks will be attended also by Abdullah, acting foreign minister Mohamed Hanif Atmar, the President's Special Representative on Peace Affairs Abdul Salam Rahimi, and State Minister for Peace Affairs, Syed Sa'adat Mansour Naderi.

8. How does India see these talks?

- a. Delhi has been barely involved in the process since it began two years ago, and while it has backed the Afghan government for an “Afghan owned and Afghan led peace process”, it has been a marginal player, and has not been a participant even in regional discussions on the process. Part of this is India’s own diffidence about engaging with a process in which it sees Pakistan playing to install the Taliban as its proxy in Kabul. From the Indian point of view, this could lead to vitiating the regional security situation, as the Taliban have links with terrorist groups that target India and Indian interests in Afghanistan. India sees common cause with Iran, which is also wary of a Taliban return. But while Teheran had opened contacts with Taliban to secure its own interests, India has not.
- b. Khalilzad has visited India three or four times in this period to keep Delhi in the loop. The US diplomat has been wary of “spoilers” who could upset Trump’s plan for a quick exit from Afghanistan, in time for the elections. Recently, Khalilzad suggested that India must engage directly with the Taliban so as to contribute to the peace efforts , and in this way could take up any security concerns with them. Delhi is firm it will not engage with the Taliban until it joins the Afghan political mainstream. Instead it has pointed to safe havens in Afghanistan to Pakistani terrorists who target India.
- c. Delhi is also certain that there will be no peaceful outcomes for Afghanistan or the region from the talks. One former diplomat has described the whole process as a train hurtling towards its own wreckage.
- d. Delhi’s other big concern, one that has begun to emerge more strongly in recent weeks as the situation at the LAC in Ladakh becomes serious, is that the vacuum created by the exit of the US may be filled by China – with or without Pakistan’s help. One reason for China to get involved is to keep control over its own restive, Muslim-majority Xinjiang Autonomous Region, which borders Afghanistan.
- e. Other is that both China and Pakistan have expressed eagerness to bring Afghanistan into CPEC. China has made modest investments in Afghanistan, notably in Aynak copper mines and in oil exploration.
- f. In a commentary titled “China’s Strategic Assessment of Afghanistan”, Yun Sun, the Director of the China Programme at the Stimson Centre, wrote that Pakistan’s stepped up role in Afghanistan “will not only indirectly contribute to China’s influence but also potentially improve the negotiation positions of both Islamabad and Beijing vis-à-vis Washington. Although China bears a negative and pessimistic view over the internal peace and stability of Afghanistan following the peace deal, there are some silver linings in terms of regional geopolitics... China sees its role in Afghanistan beyond the peace deal as cautious and flexible. It sees its role in Afghan security in three ways: as marginal in the sense that it is not a primary party to the conflict; as indispensable in the sense that China is a great power and a neighboring country that cannot be ignored; and as central in the sense that Chinese investment will be critical for the country’s future post-conflict reconstruction and economic development.”
- g. At this moment in India-China relations, the possibility of an enhanced Chinese presence in Afghanistan, in combination with Pakistan and the Taliban, is the real nightmare for India, one that India’s Afghan experts are already foreseeing.
- h. Said a former Indian ambassador to Afghanistan: “Everywhere else, the US seeks to contain China, here it is abandoning the field to the Chinese”.



TOPIC 2. KAMATH COMMITTEE



PANEL SAYS BANKS MUST KEEP IN MIND 5 MAJOR RATIOS

- Outside liability-to-adjusted tangible net worth
- Debt-to-Ebitda
- Current ratio
- Debt service coverage ratio
- Average debt service coverage ratio

Sector-specific thresholds for such ratios have also been recommended. In sectors where ratios have not been specified, banks to make own assessment keeping in view suggested contours.

Bucketing accounts under **mild, moderate and severe** stress (categories) may ensure quick turnaround... **simplified restructuring** for mild and moderate stress may be prescribed. Severe stress cases would require **comprehensive restructuring**

BCCL KV KAMATH PANEL

1. A five-member expert committee headed by K V Kamath, former Chairman of ICICI Bank, recently came out with recommendations on financial parameters required for a one-time loan restructuring window for corporate borrowers under stress due to pandemic. It sets stage for banking sector's biggest ever loan restructuring programme.

2. Why was the committee set up?

- The Reserve Bank of India set it up last month. While the RBI provided the broad contours of the one-time loan restructuring plan, the committee was tasked to recommend the sector-specific benchmark ranges for financial parameters to be factored into each resolution plan for borrowers with an aggregate exposure of Rs 1,500 crore or above at the time of invocation. The process and conditions are being announced to ensure there is no evergreening of bad loans, and only genuine cases directly hit by Covid-19 stress are provided the facility of one-time restructuring. The programme is being implemented as a six-month moratorium on repayments ended on August 31 and the economy faced contraction amid a continuing lockdown in several states.

3. How serious is the debt problem?

- The Kamath committee noted that corporate sector debt worth Rs 15.52 lakh crore has come under stress after Covid-19 hit India, while another Rs 22.20 lakh crore was already under stress before the pandemic. This effectively means Rs 37.72 crore (72% of the banking sector debt to industry) remains under stress. This is almost 37% of the total non-food bank credit. The Kamath panel has said companies in sectors such as retail trade, wholesale trade, roads and textiles are facing stress. Sectors that have been under stress pre-Covid include NBFCs, power, steel, real estate and construction.

4. What are the key proposals?

- The RBI has broadly accepted the committee's recommendation to take into account five financial ratios and sector-specific thresholds for each ratio in respect of 26 sectors while finalising the resolution plans. These ratios are: total outside liabilities to adjusted tangible net worth; total debt to earnings before interest, taxes, depreciation, and amortisation (EBIDTA); debt service coverage ratio (DSCR); current ratio; and average debt service coverage ratio (ADSCR).
- The RBI has now finalised sector-specific ceilings for each of these ratios that should be considered by lending institutions. The parameters have been specified depending on severity of the impact of the pandemic. The hardest-hit sector real estate, for instance, has been provided the highest permissible debt-to-EBIDTA ratio for a resolution plan.

5. How will these proposals be implemented?

- Banks will present their board-approved resolution policies taking into account the RBI final guidelines. Broad guidelines will also be put in place for restructuring of retail loans. The RBI has allowed banks to recast loans which were classified as standard as on March 1, 2020. For implementing resolution plans, signing of an inter-creditor agreement (ICA) is mandatory in all cases involving multiple lending institutions.
- The resolution framework will be invoked before December 31, 2020 and will be implemented before 180 days from the date of invocation. The process has to be approved by lenders with 75% in value and 60% in numbers. Lenders signing ICA will have to make a 10% provision and non-signing lenders at 20%.

Restructuring can be done via the extension of residual tenor by a maximum of two years with or without moratorium and may include conversion of loan into equity. Any default by the borrower with any of the lenders that signed an ICA during the monitoring period would trigger a review period of 30 days. If the borrower remains in default at the end of the period, all lenders would downgrade the account as a non-performing asset (NPA).

6. Which are the sectors affected?

- Pharma, telecom, IT, FMCG, brokerage services, agri and food processing, sugar and fertiliser are among the sectors least impacted by the pandemic. Tourism, hotels, restaurants, construction, real estate, aviation, shipping, media and entertainment are among the sectors most impacted. Of the Rs 15.5 lakh crore loans impacted by the pandemic, the biggest ones are retail trade and wholesale trade as banks loan worth Rs 5.42 lakh crore have been impacted. Loans worth Rs 1.94 lakh crore to the roads sector and Rs 1.89 lakh crore to the textile sector have also been impacted.
- Other major industries impacted, and to which banks have sizeable exposure, include engineering (Rs 1.18 lakh crore), petroleum & coal production (Rs 73,000 crore), ports (Rs 64,000 crore), cements (Rs 57,000 crore), chemicals (Rs 54,000 crore) and hotels & restaurants (Rs 46,000 crore) among others.
- Small borrowers: Banks are working out individual plans for retail borrowers and small units; the conditions for big borrowers do not apply to them. At least Rs 210,000 crore (1.9% of banking credit) of the non-corporate loans are likely to undergo restructuring, which would have otherwise slipped into NPAs, India Ratings has said in a report.

7. Will the loan recast lift the economy?

- Restructuring announcements in the past (FY08-11 and FY13-19) had raised concerns about the efficacy of the restructuring mechanism, as most of the restructured assets eventually slipped into NPAs. While the RBI has put into place several guardrails this time in the form of defined timelines and external vetting, success of the plan will still largely depend upon a significant revival in the economy. The GDP, which contracted by 23.9% in the April-June quarter, is likely to continue contracting in the ongoing quarter.
- According to India Ratings, based on an account level analysis, nearly 53% of this pool is at a high probability of restructuring/slippages. The balance 47% is at moderate risk of restructuring, and progress on these accounts will depend on the progress of Covid-19 situation. The biggest impact will be that banks will be able to check the rise in NPAs to a great extent. However, it's not going to bring down the NPAs from present levels as legacy bad loans of close to Rs 9 lakh crore will remain within the system.

8. How were earlier schemes misused by banks and corporates?

- The RBI discontinued the corporate debt restructuring (CDR) scheme from April 1, 2015. For years, promoters of many big corporates were siphoning off bank funds while their units suffered. They approached CDR cells of banks to get their loans recast, some of them managing this more than once. Some of those who misused CDR are now in the bankruptcy court. The RBI later introduced three more loan recast schemes which either remained largely on paper or were abused by borrowers. The Insolvency and Bankruptcy Code finally kicked off and the RBI announced a stringent loan resolution process.

TOPIC 3. CENSORSHIP

1. Any legislation that imposes a prior restraint on speech usually has the burden to show that the reason for such restraint can be found under Article 19(2). It is generally allowed only in exceptional circumstances.

2. Different courts recently gave conflicting rulings involving the broadcast of two shows — a programme on Sudarshan TV and the Netflix documentary Bad Boy Billionaires. In each case, one court restricted the broadcast and another refused to interfere. These raise questions on the fundamental right to freedom of speech and expression, and whether these can be restrained prior to broadcast or publishing.

3. What are the cases about?

- Sudarshan TV's Bindas Bol was scheduled for telecast on August 28. A 49-second trailer posted on Twitter claimed the show would contain a "big expose on conspiracy to infiltrate Muslims in government service", referring to Jamia Millia Islamia University alumni who cleared the civil services exam this year. On August 28, the Supreme Court refused to stay the broadcast, while the Delhi High Court Bench of Justice Navin Chawla granted an interim injunction restraining the telecast. A day later, the same High Court Bench refused to vacate its stay order.
- In the Netflix case, following a plea by Sahara chief Subrata Roy, a court in Bihar's Araria passed an interim order on August 30 staying the release of Bad Boy Billionaires scheduled on September 2. Two days before the stay, the Delhi High Court bench of Justice Navin Chawla had refused to grant a stay against the release in a plea by Gitanjali Gems promoter Mehul Choksi.

4. How did the courts decide the same issue differently?

- The Delhi High Court issued an injunction after noting that the proposed telecast on Sudarshan TV violated the code prescribed in the Cable Television Network (Regulation) Act, 1995. Section 5 prescribes that "no person shall transmit or re-transmit through a cable service any programme unless such programme is in conformity with the prescribed programme code."
- Section 19 gives the power to prohibit a broadcast in the public interest if the programme is "likely to promote, on grounds of religion, race, language, caste or community or any other ground whatsoever, disharmony or feelings of enmity, hatred or ill-will between different religious, racial, linguistic or regional groups or castes or communities or which is likely to disturb the public tranquillity".
- Justice Chawla said prima facie it appeared proposed broadcast would violate Section 5. I&B Ministry informed court it had received complaints against the broadcast and had sought the channel's response.
- A two-judge Bench of the Supreme Court headed by Justice D Y Chandrachud said the petition against the Sudarshan TV show prima facie raises "significant issues bearing on the protection of constitutional rights". However, it said that it would "desist" from "imposing a pre-broadcast interlocutory injunction on the basis of an unverified transcript of a forty-nine-second clip". "The Court has to be circumspect in imposing a prior restraint on publication or the airing of views. We note that under statutory provisions, competent authorities are vested with powers to ensure compliance with the law...", the court added.
- In the Netflix case, the High Court dismissed Choksi's petition, saying since only he was personally affected by the broadcast, the appropriate remedy would be to file a civil suit.

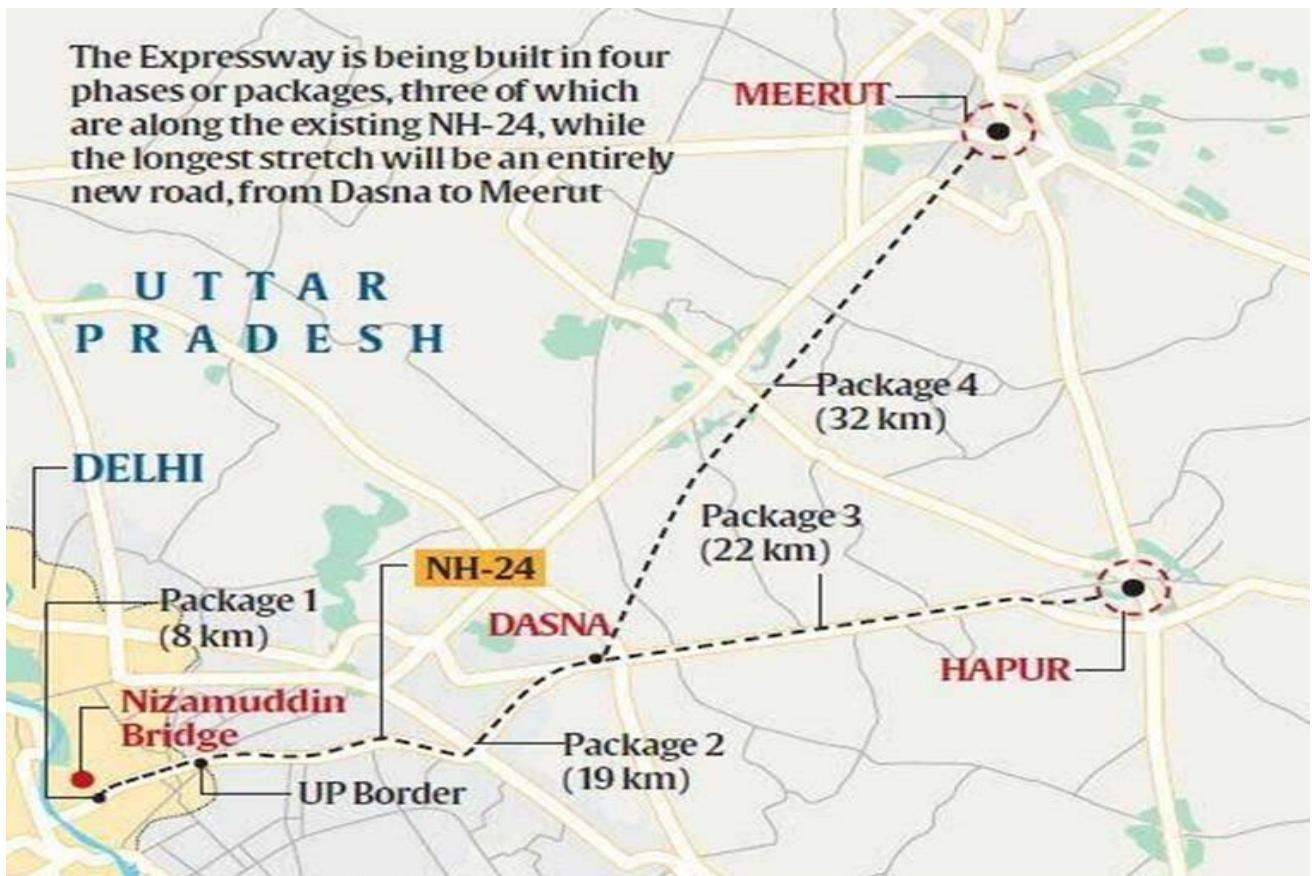
5. What is prior restraint?

- Prior restraint is prohibiting exercise of free speech before it can take place. Imposition of pre-censorship or prior restraint on speech is a violation of fundamental right to freedom of speech and expression enshrined in Article 19 (1) (a) of Constitution. Any restrictions imposed on this right have to be found under Art 19(2) of Constitution, which lists out "reasonable restrictions" that include interests of sovereignty and integrity of India, security of state, public order, and incitement to an offence.
- Any legislation that imposes a prior restraint on speech usually has the burden to show that the reason for such restraint can be found under Article 19(2). It is generally allowed only in exceptional circumstances. The idea is that speech can be restricted only when judged on its actual content and not pre-emptively based on perceptions of what it could be.
- The court has adopted the "proximity" test to determine if public order would be affected to allow prior restraint — the state is required to demonstrate a proximate link between public order and the speech.
- Two rulings by the Supreme Court in 1950, which held that legislation imposing prior restraint on the press were unconstitutional citing that the restricts were too broad, led to the First Amendment of the Constitution that tinkered with the scope of restrictions on free speech under Article 19(2), adding the word "reasonable" before the restrictions.

TOPIC 4. BREACH OF LEGISLATURE'S PRIVILEGE

1. A motion for **breach of privilege was moved** in the Maharashtra Assembly against Republic TV's Managing Director and Editor-in-Chief Arnab Goswami on Tuesday (September 8). A similar motion was moved in the Maharashtra Legislative Council against actor Kangana Ranaut.
2. The truncated two-day Monsoon Session having ended on Tuesday, the motions could not be taken up by the lawmakers.
3. **Which provisions of the Constitution protect the privileges of the legislature?**
 - The powers, privileges and immunities of either House of the Indian Parliament and of its Members and committees are laid down in Article 105 of the Constitution.
 - Article 194 deals with the powers, privileges and immunities of the State Legislatures, their Members and their committees.
 - Parliamentary privilege refers to the right and immunity enjoyed by legislatures, in which legislators are granted protection against civil or criminal liability for actions done or statements made in the course of their legislative duties.
4. **What constitutes a breach of this privilege?**
 - While the Constitution has accorded special privileges and powers to parliamentarians and legislators to maintain the dignity and authority of the Houses, these powers and privileges are not codified. Thus, there are no clear, notified rules to decide what constitutes a breach of privilege, and the punishment it attracts.
 - Any act that obstructs or impedes either House of the state legislature in performing its functions, or which obstructs or impedes any Member or officer of such House in the discharge of his duty, or has a tendency, directly or indirectly, to produce such results is treated as breach of privilege.
 - It is a breach of privilege and contempt of the House to make speeches or to print or publish libel reflecting on the character or proceedings of the House, or its Committees, or on any member of the House for or relating to his character or conduct as a legislator.
5. **What is the procedure to be followed in cases of alleged breach of the legislature's privilege?**
 - The Legislative Assembly Speaker or Legislative Council Chairman constitutes a Privileges Committee consisting of 15 members in the Assembly and 11 members in the Council.
 - The members to the committee are nominated based on the party strength in the Houses.
 - Anant Kalse, retired principal secretary of the Maharashtra State Legislature, said that the Speaker or Chairman first decides on the motions. "If the privilege and contempt are found prima facie, then the Speaker or Chairman will forward it to the Privileges Committee by following the due procedure," Kalse said.
 - In Goswami's case, the Committee will examine whether statements made by him had insulted the state legislature and its Members, and whether their image was maligned before the public.
 - At present, there is no Privileges Committee in either House of the state legislature. Kalse said that the Committee, which has quasi-judicial powers, will seek an explanation from all the concerned, will conduct an inquiry and will make a recommendation based on the findings to the state legislature for its consideration.
6. **What is the punishment for an individual who is found guilty of breaching the legislature's privilege?**
 - If Committee finds offender guilty of breach of privilege and contempt, it can recommend punishment. The punishment can include communicating the displeasure of the state legislature to the offender, summoning the offender before the House and giving a warning, and even sending the offender to jail.
 - In the case of the media, press facilities of the state legislature may be withdrawn, and a public apology may be sought.

TOPIC 5. DELHI-MEERUT EXPRESSWAY



1. Delhi-Meerut Expressway is expected to be complete in December this year, Road Transport and Highways Minister Nitin Gadkari said last week. The aim is to reduce travel time between two cities to 60 minutes.

2. What is the Delhi Meerut Expressway Project?

- A 96-km long regulated traffic expressway by National Highways Authority of India (NHAI) that will connect Delhi and Meerut, the expressway is divided into four sections, with its beginning point at Nizamuddin and culminating point at Partapur in Meerut.
- The route covers crucial congested points, including the NH58 stretch between Anand Vihar and Meerut that passes through Modi Nagar and Murad Nagar. The project is set to reduce travel time between Delhi and Meerut to less than 60 minutes once all sections of the Expressway become fully functional.

3. For how long has the project been in the pipeline?

- In 1999, then MoS Urban Affairs and Employment, proposed in Parliament four expressways to connect Delhi with neighboring cities, which included a 60-km stretch between Ghaziabad and Meerut.
- In 2005, a notification was given in NCR Transport Plan about a highway section between Ghaziabad and Meerut to be completed by 2021. The Delhi Ghaziabad Expressway became part of Phase VI of National Highway Development Project in 2006. Five years later, tentative date for completion of project was decided to be December 2015.
- Due to delays in feasibility reports, the contract award was also pushed back and it was in 2014 that the Cabinet Committee on Economic Affairs (CCEA) approved the construction of roads under the project. The project's foundation stone was laid by Prime Minister Modi on December 31, 2015.

4. What is the significance of the project for West UP?

- The project comprises four phases – Phase 1 (8.7 km) between Akshardham to UP Gate Phase 2 (19.2 km) between UP Gate and Dasna, Phase 3 (22 km) Dasna and Hapur and Phase 4 (46 km) between Dasna and Meerut.
- According to officials, several people in NCR working in the national capital prefer to stay in Ghaziabad and adjoining Western UP areas. There is heavy concentration of population in areas like Masuri, Dasna and industrial areas like Modi Nagar that adds to the traffic.

- The route witnesses heavy traffic and vehicular movement which indicated the need for a dedicated corridor to decongest Ring Roads of Delhi. The Eastern Peripheral Expressway was also built on the premise of reducing non-Delhi vehicular load on the bypass.
- The project is set to streamline the movement with 14 lanes each in the first two phases and 8 lanes between Dasna and Hapur and a six-lane expressway in the fourth phase. In the 14-lane stretch, six lanes will comprise the central expressway till Meerut while the four lanes outside will be highway lanes.
- The enhanced connectivity to Delhi is being perceived as a plus point in terms of investments for the state government. “We are onboard with the Delhi Meerut Expressway Project since it will connect the state to Delhi. The government will be providing with every necessary help to the NHAI to ensure that the project is completed on time”, said Avanish Awasthi, Additional Chief Secretary (Home) UP Government

5. What have been the roadblocks so far?

- The construction of the project was marred by protests by farmers in Ghaziabad and adjoining areas. According to UP government officials, land worth Rs 1200 crore had been acquired for the project.
- Earlier this year, construction was held up at a 31-km stretch after farmers of Muradabad village staged protests for increased compensation for their land. The officials believe that compensation has been carried out adequately as per the Land Acquisition Act rules.
- “The farmers have approached the court but the fact remains that due compensation has been made. The net compensation to farmers comes to about Rs 60 crore per km while the same is about Rs 6 crore in the project between Delhi and Mumbai. The protests will not come in the way of project completion,” said Mudit Garg, Project Manager, NHAI.
- The project was also delayed after a probe was set up in 2017 against two former DMs of Ghaziabad for alleged irregularity in land acquisition for the project. The state government accepted a final report in the matter which recommended compensation worth Rs 486.98 crore for 71.1495 hectares following anomalies in acquisition.
- The officials state that in 2020, virtually no progress was achieved due to Covid lockdown and lack of availability of labour. “If we had an extra work force, we could have been ahead of schedule as well. But the situation is becoming better and were confident of meeting the deadline”, said Mudit Garg.

6. When will the project become fully operational?

- Phase 1 and Phase 3 are complete and were inaugurated by the PM Modi and Nitin Gadkari, Transport and Highway Minister, respectively. Approximately 15 per cent work is left in Phase 2 while another 25 per cent is due to be completed in Phase 4.

TOPIC 6. NDPS ACT

1. Sushant Singh Rajput death case: Rhea Chakraborty has said that NCB is “silent and deliberately vague” about the quantum of drugs, amount of finance, and type of drugs, she is alleged to have procured and financed.

2. **What is the NDPS Act under which Rhea Chakraborty has been booked?**

- Actor Rhea Chakraborty and nine others so far have been booked under various sections of the Narcotic Drugs and Psychotropic Substances (NDPS) Act by the Narcotics Control Bureau (NCB).
- NDPS Act, enacted in country in 1985, is primary legislation for dealing with drugs and their trafficking. It was passed as India had to fulfil obligations as a signatory of various international conventions on narcotic drugs and psychotropic substances to prevent its use and illicit trafficking. It has various provisions to punish manufacturing, sale, possession, consumption, use, transport of banned drugs.
- Punishment under the Act can vary based upon the sections the accused is charged. The Act has provisions for the court to grant immunity from prosecution to an addict involved in a small quantity of drugs after they voluntarily seek to undergo medical treatment for deaddiction under section 64A. The Act also has the maximum punishment of the death penalty under section 31A for certain offences involving commercial quantities of a drug if the accused has been convicted before as well.
- Central government can add or omit from list of psychotropic substances. For instance, in 2015, central government classified mephedrone – also called as meth or meow meow – as a psychotropic substance in Act after its popularity grew among the youth and experts warned of its grave health consequences.

3. **What are the sections applied in the case against Chakraborty?**

- The ten accused in the case are booked under Sections 8 (c) read with section 20 (b) (ii), 22, 27A, 28, 29 and 30 of the NDPS Act. These pertain to alleged use and possession of cannabis and psychotropic substances, financing illicit traffic and harboring offenders as well as abetment and criminal conspiracy, attempt and preparation of committing an offence.

4. **What is the evidence so far that NCB has presented before court against the accused on these charges?**

- An FIR was filed by late actor Sushant Singh Rajput's father KK Singh in Patna on July 25 against Chakraborty, her family and others. The allegations in the FIR pertained to sections including abetment of his suicide, criminal conspiracy, cheating, claiming that they had siphoned money from Rajput. Due to this allegation, the Enforcement Directorate began its independent probe and registered a complaint of money-laundering against Chakraborty and her family. Chakraborty was summoned and questioned by the ED which also sought access to her electronic devices including her cell phone. The ED claimed that it had found chats on her phone pertaining to use and procurement of drugs which were shared with the NCB, the central agency dealing with such offences.
- Two complaints were subsequently filed by NCB – one against Chakraborty based on chats and another against alleged drug peddlers, in which she was not named initially. The arrest of Chakraborty on September 8 was in the second case. With the arrest of nine others including Chakraborty's brother, Showmik, the NCB claimed that it had found evidence of her involvement in the second case.
- NCB's remand applications before court states that it has relied on statements made by other accused in case, including alleged drug peddlers and Rajput's house staff, who have allegedly spoken about selling and receiving drugs respectively for Rajput on his directions and “on several occasions” as instructed by Chakraborty. The NCB claims that Chakraborty is “an active member of the drug syndicate connected with drug supplies”. The NCB's remand plea makes no mention of consumption or possession of drugs by her. The NCB says that she would “manage finance for drug procurement along with Sushant Singh Rajput” and “procure drugs for Sushant Singh Rajput for consumption purposes.” Based on this, charge under section 27A related to financing illicit traffic has been applied in case, which is non-bailable.

5. **What is Chakraborty's defence?**

- Chakraborty has said that NCB is “silent and deliberately vague” about the quantum of drugs, amount of finance, and type of drugs, she is alleged to have procured and financed. She has also claimed that the NCB's own case is that she would procure drugs for Rajput for his consumption which even if proven may be punishable up to one year in prison or a fine or both and is bailable offence.
- The NCB, however, says that at the stage of arrests, the individual role of each accused is not clarified and the sections and allegations are common to all accused. Three accused booked on the same charges, including two who were found with possession of cannabis, have been granted bail by the court.

- At the stage of filing of the chargesheet, the NCB will have to specify the type, quantity of drugs and finance made for their procurement by Chakraborty to determine the punishment. She has maintained that she did not consume drugs.

6. What happens to the other case filed on the basis of alleged chats?

- The first FIR against Chakraborty was based on **chats allegedly found on her phone**. The NCB says that while the first case 'begins with her', the second case where she was not named initially but arrested in, 'ends with her'. In the first case, if Chakraborty is seen to have spoken about consumption or procurement of drugs in chats proved to be hers, it will have to be corroborated with other evidence—that she did indeed consume or procure the drugs mentioned in the chats.
- The NCB claims that the second case, which was based on arrests made by them of alleged drug peddlers, led them to Chakraborty. If the evidence in both the cases is found to be the same, the NCB can prosecute her only in one as there cannot be double jeopardy or punishing the person for the same offence twice, as per law.



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TOPIC 7. BIOMASS POWER PLANTS

1. Other than biomass projects, eight projects of BIO-CNG are under execution in the state. Most of these projects will be commissioned in 2021 and 2022. These will need around 3-lakh metric tonnes of paddy stubble annually.
2. With a problem as big as stubble burning is hounding the Punjab government, a reset of priorities and out-of-the-box thinking can lead to effective solutions. One of Punjab government's own agencies, the Punjab Energy Development Agency (PEDA) alongwith the science and the technology department, is playing a stellar role in weeding out the problem by creating alternatives for stubble utilisation. We explain how this is being done:

3. What is PEDA doing in this regard currently?

- PEDA, a state nodal agency working towards promotion and development of renewable energy for the past three decades, has gotten set up 11 biomass power plants where 97.50 mega watts (MW) of power is generated. In these plants, 8.80 lakh metric tonnes of paddy stubble, which is less than 5 per cent of the total 20 million tonnes paddy stubble generated in Punjab, is used annually to generate power. Most of these plants are 4-18 MW and are consuming 36,000 to 1,62,000 metric tonnes stubble annually.
- Two more biomass power projects with 14 MW capacity are under execution and will be commissioned from June 2021. These will also require 1.26 lakh metric tonnes paddy stubble per annum. These projects are environmentally friendly due to relatively lower CO₂ and particulate emissions and displace fossil fuels such as coal.

4. What are the other fields where stubble is being used or will be used by PEDA?

- Other than biomass projects, eight projects of BIO-CNG are under execution in the state. Most of these projects will be commissioned in 2021 and 2022. These will need around 3-lakh metric tonnes of paddy stubble annually.
- PEDA Director M P Singh said there is huge scope for utilising paddy stubble in Punjab under the 'start-up' concept. "We are going to set up India's largest CNG project, which will produce 8,000 m cube biogas per day (equivalent to 33.23 tonnes of bio CNG per day). The project is under execution at Lehragaga tehsil in Sangrur district," said Singh, adding that the project is expected to be commissioned by March 2021 as the machinery is in transit from Germany. This single project will require 1.10 lakh metric tonnes of paddy straw per annum.
- A Bioethanol project of 100 KL (kilo litre) — which will require 2 lakh metric tonnes of paddy stubble annually — located at Talwandi Sabo in Bathinda is currently at a standstill as it has been held up by HPCL due to technical issues with the Institute of Chemical Technology (ICT), Mumbai.
- After commissioning of all these projects, Punjab will be able to utilise 1.5 million tonnes (7 per cent of the total) paddy stubble.
- Experts say ethanol can be used to run vehicles after blending with diesel and petrol.
- "If even half of the vehicles in Punjab are run on ethanol-based fuel, paddy stubble, which is considered as a curse today, will be a blessing tomorrow. We need to change the perspective to get positive things from stubble," said Singh, adding that even in the ply and paint industries, there is huge scope of stubble utilisation.

5. What are the benefits of a paddy straw-based industry?

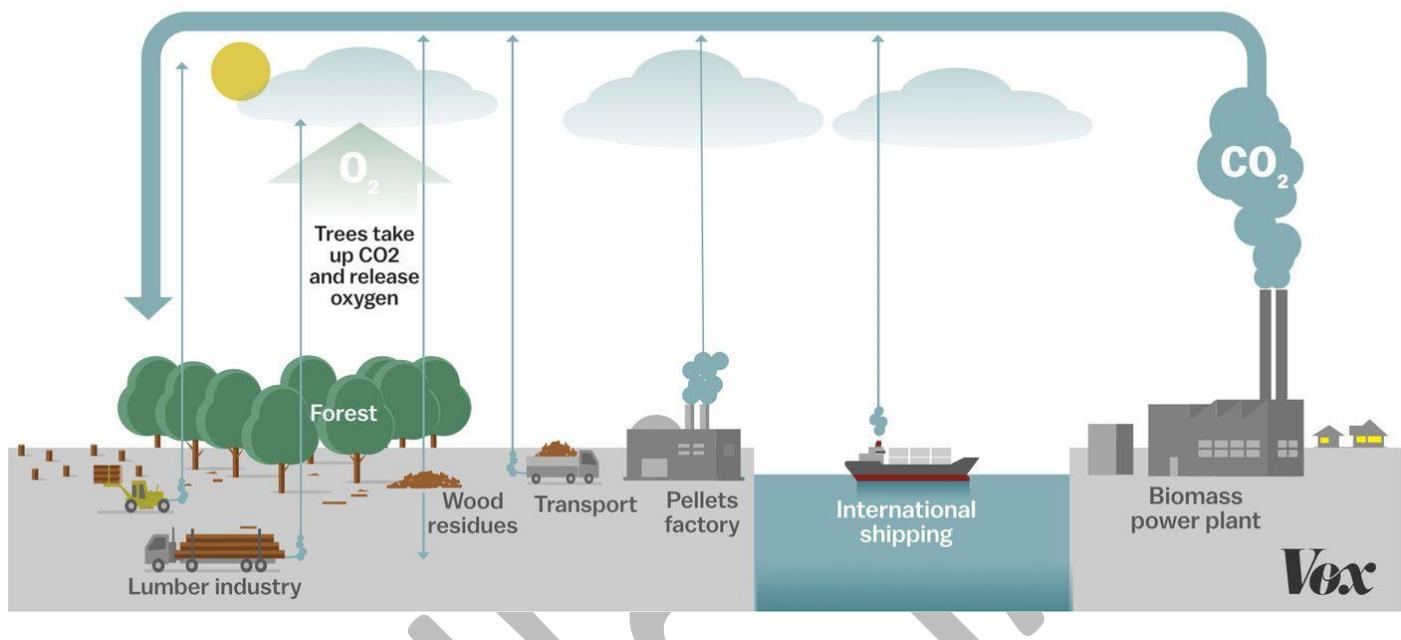
- Farmers can benefit hugely if they can sell paddy stubble to the industry instead of burning it. Apart from this there are also environment benefits; fertile soil will be saved from burning every year in which a huge amount of organic matter also gets burnt, said experts. Experts in PEDA said that educated unemployed youth in rural Punjab where such projects will be set up can get big job opportunities.

6. What is the need of the hour?

- "Current usage of stubble in these plants is very small compared to the generation of stubble. Punjab needs varieties of stubble-based industry here where more and more stubble is required," said another PEDA official.
- PEDA officials said that it is not just big businessmen and NRIs who should be encouraged to set up paddy stubble-based industry in Punjab. The youth, particularly engineers, graduates in science and technology can start such projects under the 'start-up' concept, which will create entrepreneurship among them and the government must help them by getting sanctioned loans and providing a market, for which there is plenty of scope.
- "Punjab is a blessed state and a big revolution can be brought about here, with the availability of a huge amount of raw material — paddy stubble," said an official in the science and technology department.

- Experts said joint efforts are required on the part of the state, Centre and industries, including public and private participation, to convert all of Punjab's stubble into farmers' income. "There are around 13,000 villages and nearly 150 block states in Punjab and stubble-based projects can be set up at the block-level to manage stubble of that block," said an expert.

The cycle of biomass energy



TOPIC 8. JOBS LOST

CHART-1: INDIA HAS STEADILY LOST ITS GROWTH MOMENTUM

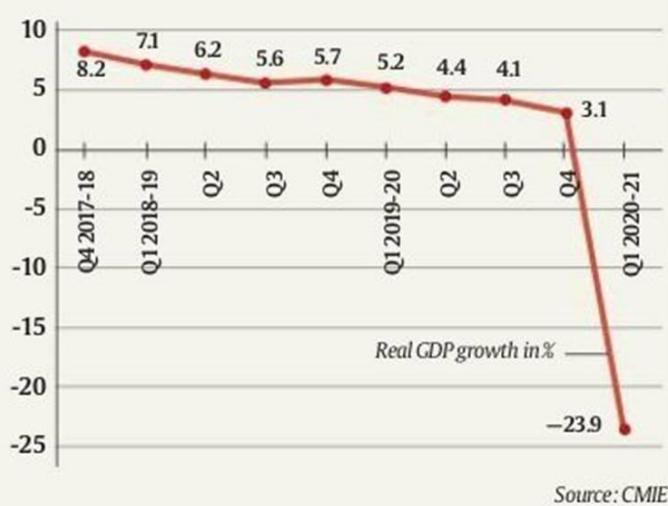


CHART 2: STATE OF EMPLOYMENT & UNEMPLOYMENT

	2011-12	2017-18
Total employed	474 mn	465 mn
Unemployment rate	2.2%	6.1%
Total unemployed	10mn	30 mn

Source: Santosh Mehrotra/PLFS

CHART 3: EMPLOYED & UNEMPLOYED, YEAR BY YEAR

Year	Total employed	Total unemployed
2016-17	407,269,078	32,863,858
2017-18	405,930,230	19,688,223
2018-19	400,901,359	27,154,496
2019-20	403,450,655	33,331,933

Source: CMIE

Note: Figures from CMIE and PLFS are not comparable because of different methodologies

1. Rising levels of unemployment have been brought into sharp focus by a sharp contraction of 23.9% in India's GDP in the first quarter.
2. Mahesh Vyas, MD and CEO of the Centre for Monitoring Indian Economy (CMIE), will be the **Expert Guest** at Thursday's edition of explained.Live, where he will discuss "How to save existing jobs and create new ones". Rising levels of unemployment have been brought into sharp focus by a **sharp contraction of 23.9% in India's GDP** in the first quarter. The lockdowns are likely to result in the Indian economy contracting by over 10% in the full financial year, and this is expected to result in more and more people losing jobs, apart from fewer new entrants finding work.
3. In other words, the number of unemployed is likely to grow not just because more and more people entering the labour force fail to find jobs, but also because several already employed are likely to lose their jobs.

4. Lack of data

- Any analysis of the jobs situation in India is marred by the lack of prompt data on employment and unemployment. India's official data on unemployment — provided through the Periodic Labour Force Survey (PLFS), which is conducted by the National Statistical Office under the Ministry of Statistics and Programme Implementation — comes out with a considerable lag. The PLFS is an annual survey that also provides quarterly updates but the latest PLFS report, which was released in June, pertains to July 2018 to June 2019 period.
- In the absence of official estimates, the surveys done by CMIE, which Vyas heads, are often seen as the benchmark. However, it should be underscored that CMIE and PLFS data are not comparable because of methodological — and in particular, definitional — differences.

5. The story so far

- In November 2019, a research paper by Santosh Mehrotra and Jajati Parida, published by the Centre of Sustainable Employment at the Azim Premji University, analysed PLFS 2017-18 data and found that for the first time in Independent India the total number of employed people declined between 2011-12 and 2017-18 (Chart 2). They calculated that total employment fell from 474 million in 2011-12 to 465 million in 2017-18 — a drop of 9 million.
- PLFS 2017-18 also found that the unemployment rate had trebled in this period of 6 years, reaching a 45-year high. According to Mehrotra and Parida, this meant the total number of unemployed went up from 10 million in 2011-12 to 30 million in 2017-18.
- The worst affected were the youth — those between ages 15 and 29. The total number of unemployed youth went up marginally from 8.9 million in 2004-05 to 9 million in 2011-12 but shot up to 25.1 million by 2017-18. Worse, the rate of unemployment rose as one improved on educational attainment.
- Since the end of 2017-18, India's growth has steadily faltered (Chart 1). As a result, Mehrotra told The Indian Express that he does not expect the total number of unemployed coming down.
- "The Covid pandemic now has, of course, completely destroyed the picture," he said. India could have as many as 50 million unemployed at present, he added.

- What's more, according to his calculations, India needs to add around 10 mn to 12 mn new jobs each year for the coming decade. A recent McKinsey study, too, pegged the total number of non-farm jobs that India needed to create in the coming decade between 90 mn to 140 mn.

6. Beyond NSO data

- Since 2016, CMIE has been conducting its own surveys to track employment and unemployment levels in India on a weekly basis. However, Vyas states that their definition for gauging employment is far stricter and as such the data is not comparable to PLFS.
- But even the CMIE data for the total number of employed and unemployed (**Chart 3**) exhibits a disappointing trend with both metrics worsening since 2016. The pandemic in 2020 had the expected deleterious impact on the job market. According to Vyas, the worst affected were salaried jobs which saw a reduction of 21 million between the start of April and August end. In terms of the age group, CMIE data suggests that the jobs of those between 15-39 were most severely affected.

TOPIC 9. MARATHA QUOTA

1. The Marathas are a politically dominant community who make up 32% of Maharashtra's population. They have historically been identified as a 'warrior' caste with large landholdings.
2. Marathas are a politically dominant community who make up 32% of Maharashtra's population.
3. Supreme Court on Wednesday referred to a **Constitution Bench** question of whether states can exceed the **50% limit on quotas** that was set by a nine-judge Bench in the landmark Indra Sawhney vs Union of India (1992) case. The question will now be taken up by a Bench comprising at least 11 judges.

4. Case in Supreme Court

- A Bench of Justices L Nageswara Rao, Hemant Gupta, and S Ravindra Bhat heard a batch of petitions challenging reservations for Marathas in education and jobs in Maharashtra. The petitions appealed a 2019 Bombay High Court decision that upheld the constitutional validity of the Maratha quota under the Socially and Educationally Backward Classes (SEBC) Act, 2018. The Bench also heard a petition challenging admission to postgraduate medical and dental courses under the quota in the state.

5. Bombay HC ruling

- A Division Bench of the High Court ruled last year that the 16% quota granted by the state was not "justifiable", and reduced it to 12% in education and 13% in government jobs, as recommended by the Maharashtra State Backward Class Commission (MSBCC). The Bench ruled that "the limit of reservation should not exceed 50%"; however, "in exceptional circumstances and extraordinary situations, this limit can be crossed subject to availability of quantifiable and contemporaneous data reflecting backwardness, inadequacy of representation and without affecting the efficiency in administration". The court relied heavily on the findings of the 11-member MSBCC, which submitted in November 2018 that the Maratha community is socially, economically and educationally backward.

6. Existing reservation

- Following the 2001 State Reservation Act, the total reservation in Maharashtra was 52%: Scheduled Castes (13%), Scheduled Tribes (7%), Other Backward Classes (19%), Special Backward Class (2%), Vimukti Jati (3%), Nomadic Tribe B (2.5%), Nomadic Tribe C-Dhangar (3.5%) and Nomadic Tribe D-Vanjari (2%). The quotas for Nomadic Tribes and Special Backward Classes have been carved out of the total OBC quota. With the addition of 12-13% Maratha quota, the total reservation in the state went up to 64-65%. The 10% quota for Economically Weaker Sections (EWS) announced by the Centre last year is also effective in the state.

7. The Marathas

- The **Marathas** are a politically dominant community who make up 32% of Maharashtra's population. They have historically been identified as a 'warrior' caste with large landholdings. Eleven of the state's 19 chief ministers so far have been Marathas. While division of land and agrarian problems over the years have led to a decline of prosperity among middle- and lower middle-class Marathas, the community still plays an important role in the rural economy.
- The discontent in the community could spill over into protests and unrest if the quota issue is not resolved soon. In 2016-17, the Maratha Kranti Morcha (MKM) led 58 silent protests demanding reservations. The second phase of the protest saw a spate of suicides. The backward Marathwada region was the worst affected by the protests.

8. Political pulls, pressures

- All **three parties in the ruling coalition**, the Congress, NCP, and **Shiv Sena**, are in favour of the Maratha quota. The sub-committee for Maratha reservation headed by Ashok Chavan has maintained they had recruited the best lawyers to plead their case in the SC. The state government can be expected to explore all options to restore the quota. The MKM has termed the stay on quota as "extremely unfortunate". The organisation holds the government responsible for not presenting their case well before the apex court.
- The opposition **BJP** has seen a political opportunity, and would be gearing up to use the developments to consolidate its political base amongst the Maratha community, and make inroads into Congress and NCP bastions in Western Maharashtra and Marathwada. Vanchit Bahujan Aghadi president Prakash Ambedkar said the court's order does not impact OBCs, who were never against Maratha reservation. However, reservation for Marathas should not be at the cost of the existing quota for OBCs.

TOPIC 10. US TECH STOCKS

Fall of the tech stocks

EXPRESS EXPLAINED

	Closing Value on Sep 8, 2020	Rise between April 1 and Sep 1, 2020	Fall since Sep 2, 2020
Dow Jones Industrial	27,500.9	36.8	-5.5
Nasdaq Composite	10,847.0	62.2	-10.0
Tesla	330.2	393.3	-26.2
Zoom Video	350.9	234.1	-17.1
Nvidia	476.5	127.6	-17.0
Apple	112.8	123.8	-14.2
Alphabet	1,532.0	50.1	-11.3
Amazon	3,149.8	83.4	-10.8
Facebook	271.6	85.1	-10.2
Netflix	507.0	52.9	-8.3



1. The sharp decline in technology stocks, that include some of the biggest companies in world, had a ripple effect on global markets too and has kept the markets in Asia and Europe under stress over the last week.
2. Over the last three trading sessions, Nasdaq Composite in the US has declined 10 per cent in line with sharp correction in stock prices of technology giants including Apple, Amazon, Facebook, Nvidia, Tesla, Netflix and Zoom Video Communications among others. The sharp decline in technology stocks, that include some of the biggest companies in world, had a ripple effect on global markets too and has kept the markets in Asia and Europe under stress over the last week. While the fall has been sharp, it is in line with expectations of corrections following concerns over high valuations that they were trading on.

3. The rise before the fall

- Before the fall it is important to see and understand the rise in markets. As the Central Banks around the world came out with their liquidity enhancing measures to support their respective economies from the duress caused by the Covid-19 pandemic and imposition of lockdowns, the markets became flush with liquidity.
- The huge surplus liquidity found its way into the stock markets (following the correction in February and March) with large investors pumping big money into large companies. As the share prices rose, it attracted smaller retail investors too into the markets leading to further gains. The biggest beneficiaries were the technology giants listed on Nasdaq in the US as many of them were seen to be consolidating their business during the lockdown and many felt that they would come out stronger post the pandemic.
- In the period between April 1 and September 1 Nasdaq rose 62 per cent. During this five-month period Apple Inc saw its share price rise by 124 per cent and Facebook and Amazon Inc saw their share prices rise by 85% and 83% respectively. Tesla and Nvidia saw big gains of 393% and 127% respectively in their share prices during the period and even Netflix and Alphabet (parent of Google) rose 53% and 50% respectively.
- The rally and the fall was been more pronounced in technology companies, as Down Jones Industrial Average (index of broader set of companies in the US) has been relatively stable.
- Against the Nasdaq Composite's (technology index) gain of 62%, the Dow Jones Industrial (30-stock index that includes companies from various sectors) rose 37%. Similarly, while Nasdaq lost 10% over the last three days, DJI index fell 5.5 per cent.

4. Why are they falling now?

- There has been a bloodbath in Nasdaq over the last three trading sessions with Nasdaq Composite falling 10 per cent in three trading sessions after closing at a high of 12,056 on Thursday, September 2, 2020. During these three trading sessions Apple shares lost 14% and Amazon fell 11%. Among the big

losers have been Tesla at -26.2%, Zoom Video and Nvidia both losing 17% each. Alphabet and Facebook also lost 11.3% and 10.2%, respectively. In fact, on Tuesday, Tesla shares fell 21% and that of Apple and Nvidia fell 6.7% and 5.7%, respectively.

- If expensive valuation was a growing concern in the market, the fact that the sharp rally in a number of these stocks moved their prices much ahead of the fundamentals or the economic realities amidst the Covid-19 pandemic, started bothering a number of investors. Further, reports of some large investors like Softbank buying large quantities of options of these technology companies also came as a concern among investors.
- So, when concerns on valuations started pouring in from all corners, a correction became imminent.
- “The current correction playing out in the US stocks, especially in the technology pocket, is very much on expected lines. The US markets have been on a surge on account of the developed world central bank unleashed bull market, supported by record low interest rate with hardly any alternative. The US market valuation was at all-time highs and the market to GDP had crossed all the peaks thus far. All of these factors were indicating towards a possible correction in the near term. As a result, we have been cautious on US equities and have been communicating the same,” said S Naren, ED & CIO, ICICI Prudential Mutual Fund.
- There are some who say that while speculative buying of call options worth \$40 billion by Softbank helped the rally, “The unwinding of the same may be leading to the fall now,” said a leading market expert.
- Sandip Agarwal of Edelweiss Securities said a reason for the sharp correction now is the “insane rise over the last month or so and some of them announcing stock split, that added to their rise.” Stating that the passing of those events have also led to the fall, he said that there may be more decline in Nasdaq going forward.

5. Can it fall further?

- As the concerns surrounding expensive valuations of these technology companies still remain, market participants say there may be further correction in their prices and in premier indices. Experts say while the 5-6 technology companies that led the rally and are now leading the correction have a strong business model in the long term, the sharp rally in their share prices over the last 4-5 months have taken them much ahead of their current justifiable valuations and hence they may see a correction.
- Stating that the fundamentals remain intact for these technology giants and that they are likely to post good results for the September quarter, Agarwal said “there may be another 10% correction in Nasdaq. While there is no tech bubble, there may be bubble in a couple of stocks.”

6. What it means for India ?

- A rise or fall in the US markets typically results in a rise/ decline in the stock markets worldwide because of the presence of US-based institutional investors in stock markets worldwide and the influence of liquidity in US over world markets. It is important to note that the surge in liquidity in the US also played a role in the rise in Indian stock markets over the last five months.
- The fall in US markets over the last three trading sessions put pressure on Indian markets too and the benchmark Sensex at BSE lost 893 points or 2.3 per cent over the last five days. The concern in the markets is that if the decline in the US markets spreads beyond the technology stocks, then it may lead to deeper impact in Indian markets.
- Raamdeo Agrawal, Jt MD, Motilal Oswal Financial Services said while excessive speculation led to the sharp rise, “The markets are likely to remain volatile in the foreseeable future and that would hurt the markets worldwide including the Indian market.” He said the US election is a big event ahead including the ongoing wait for a Covid-19 vaccine.
- Even others agree. Naren said, “Owing to the developments in US equities, Indian equities may remain volatile in the near term. So, an investor looking to make investments currently can consider dynamically managed asset allocation schemes, value oriented, divided yield, special situations, focused fund with a value orientation to make the most of the evolving opportunities.”

TOPIC 11. UTTARAKHAND BORDER TOURISM

1. The first step in the direction will be to free some parts of the Gangotri area in Uttarakhand from the Inner Line Permit (ILP) system. Uttarakhand has a 350-km border with China.
2. In the backdrop of repeated **Chinese incursions along the LAC**, the Centre is planning to build a second line of defence in villages bordering **China** by relaxing tourism-related activities.
3. The first step in the direction will be to free some parts of the Gangotri area in Uttarakhand from the **Inner Line Permit** (ILP) system. Uttarakhand has a 350-km border with China.
4. Union Tourism Minister and Uttarakhand Tourism Minister **discussed matter in late July**. Thereafter, Centre had assured action on state's plan. Any formal order in this regard must come from Union Ministry of Home Affairs.
5. On August 17, Uttrakhand wrote to Centre, listing tourist and religious sites close to the border where the ILP needed to be relaxed in the first phase. These included "parts of Nelong valley in Uttarkashi, Hanol, Tiuni and Chakrata in Dehradun and Timmersain Mahadev temple in Chamoli's Niti valley".
6. "The Home Ministry is concerned about incursions in the area and about border villages being deserted. They agree that there should be some tourism and economic activity so that the border villages remain inhabited."
7. Uttarakhand has also decided to provide subsidy for the installation of mobile phone towers in the remote border villages, which are currently mostly out of network coverage area.
8. There have been demands for relaxation of ILP even in tribal areas of Kumaon. These areas are seeing intrusions from Nepal, with some foreigners settling in border villages, along with an increased use of satellite phones.

9. The background

- A few weeks go, Uttarakhand Chief Minister Trivendra Singh Rawat had a meeting with the Director General of the Indo-Tibetan Border Police (ITBP) S S Deswal. At the meeting, Deswal raised several issues pertaining to reverse migration, road, mobile, and power connectivity, and the promotion of tourism in remote areas in the backdrop of the recent clashes with China along the LAC in Ladakh.
- The ILP system restricts movement in areas close to the border for everyone other than those with a formal permission from the Union Home Ministry. The ITBP is stationed along the border areas, and implements the ILP regime.
- Several experts have advocated greater human activity on the Indian side of the border, including more settlements and tourism activities in the border areas that could act as additional eyes and ears of the security forces, and perform as a second line of defence against external aggression or infiltration. As of now, most border villages have undergone significant outward migration owing to the absence of livelihood opportunities.
- Uttarakhand has said that relaxing the regime of restrictions would allow for houses in the beautiful border villages to be developed as homestays, and will directly contribute towards helping the village economy.

10. Areas to be included

- Maharaj said, "In the first stage, we will open up Mukhba, Bagholi and Harsil in the Gangotri area, so you can see and enjoy all these places."
- Harsil town, situated at an altitude of 2,620 m in Uttarkashi, is surrounded by snowcapped mountains. A major portion of Raj Kapoor's 1985 film *Ram Teri Ganga Maili* was shot here.
- Mukhba is the alternative seat of the Goddess Ganga, when the idol of the deity is brought down from Gangotri, which is rendered inaccessible during winter.
- "Next, we are looking to get permission for Kuti and Byas villages in Pithoragarh district," Maharaj said, adding, "We will also hold discussions with the Home Ministry regarding drawing up a list of other villages where they feel the need for increasing surveillance."
- Maharaj said: "We want our border villages to be safe, for which we have mooted the concept of tribal tourism. For instance, we can have skiing activities in Niti Valley area during winter, and the place will become inhabited if people get livelihood through tourism. That will ensure safety and surveillance of our border villages and troops will get additional support."
- According to the Minister, such a step will help in the permanent protection of borders, and also generate livelihoods for the local population and discourage them from leaving.

TOPIC 12. POLICE, JUDICIAL CUSTODY

1. Rhea Chakraborty arrested: A quick look at the concepts of arrest, the police custody and the judicial custody which may follow the arrest and the difference between them.

2. In the **drugs case** linked to Sushant Singh Rajput's death, actor Rhea Chakraborty was on Tuesday arrested by the Narcotics Control Bureau, which is the apex drugs law enforcement agency in the country. After being produced before court she was remanded to the Judicial Custody.

3. A quick look at the concepts of arrest, the police custody and the judicial custody which may follow the arrest and the difference between them.

4. The concept of arrest and procedures related to it

- In India, the various procedures of the administration of the criminal law are governed by the legislation called the Code of Criminal Procedure or Criminal Procedure Code (CrPC), which came into force in 1973, after its enactment building up on the British era legislation.
- Chapter 5 of the CrPC starting from section 41 lists the legal provisions about the arrest. Arrest primarily means putting restrictions on the movement of a person. It can be done by a police officer or officer of investigating agency if the officer is satisfied that the arrest is necessary: to prevent the person from committing the offence further, to prevent tampering if evidence, for proper investigation, to prevent the person from dissuading those acquainted with facts and more. As per the provisions, an arrested person has the right to be informed about grounds of arrest and there is obligation on the person making the arrest, to inform about the arrest, to a nominated person. Arrested person also has the right to meet an advocate of choice during interrogation. The law also makes an examination by a medical practitioner mandatory after the arrest.
- The arresting authority can not detain a person in custody for more than 24 hours without producing him or her before a magistrate as per section 57 of CrPC. The Article 22 of the Constitution of India also has provisions for protection of a person during arrest or detention.
- Police custody and judicial custody
- Whenever a person is arrested by police or investigating agency and detained in custody and if the investigation can not be completed in 24 hours, the person is mandated to be produced before a magistrate court. The section 167 of CrPC and subsequent provisions lay down procedures that may follow in various scenarios.
- The magistrate may further remand the person to custody of police for a period not more than 15 days as a whole. The police custody means that the person is confined at a lock up or remains in the custody of the officer.
- After lapse of 15 days or the police custody period granted by the magistrate, the person may be further remanded to judicial custody. Judicial custody means that the person is detained under the purview of the judicial magistrate is lodged in central or state prison.
- Section 167 also has some amendments which are specific to individual states in the country. Very elaborate legal provisions and case laws following rulings of the higher courts make this issue extremely complex, multi faceted and open to interpretations. In some cases investigation agencies may not seek police custody immediately and one of the reasons can be judicious use of the maximum 15 days at their disposal. In some cases courts may directly remand a person to judicial custody, if the court concludes that there is no need of police custody or extension of police custody.
- In judicial custody, the person can apply for a bail as per the CrPC chapter 33 pertaining to the bails and bonds. The judicial custody can extend up to 60 or 90 days as a whole, depending upon the maximum punishment prescribed for the offence. An undertrial person can not remain in judicial custody beyond half the time period of prescribed maximum punishment.

5. Difference between two the custodies

- Apart from basic differences pertaining to the purview and place of detention there are some basic differences between the two. In police custody, the investigating authority can interrogate a person while in judicial custody, officials need permission of the court for questioning. In police custody, the person has the right to legal counsel, right to be informed of the grounds which the police have to ensure. In the judicial custody in jails, while the person under responsibility of the magistrate, the Prison Manual comes into picture for routine conduct of the person.

TOPIC 13. MUMBAI'S COASTAL ROAD PROJECT

- 1. In order to ease the flow of road traffic, the BMC has proposed to construct a 9.9-km coastal road from Marine Drive to Worli or the south-end of the Bandra-Worli Sea Link at a cost of Rs 12,700 crore.**
2. The Brihanmumbai Municipal Corporation (BMC) submitted in the Supreme Court that it needs an additional 21 hectares of land over and above the 90 hectares that it had planned to reclaim originally for the Coastal Road Project in Mumbai. The municipal corporation's submission came after the Court, in a hearing on August 17, warned the BMC against excess reclamation for the project. The Court is hearing BMC's appeal against a High Court order quashing the Coastal Regulation Zone (CRZ) clearance to the project.

3. What is Mumbai's Coastal Road project?

- In order to ease the flow of road traffic, the BMC has proposed to construct a 9.9-km coastal road from Marine Drive to Worli or the south-end of the Bandra-Worli Sea Link at a cost of Rs 12,700 crore. The project entails reclamation of land from the sea. As per the initial plan, only 90 hectares were to be reclaimed. Of this, 20 hectares would be used for the road while the remaining reclaimed land would house parks, cycle lanes, jogging tracks, promenades, and open green spaces – a luxury in Mumbai.

4. Why does BMC want to reclaim more land in the sea for the project?

- The BMC has filed two affidavits – on August 28 and September 7 – before the Supreme Court informing that they will require additional reclamation of six hectares and 15 hectares respectively for the Coastal Road Project, taking the total reclamation requirement from 90 to 111 hectares. The BMC has said that the additional reclamation would be required for construction of partially submerged inclined sea-wall along the 9.98-km coastline. The construction of the sea-wall has already begun. The sea-wall is crucial for securing the road from wave impacts, floods and erosion.

5. Why are citizens and environmentalists opposed to the additional reclamation?

- Activists say that the additional reclamation would impact marine biodiversity and also have an effect on fishing areas in the vicinity. The CRZ clearance granted for the project in May 2017 was for only 90 hectares. Also, a study done by National Institute of Oceanography (NIO) for the project to find out impact on waves, high tide line and seashore was based on 90 hectares.
- Citizens have pointed out that since there is a change in the original plan, the civic body should go once again for public consultation as there will be new development. They also questioned lack of transparency in plans of the project and accountability as the civic body itself is not sure on how much exact reclamation will take place. Environmentalists have argued that the project required Environment Clearance (EC) under the Environment Impact Assessment (EIA) notification 2006, as it is an area development project.

6. Why did the BMC move the Supreme Court?

- In February and March 2019, a bunch of petitions were filed against the Coastal Road Project. After the hearing on July 17, 2019, the Bombay High Court had quashed the CRZ clearance granted for the project and directed the BMC to get Environment Clearance under the EIA Notification 2006. The High Court had termed the coastal road as an 'Area Development Project' and said that it is necessary to have EC clearance for such projects. Following this, the BMC approached the Supreme Court. In December 2019, the apex court stayed the Bombay High Court order and allowed the BMC to continue only road work. The matter is being heard in the Supreme Court.

7. How much work has been done so far?

- According to the BMC, so far 52.35 hectares has been reclaimed and as per the new plan, 58.65 hectares is yet to be reclaimed. While carriageway along with median, promenade, side-walk will be built on 38.45 hectares, rest areas will be used as open spaces, bus terminals, sub-stations etc. The Coastal Road project has a linear carriageway of approximately 9.98-km and inner-change carriageway of approximately 15.6-km running along the western coast. It will be built on reclaimed land, elevated road, under sea tunnel and stilt roads.

TOPIC 14. CENTRAL GOVERNMENT SECURITY

1. Kangana Ranaut has been accorded Y-plus category of CRPF security by Home Ministry. The protection is generally free and given only to someone who holds a position of consequence either in government or civil society.
2. Bollywood actor Kangana Ranaut has been accorded **Y-plus category of CRPF security** by Ministry of Home Affairs (MHA) **in wake of her spat with Shiv Sena leader Sanjay Raut**, and after she said she feared for her life.
3. Eleven commandos have been tasked with protecting Ranaut. Two of the commandos will provide her with mobile security, while one will guard her residence at all times across the country.
4. **So anyone who is threatened, and who expresses a threat to their life, will get central government protection?**

- No, they won't. This protection is informally called "VIP security", and it is generally given only to someone who holds a position of consequence either in the government or in civil society.
- The Centre is generally reluctant to liberally give protection to individuals, and a large number of even "important people" whose lives have been found to have been in danger, are provided security by state police, based on assessments of the threat made by the state government concerned.

5. **In cases where the central government does decide to extend security to an individual, who decides the level of protection that is to be given?**

- The level of security needed by any individual is decided by the MHA, based on inputs received from intelligence agencies which include the Intelligence Bureau (IB) and Research and Analysis Wing (R&AW).
- The agencies mostly provide a subjective measure of the threat to life or injury to a person from terrorists or any other group, based on information generated from their sources. The information can include intercepts of phone conversations, human intelligence, or a credible analysis of an open threat.
- Certain individuals, by reason of positions they hold in government, are automatically entitled to security cover. They include the Prime Minister and his immediate family. The Home Minister and officials such as the National Security Advisor too, generally get security cover because of the positions they occupy.

6. **So why didn't another actor, Deepika Padukone, get protection when she faced a threat of beheading by the Karni Sena in 2017?**

- Indian intelligence agencies are not accountable to any statutory body, and are subject only to the internal oversight of the MHA and the Ministry of External Affairs (MEA). The intelligence inputs that these agencies generate, particularly in cases where VIP security is involved, is neither put out in the public domain nor is it open to scrutiny by any other agency.
- Because of this opacity in functioning, and the fact that there is virtually no accountability except to the government in power, VIP security is open to manipulation by the executive.
- A large number of protectees, it has been alleged, are under security cover purely for political or "prestige" reasons, and not necessarily because of any genuine threat.

7. **What are the various levels of protection extended to individuals by the governments at the Centre and the states?**

- There are broadly six categories of security cover: X, Y, Y-plus, Z, Z-plus, and SPG (Special Protection Group).
- While the SPG is meant only for the PM and his immediate family, other protection categories can be provided to anyone about whom the Centre or state governments have inputs of a threat. The number of personnel guarding the protectee differ from category to category. The X category is the most basic level of protection.
 - i. The X category on average entails just one gunman protecting the individual.
 - ii. The Y category has one gunman for mobile security, and one (plus four on rotation) for static security.
 - iii. Y-plus has two gunmen (plus four on rotation) for mobile security, and one (plus four on rotation) for residence security.
 - iv. Z has six gunmen for mobile security and two (plus 8) for residence security.
 - v. Z-plus protectees have 10 security personnel for mobile security, and two (plus 8) for residence security.

- There are various kinds of security cover even within these levels. These include security of residence, mobile security, office security, and inter-state security.
- Different VIPs are given different kinds of security cover depending upon the threat perception. For example, if the Chief Minister of Chhattisgarh is assessed to have a threat from Maoists only in his state, the Centre may choose to give him residence and mobile security only in his state. He may be given appropriate security by the state police when he travels out.
- Similarly, some may have a threat only when they travel, so they are given an escort force.
- Also, different forces may be engaged for residence and mobile security. So, many protectees get residence security from state police, but mobile security from a Central Armed Police Force (CAPF, which include the CRPF, CISF, ITBP, etc.).

8. So, which are the forces engaged in VIP security?

- For VIPs other than the PM, the government has mandated the National Security Guard (NSG), Central Reserve Police Force (CRPF) and the Central Industrial Security Force (CISF) to provide security cover.
- The government has intended over the years to reduce the burden of VIP security on the NSG, which is the most sought-after security cover. The reason, it has been argued, is that the core function of the NSG is counter-terrorism operations, not providing VIP security. It is for this reason that Home Minister Amit Shah and NSA Ajit Doval have been given CRPF and CISF cover respectively.

9. And who pays for the cost of the security cover?

- Anyone to whom the government provides security after assessment by intelligence agencies, gets the protection for free.
- However, those who have an elaborate security cover such as those in the Z and Z-plus categories, with many personnel for both residence and mobile security, may have to factor in accommodation for these security personnel.
- Former Chief Justice of India P Sathasivam had in 2014 famously refused VIP security provided by the government after his retirement, because he had moved to his ancestral home which did not have the space to accommodate so many personnel.
- Until the time he was CJI, Sathasivam had Z-plus security, which was downgraded to Z category of CRPF security after he retired.
- However, the government can choose to charge a private individual for their security cover even after assessing a threat to them. Thus, industrialist Mukesh Ambani was provided Z category CRPF cover in 2013 after the IB assessed there was a threat to his life. However, in its order, the government asked the CRPF to charge Ambani Rs 15 lakh per month for the cover.

X सबसे बेसिक सुरक्षा
सुरक्षा के लिये 2 सुरक्षाकर्मी 24 घंटे तैनात

Y वीआईपी को 11 सुरक्षाकर्मी मिलते हैं
एक या दो कमांडो और एक पीएसओ (व्यक्तिगत सुरक्षा अधिकारी) शामिल होते हैं
पांच सुरक्षाकर्मी - एक कमांडर, चार कॉर्टेबल वीआईपी निवास पर तैनात
तीन संसाधन पीएसओ तीन शिफ्ट में रोटेशन आधार पर 6 पीएसओ तैनात

Y+ वीआईपी को 11 सुरक्षाकर्मी मिलते हैं
एक या दो कमांडो और दो पीएसओ (व्यक्तिगत सुरक्षा अधिकारी) शामिल होते हैं
पांच सुरक्षाकर्मी - एक सीआरपीएफ कमांडर और चार कॉर्टेबल वीआईपी के आवास पर तैनात
तीन शिफ्ट में रोटेशन आधार पर 6 पीएसओ तैनात
दो पीएसओ हर समय वीआईपी के साथ

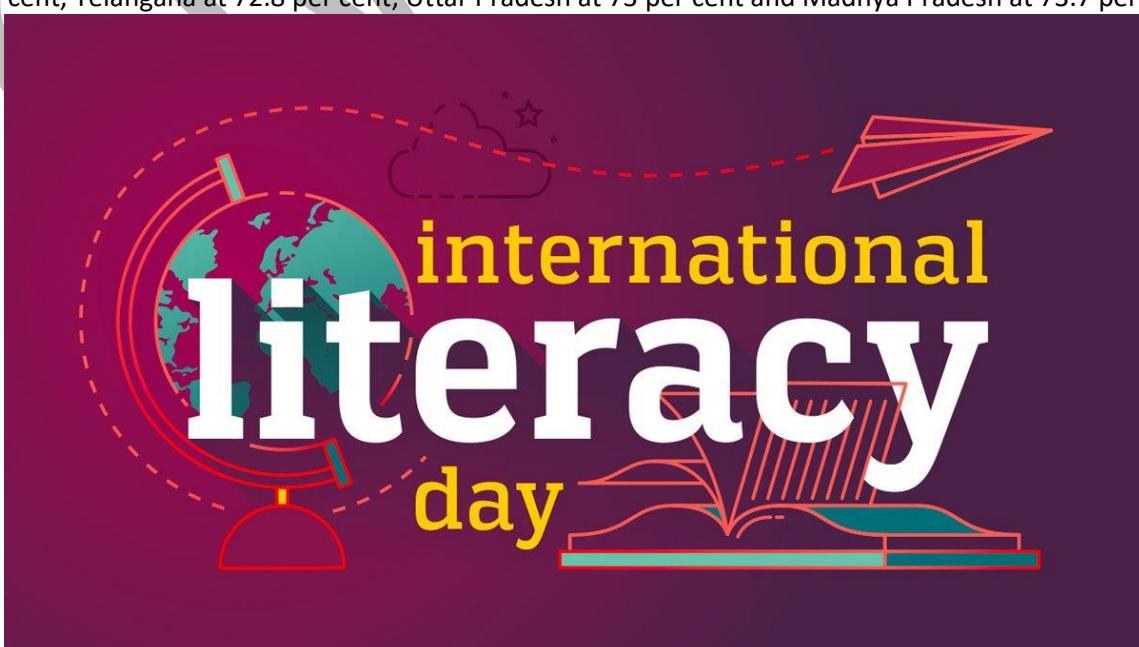
Z लगभग 4 से 5 ग्रैन्टीय सुरक्षा गार्ड (NSG) के कमांडो वीआईपी के साथ
22 सुरक्षाकर्मी सुरक्षा थेर में शामिल
इसमें दिल्ली पुलिस सहित सीआरपीएफ के कमांडो व स्थानीय पुलिसकर्मी शामिल
एक कॉर्ट और पायलट वाहन भी मौजूद

Z+ देश की सबसे कड़ी सुरक्षा व्यवस्था
वीआईपी ब्रिगेडी की सुरक्षा
55 सुरक्षाकर्मी शामिल
इसमें 10 से अधिक एनपसजी कमांडोज़

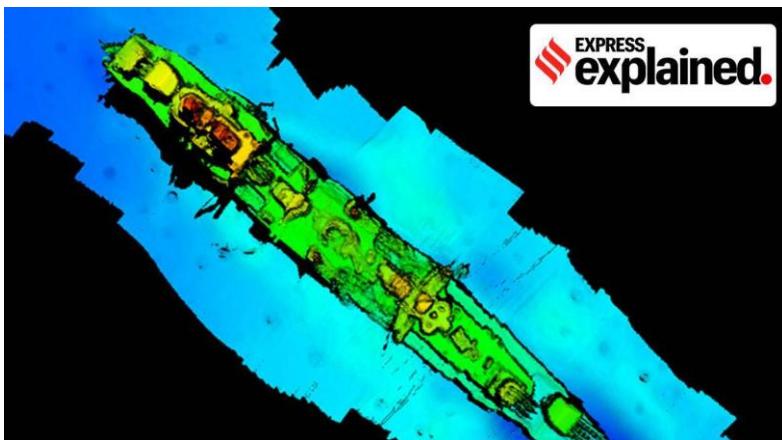


TOPIC 15. INTERNATIONAL LITERACY DAY

1. In India, as per the last census in 2011, a total of 74.04 per cent are literate, an increase of 9.2 per cent from the last decade (2001-11).
2. The United Nations marks International Literacy Day — “to remind the international community of the importance of literacy for individuals, communities and societies, and the need for intensified efforts towards more literate societies” — on September 8. The day aims at raising awareness and reminding people of the importance of literacy as a matter of dignity and human rights.
3. The theme for International Literacy Day 2020 is “Literacy teaching and learning in the COVID-19 crisis and beyond”.
4. UNESCO has said: “During Covid-19, in many countries, adult literacy programmes were absent in the initial education response plans, so the majority of adult literacy programmes that did exist were suspended with just a few courses continuing virtually, through TV and radio, or in open air spaces.”
5. The Literacy Day this year will reflect on the innovative and effective pedagogies that can be used in youth and adult literacy programmes to face the pandemic and beyond.
6. UNESCO proclaimed September 8 as International Literacy Day at its General Conference in 1966, which stated, “The hundreds of millions of illiterate adults still existing in the world, make it essential to change national education policies.” It emphasised the need for the real emancipation of the people and added that education systems across the world should provide the training required for children and working adults so that they can learn to read and write.
7. Following UNESCO General conference, first International Literacy Day was celebrated on September 8, 1967.
8. Literacy goals are a key part of the UN’s Sustainable Development Goals (SDG) and its 2030 Agenda for Sustainable Development. The SDG agenda contains 17 goals and 169 targets, adopted in 2015 to build on the Millennium Development Goals (MDGs), which were adopted in 2000. The SDGs are meant to be achieved by 2030, and the UN Resolution of which they are a part is called “The 2030 Agenda”.
9. The SDGs include: End poverty in all forms, end hunger, achieve food security and improved nutrition, promote sustainable agriculture, ensure inclusive and equitable quality education, etc.
10. In India, as per last census in 2011, a total of 74.04 per cent are literate, an increase of 9.2 % from last decade (2001-11). The country will take another 50 years to achieve universal literacy, which is 2060, as per UNESCO.
11. According to report ‘Household Social Consumption: Education in India as part of 75th round of National Sample Survey – from July 2017 to June 2018, which is based on National Statistical Office (NSO) data, Kerala is the most literate state in the country, with 96.2 per cent literacy, while Andhra Pradesh features at the bottom with a rate of 66.4 per cent.
12. The study shows that after Kerala, Delhi has the best literacy rate at 88.7 per cent, followed by Uttarakhand at 87.6 per cent, Himachal Pradesh at 86.6 per cent and Assam at 85.9 per cent.
13. Rajasthan features as the second-lowest performer with a literacy rate at 69.7 per cent, followed by Bihar at 70.9 per cent, Telangana at 72.8 per cent, Uttar Pradesh at 73 per cent and Madhya Pradesh at 73.7 per cent.



TOPIC 16. KARLSRUHE



1. The exact location of Karlsruhe's wreckage had remained a mystery for past 80 years due to the discrepancies in the testimonies given by the captain and crew of the ship and others who witnessed its sinking.
2. The Karlsruhe, a 174-metre light armoured cruiser, was the last of the big German World War II-era warships to remain missing – until its wreckage was found on June 30.
3. The wreckage of the ship, sunk by a British submarine in 1940, was discovered around 11 nautical miles (20 km) off Kristiansand, Norway, during a routine inspection of undersea electricity cables. The finding was reported by Norwegian public broadcaster NRK last week.

4. The ship's history

- The Karlsruhe was built in the mid-1920s and commissioned into the German Navy in 1929. It was used mostly as a training vessel until World War II. By the time it was used in battle, its structure and weapons systems had been upgraded several times, making it one of Germany's most effective warships of its class.
- On April 9, 1940, as German forces set out to invade Norway, the Karlsruhe led a fleet of warships to attack the city of Kristiansand. The advanced guns and cannons on the ship, supported by other smaller ships in the fleet, destroyed the city's maritime defences in just a few hours. The fleet dropped off soldiers in Kristiansand, and they, with the help of German warplanes, would go on to take over the city and eventually occupy the whole of Norway.

5. Its sinking

- After dropping off most of its crew, the Karlsruhe turned around to head back to Germany, but it didn't get very far from Kristiansand harbour. Just outside the fjord that leads away from the harbour lurked the British submarine HMS Truant. When it spotted the Karlsruhe emerging from the harbour, the submarine fired multiple torpedoes in its direction, hitting it twice and causing severe damage.
- The crew attempted to save the ship, trying to navigate it to safety, but gave up after a couple of hours as the seawater rushed in through the broken hull. Everyone in the Karlsruhe was evacuated to other boats in the fleet and one of those fired two more torpedoes at it to make sure that it sank to the bottom of the sea.
- An element of sunken German WWII warship cruiser "Karlsruhe" that had been observed 13 nautical miles from Kristiansand in Norway, according to Statnett, is seen in this undated photo obtained by Reuters.

6. Finding the wreckage

- The exact location of the Karlsruhe's wreckage had remained a mystery for the past 80 years due to the discrepancies in the testimonies given by the captain and crew of the ship and others who witnessed its sinking.
- The wreckage was first discovered in 2017 though it wasn't identified then as belonging to the Karlsruhe. But Ole Petter Hobberstad, a project engineer for Norwegian power grid operator Statnett, had been waiting for a chance to investigate the site and find out what it was. That chance came on June 30 when he was working on a ship as part of a Statnett inspection of undersea electricity cables lying just 15 metres away from the wreck. He used the Statnett ship's advanced sonar and an unmanned reconnaissance submarine to look at the spot. What he saw was a well-preserved shipwreck 490 metres

under the sea. The length of the sunken ship, its cannons and a Nazi Swastika helped identify it as the Karlsruhe.

7. What now?

- Experts estimate that thousands of litres of oil and other substances could still be inside the shipwreck, and that it could cause an ecological disaster in case of a leak. For this reason, salvaging the wreck could be dangerous, apart from being a very expensive process. It is also not yet clear whether the site will be classified and protected as an underwater war grave. This would depend on whether any of the Karlsruhe's crew went down with it, though most of them were known to have been evacuated before the ship was sunk.



TOPIC 17. MASTER PLAN 2041

- 1. It is an urban planning concept which sees water bodies and land as being interdependent, and symbiotic, while offering environmental and social benefits**
2. The Delhi Development Authority (DDA) is holding public consultations for the preparation of the Master Plan for Delhi 2041, a vision document for the city's development over the next two decades.
3. The existing Master Plan 2021 will be outdated next year, and the agency wants to notify the new plan by the time that happens.
4. There are several features in the draft policy but the focus on water bodies and the land around it, which is referred to as the "Green-Blue policy", promises to give the city a new shape.

5. What is Green-Blue infrastructure?

- 'Blue' infrastructure refers to water bodies like rivers, canals, ponds, wetlands, floodplains, and water treatment facilities; while 'Green' stands for trees, lawns, hedgerows, parks, fields, and forests.
- The concept refers to urban planning where water bodies and land are interdependent, and grow with the help of each other while offering environmental and social benefits.

6. How does DDA plan to go ahead with it?

- In the first stage, the DDA plans to deal with the multiplicity of agencies, which because of the special nature of the state, has plagued it for several years.
- DDA wants first map out the issues of jurisdiction, work being done by different agencies on drains, and the areas around them. Thereafter, a comprehensive policy will be drawn up, which would then act as the common direction for all agencies.
- Delhi has around 50 big drains (blue areas) managed by different agencies, and due to their poor condition and encroachment, the land around (green areas) has also been affected.
- DDA, along with other agencies, will integrate them and remove all sources of pollution by checking the outfall of untreated wastewater as well as removal of existing pollutants. A mix of mechanised and natural systems may be adopted, and dumping of solid wastes in any of these sites will be strictly prohibited by local bodies, through the imposition of penalties.

7. What will the areas look like after redevelopment?

- Land around these drains, carrying stormwater, will be declared as special buffer projects. A network of connected green spaces would be developed in the form of green mobility circuits of pedestrian and cycling paths. "It will be developed along the drains to serve functional as well as leisure trips," a senior DDA official said.
- There is also a plan to develop spaces for yoga, active sports (without formal seating), open air exhibitions, museums and information centres, open air theatres, cycling and walking facilities, arboreta, greenhouses, community vegetable gardens, facilities for boating, restaurants, and other low impact public uses that may be encouraged as part of special projects.
- The nature of use, extent of public access, type of vegetation, suitability for developing water bodies, etc. shall be ascertained on a case-to-case basis through scientific assessments, the DDA official said. Thereafter, real estate would be developed along these integrated corridors, he said.

8. What are the challenges?

- The biggest challenge here is the multiplicity of agencies. DDA wants to bring together different agencies like Delhi Jal Board, Flood and Irrigation Department, and municipal corporations as stakeholders in the project. In a city where even waterlogging turns into a blame game between different warring agencies, this will be a tough task, especially as DDA has no supervisory power over these bodies.
- Secondly, cleaning of water bodies and drains has been a challenge for agencies in Delhi for years now. A report by researchers of IIT-Delhi on 20 major sewer drains and five prominent sites on the River Yamuna found abundant presence of coliform and other pollutants. Only rainwater is supposed to flow in these drains, but the study found sewage waste and even industrial waste in some.
- A similar attempt made by DDA earlier, where a special task force was created to check dumping of waste in Yamuna, has not been successful.

TOPIC 18. STUBBLE MANAGEMENT MACHINES

1. What are the types of stubble management machines available in Punjab? What is the role of these machines in managing stubble? The Indian Express explains the challenge facing Punjab and how it intends to tackle it

- To help Punjab farmers manage stubble after harvesting paddy in the coming months, the state government has arranged 74,000 subsidised machines. While some experts feel that the number is too small given that the task is to manage 20 million tonnes of stubble, others believe that the number is enough and the focus should now be on effective utilization of the available equipment. *The Indian Express* explains the challenge facing Punjab and how it intends to tackle it.

2. What are the types of stubble management machines available in Punjab?

- According to Punjab Agriculture Department, the state has 15,000 Happy Seeders and 1,000 Super Seeders, currently. By September, 5,000 more Happy Seeders and Super Seeders will be added to the list which will take their number to 21,000 before paddy harvesting. Similarly, the number of Super SMS, which is attached with normal combine harvester, is 5,000 currently, while 2,000 are being added this year. So the state will have 7,000 Super SMS machines out of total 17,000 harvesters available. Apart from this, the remaining are around 5,000 Zero Till drills, 40,000 rotavators (most of which were owned by farmers before scheme) and remaining Reverse MB Ploughs, choppers, mulchers etc.

3. What is the role of these machines in managing stubble?

- Stubble can be managed in three ways — by pressing the left over stubble under the earth; sowing wheat directly in the standing stubble in the fields and thirdly, by collecting it in bundles.
- The role of three most sought after machines including Super SMS, Happy Seeder and Super Seeders is most crucial in managing stubble. Combine harvester with the attachment of Super SMS (Straw Management System) cuts and spreads the straw in uniform manner in the field at the time of harvesting of paddy following which Happy Seeder can sow wheat in directly in such fields in standing paddy stubble (the height of which remains around 18 inches after cutting with Super SMS). The Super Seeder is more advanced and it ploughs standing paddy stubble in soil and sows wheat seed simultaneously in a single operation after harvesting.
- In the absence of these three machines, after doing harvesting with normal harvester, straw chopper or mulcher machine is run to cut the stubble in small pieces of one inch. Then sowing with Rotavator can be done and if it is not available then Zero Till Seed Drill is used for wheat sowing after removing the heavy stubble manually from the field. Such stubble gets mixed with soil and dissolves gradually.
- If farmer is not going for wheat sowing after paddy harvesting and wants to grow vegetables or potato, then he needs to operate Reverse MB (RMB) plough, which is used for reversing the land upside down, to press the chopped stubble under the earth. A clean filed is suitable for sowing vegetables. Another machine — baler and rack — collects stubble and makes bales which can be supplied to power generation bio mass plants or to some other factories.

4. Why do some agri-experts feel that the machines are not enough for challenge ahead?

- According to some experts, farmers get only 25 to 30 days between paddy harvesting and wheat sowing. With available number of Happy Seeders and Super Seeders, which cover 8-10 acres and 6-acres daily, respectively, around 17 to 17.50 lakh hectares can be covered in 30 days. They believe that more machines are needed as the task is to manage stubble on 27.50 hectares of paddy area, including 6.50 lakh hectares of Basmati.

5. What is the immediate solution?

- Around 17.50 lakh hectares can be covered with Happy Seeder and Super Seeder machines, and the remaining 10 lakh hectares can be sown with the help of Rotavators, which are normally used for wheat sowing and can sow over 20 lakh hectares area because of wide availability and Zero Till Drill machines. Both these machines are more than sufficient to cultivate wheat but for that stubble must be cut and spread in field in uniform manner.
- “We have provided improved modified latest equipments to the farmers under In-Situ Scheme and apart from these subsidised machines several farmers own their own personal machines and with this number machines now the focus of every one including our own, must be towards the proper utilisation of these machines. We are continuously creating awareness among farmers and even an App is also available to them which provides information about the availability of such equipment to them,” said Engineer Manmohan Singh Kalia, the nodal officer of farm machinery and Joint Director (Officiating), Punjab Agriculture Department.

6. What would it cost to manage stubble by using different methods?

- According to prevailing rates of farm machinery, if farmers harvest paddy with Super SMS harvester and sow wheat with Happy Seeder or Super Seeder, it will cost Rs 3,200 to Rs 4,100 per acre.
- “The charges of Super SMS attached harvester are Rs 1,900 per acre, Rs 1,300 is the rent of Happy Seeder and Rs 2,200 is the rent of Super Seeder,” said farmer Satnam Singh of Rajjian village in Amritsar’s Ajnala tehsil, who runs a centre of farm machinery of stubble management.
- If these machines are not available to farmers then to manage stubble each of them has to spend around Rs 3,700 to Rs 6,500 per acre. In this case, farmers will have to pay Rs 1,500 for simple combine harvester, Rs 1,500 for chopper or mulcher machines to cut stubble into small pieces and Rs 1,500 for sowing wheat with rotavator or Rs 700 for sowing with Zero Till Drill machine.
- But if a farmer goes for RMB plough operation, then he has to pay Rs 2,000 more and total cost will come to Rs 6,500 per acre to manage the stubble from harvesting till sowing.

7. How much does it cost farmers if they go for harvesting with simple harvester and sowing of wheat after burning stubble?

- “I go for burning and spend Rs 3,400 to Rs 4,500 per acre which includes around Rs 1,500 rent for normal paddy harvester, Rs 400 for cultivator operation after burning field and Rs 1,500 for sowing with rotavator. If rotavator is not available then I need to do at least three operations of tractor-mounted disc harrow costing Rs 500 each and around Rs 1,500 on cultivator operation, two planking (Rs 200 each) and drilling that costs around Rs 700,” said a farmer who practises burning of stubble.

8. What is the need of hour then?

- Farmers organisations say that they are also against burning but due to less time farmers can neither wait for machinery nor they can pay the rent. So government must help small and marginal farmers by paying the rent of these machines. Experts believe that when almost sufficient machinery is available with the state to manage the stubble, the government and farmers both should work together as one.

TOPIC 19. TYPHOON HAISHEN

1. **Typhoon Haishen:** Multiple typhoons hit Japan every year and typically, typhoon season is expected to last till November.

2. Typhoon Haishen made landfall over southern Japan on Sunday becoming the country's second landfalling typhoon within a week. Japan's meteorological agency has referred to the tropical storm as "large" and "very strong".

3. What has been the impact of typhoon Haishen?

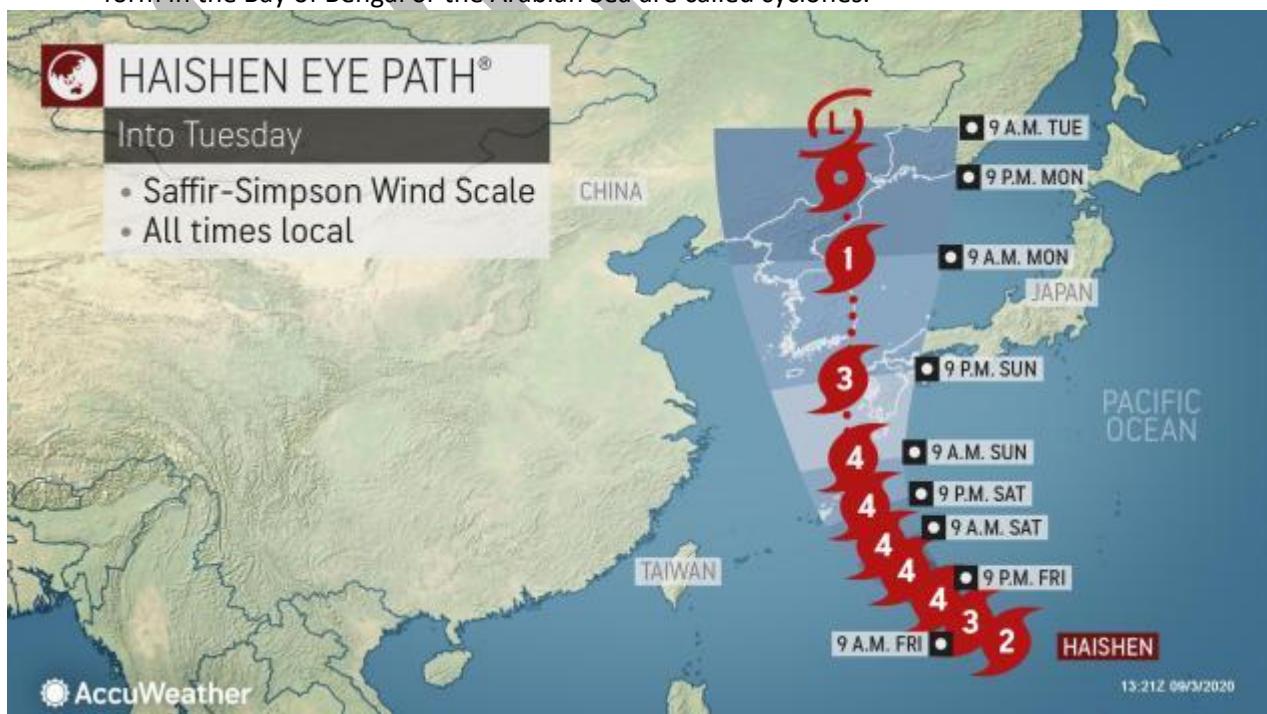
- The typhoon is categorised as a Category 4 storm which means well-built framed houses can suffer severe damage with loss of most of the roof structure and exterior walls. The Japanese authorities urged more than 8 million residents to evacuate the areas that were at risk. Multiple typhoons hit Japan every year and typically, typhoon season is expected to last till November.
- Typhoon Haishen, referred to as typhoon number 10 in Japan has left over a dozen people injured and left hundreds of thousands of households without electricity in the country. The Mainichi reported that over 425,000 houses in the Nagasaki and Kagoshima prefectures were without electricity. The Japan Meteorological Agency (JMA) has warned people of torrential rains, strong winds and tidal surges in some areas, even as the tropical storm is now making its way to the Korean peninsula.
- The damage associated with strong typhoons include wind damage, water damage, high tide damage and wave damage.

4. How are typhoons named in Japan?

- The JMA numbers typhoons in Japan and the first typhoon to occur after January 1st of the year is called typhoon number 1. While in the US, hurricanes are referred to by English names, the intergovernmental organisation called the Typhoon Committee (Cambodia, China, Democratic People's Republic of Korea, Hong Kong, Japan; Lao People's Democratic Republic, Macao, China, Malaysia, the Philippines, Republic of Korea, Singapore, Thailand, Vietnam and the United States of America), which has 14 members including Japan uses Asian names for typhoons that are contributed by the member countries. Haishen was a name recommended by China and means "sea god" in Chinese.

5. Why are hurricanes called typhoons in the North Pacific and Asia?

- Depending on where they occur, hurricanes may be called typhoons or cyclones. The scientific name for all these kinds of storms is tropical cyclones.
- The tropical cyclones that form over the Atlantic Ocean or the eastern Pacific Ocean are called hurricanes and the ones that form in the Northwest Pacific are called typhoons. Tropical storms that form in the Bay of Bengal or the Arabian Sea are called cyclones.



TOPIC 20. CHUSHUL SECTOR



1. Chushul has an airstrip, and its connectivity by road to Leh gives it a unique operational vantage. Indian troops have now secured the ridgeline in this sub-sector that allows them to dominate the Chushul bowl on the Indian side, and Moldo sector on the Chinese side.

2. The Chushul sub-sector has come into focus in standoff between Indian and PLA troops following movement that took place on the intervening night of August 29 and 30.

3. What is the Chushul sub-sector?

- The Chushul sub-sector lies south of Pangong Tso in eastern Ladakh. It comprises high, broken mountains and heights of Thatung, Black Top, Helmet Top, Gurung Hill, and Magger Hill besides passes such as Rezang La and Rechin La, the Spanggur Gap, and the Chushul valley.
- Situated at a height of over 13,000 feet close to the LAC, the Chushul Valley has a vital airstrip that played an important role even during the 1962 War with China.
- Thanks to its location, Chushul is one among five Border Personnel Meeting points between the Indian Army and the People's Liberation Army of China. It is here that representatives of the two armies meet for regular interactions. The recent brigade-level meetings between the two sides were also held here.

4. What is its strategic importance to India?

- Chushul enjoys tremendous strategic and tactical importance because of its location and terrain, which make it a centre for logistics deployment.
- This sector has plains that are a couple of kilometres wide, where mechanised forces, including tanks, can be deployed. Its airstrip and connectivity by road to Leh add to its operational advantages.
- Indian troops have now secured the ridgeline in this sub-sector that allows them to dominate the Chushul bowl on the Indian side, and Moldo sector on the Chinese side.
- They also have a clear sight of the almost 2-km-wide Spanggur gap, which the Chinese used in the past to launch attacks on this sector in the 1962 War.
- Maj Gen (retd) GG Dwivedi, co-author of the book, '1962: A View from the Other Side of the Hill', says: "Securing this ridgeline has given us both military and strategic advantage. Once you secure this ridgeline, you are fully deployed with all your equipment."
- Gen Dwivedi says India's move has neutralised the advantage that China gained when it secured areas between Finger 4 and Finger 8 on the northern bank of the Pangong Tso.
- "Our domination of the ridgeline in the Chushul sub-sector gives us a bargaining chip in our negotiations for the disengagement process," he said.

5. How is Chushul important to China?

- Simply put, Chushul is the gateway to Leh. If China enters Chushul, it can launch its operations for Leh.

6. Did the Chinese try to capture Chushul in the 1962 War?

- After the initial attacks, including on the Galwan valley by the Chinese in October 1962, the PLA troops prepared to attack Chushul airfield and the valley to get direct access to Leh.
- However, just before the attacks were launched, the area was reinforced by the 114 Brigade in November 1962, which also had under its command two troops of armour and some artillery.
- It's important to note that the heights secured by Indian soldiers on the intervening night of August 29-30 were held by them in 1962 as well. These included Lukung, Spanggur Gap, Gurung Hill, Rezang La, Magger Hill and Thatung Heights.

- The units which held these areas included the 5 Jat, 1 Jat, 1/8 Gorkha Rifles, and 13 Kumaon. The Indian soldiers gave an outstanding account of themselves in the battles, where famously at Rezang La, the Charlie Company of 13 Kumaon lost 114 soldiers out of its total 120. The Company Commander, Maj Shaitan Singh, was awarded the Param Vir Chakra for gallantry posthumously.
- After Gurung Hill and Rezang La fell to the Chinese, the brigade pulled back troops to the heights to give a better response to the enemy. However, the anticipated next attacks never came, as a ceasefire was declared. The brigade achieved its primary task after suffering 140 casualties, while the Chinese lost more than 1,000 soldiers.

7. What are the future challenges in this area?

- An immediate challenge is of a flare-up as troops of the two countries are deployed within a distance of 800 to 1,000 metres of each other at Black Top and Rechin La.
- Logistics also pose a major challenge. As Gen Dwivedi says, “You need porters to carry water and food to the top. You don’t want troops to do that, for then you lose fighting strength.”
- At this point, villagers of Chushul are being of great help. Chushul village in Durbuk tehsil is home to around 170 families, most of whom are of Tibetan descent. According to social media posts of Konchok Stanzin, executive councillor for education at Ladakh Autonomous Hill Development Council, the villagers have been ferrying water and essential commodities to the Indian troops deployed at Black Top.
- The harsh winter that lasts for eight months of the year poses a big challenge. It is very difficult to dig in, and make shelters on the ridgeline. The mercury plummets to minus 30 degrees Celsius, and there are frequent snowstorms.
- “No major operations are possible in winter. The Pangong Tso also freezes, making movement between its north and south banks possible,” Gen Dwivedi said.

TOPIC 21. FACEBOOK AND GOOGLE

1. Australia could soon pass a law to force Google and Facebook to pay media firms for news reports that appear on these platforms. Tech giants have refused flatly and issued grim warnings about fallout such a step might have.
2. As a final version of a legislation calling on tech giants to compensate media firms for news reports takes shape in Australia, Facebook has threatened to block the country's publishers and individuals from sharing news stories on the platform.
3. On September 7, Prime Minister Scott Morrison said he expected a "sensible outcome" to his government's plans to make digital platforms pay for journalism.

4. What sparked the standoff?

- Since January 2019, poor advertising revenues have forced over 200 news organisations in Australia to close temporarily or permanently shut down, according to the Australian Newsroom Mapping Project, and the Covid-induced slowdown has compounded the industry's problems.
- Following an inquiry last year, which found that platforms such as Google and Facebook were bagging "too large a share" of the online advertising profits from media organizations in Australia, the government proposed the draft News Media Bargaining Code law in July this year.
- Drafted by the Australian Competition and Consumer Commission, the country's competition regulator, the code is aimed at providing a "level playing field" to local news publishers.

5. What does the draft code propose?

- The code urges tech giants Google and Facebook to pay for Australian news content that appears on their news feed and searches.
- If implemented, it will allow media firms to negotiate a price for their content with the digital services, and if the two parties do not agree to an amount, arbitrators would be appointed to take a call.
- The legislation also calls upon Facebook and Google to notify news companies in case of a change of algorithms – which could decide which stories appear on top of a search – with penalties of up to 10% of a platform's annual turnover in case of non-compliance.
- As per the Australian government's website, August 28 was the last date for "all interested parties to provide their views on the draft code".
- The country's Treasurer Josh Frydenberg has said that he hopes Parliament will pass the legislation — which focuses on Facebook and Google for now, but could be expanded to other digital platforms too — this year.
- The code has been backed by all major news firms including News Corp Australia, the country's largest conglomerate, Nine Entertainment, and Guardian Australia, among others.

6. What was Facebook and Google's response?

- Both companies have strongly opposed the legislation. Last month, Google published an open letter — which was linked to its homepage in Australia — that said the new law could "hurt how Australians use Google Search and YouTube".
- "It could lead to your data being handed over to big news businesses, and would put the free services you use at risk in Australia," said Melanie Silva, Managing Director for Google Australia and New Zealand.
- Silva had warned earlier that the government's "heavy-handed intervention threatens to impede Australia's digital economy and impacts the services we can deliver to Australians".
- In a blog post on August 31, Will Easton, Managing Director, Facebook Australia and New Zealand, wrote: "Australia is drafting a new regulation that misunderstands the dynamics of the Internet and will do damage to the very news organisations the government is trying to protect... Assuming this draft code becomes law, we will reluctantly stop allowing publishers and people in Australia from sharing local and international news on Facebook and Instagram."

7. But why are Facebook and Google opposed to the code?

- Facebook has argued that news reports make up "only a fraction" of what the platform's users get in their feeds, and that it is already driving a large amount of traffic to news websites – numbers which in turn help them seek revenues from advertisers.
- "Over the first five months of 2020 we sent 2.3 billion clicks from Facebook's News Feed back to Australian news websites at no charge — additional traffic worth an estimated \$200 million AUD to Australian publishers," Easton wrote in his post.

- Google has claimed that the law is skewed in favour of big media companies and will end up giving them “special treatment”, and “encourage them to make enormous and unreasonable demands that would put our free services at risk”.

8. And what is the government's defence?

- Defending the draft code, Australia's Competition and Consumer Commission chair Rod Sims told The Guardian: “The draft media bargaining code aims to ensure Australian news businesses, including independent, community and regional media, can get a seat at the table for fair negotiations with Facebook and Google.”
- Countering Facebook's claim that news is “only a fraction” of its content, he said, “We note that according to the University of Canberra's 2020 Digital News Report, 39% of Australians use Facebook for general news, and 49% use Facebook for news about Covid-19.”

9. What if Facebook actually follows through with its threat?

- In the absence of news reports from credible sources, say experts, proliferation of fake news and disinformation could be major concerns. Facebook has already been under fire for fake news for some time now.
- Google has warned that the new law would force the platform to “make its services dramatically worse”.
- However, the Australian government seems unlikely to blink. “The tech giants have a history of making heavy-handed threats on public policy issues... But we're not going to be distracted by that,” the country's Communications Minister Paul Fletcher told the Australian Broadcasting Corporation.

10. Do other countries have such a law?

- In 2014, Spain passed a “snippet tax” that called on news outlets in the country to charge Google for headlines (or snippets) of their stories appearing on Google News. The outcome was that even now “Spanish publishers aren't featured in Google News and Google News is closed in Spain.”
- Google has often said that it does not pay for news content as “a matter of policy”.
- In March last year, the European Union introduced new online copyright rules to help news publishers and tech giants strike deals for sharing content.
- In France, where the legislation was first implemented, Google did not agree to pay publishers, and said instead that they would only display thumbnail images of stories if provided to them for free, leaving many news firms disappointed.

11. In Germany too, the company has adopted the same policy.

- Last year, the Journalism Competition and Preservation Act of 2019 was introduced in the United States Congress for the “publishers of online content to collectively negotiate with dominant online platforms regarding the terms on which their content may be distributed”.
- Now, all eyes are on the Australian government. If the draft code becomes law, it could be a precedent for similar legislation in other countries too.

TOPIC 22. SCRAMJET VEHICLE

1. Scramjet: A look at vehicle and its development, and the importance of the test for defence and other sectors.
2. The Defence Research and Development Organisation (DRDO) on Monday **successfully flight tested** the Hypersonic Technology Demonstrator Vehicle (HSTDV) – an unmanned scramjet vehicle with a capability to travel at six times the speed of sound.
3. A look at the vehicle and its development, and the importance of the test for defence and other sectors.

4. Significance of the test

- The DRDO said in a series of tweets, “In a historic mission today, India successfully flight tested Hypersonic Technology Demonstrator Vehicle, a giant leap in indigenous defence technologies and significant milestone towards a Sashakt Bharat and Atmanirbhar Bharat. DRDO with this mission, has demonstrated capabilities for highly complex technology that will serve as the building block for NextGen Hypersonic vehicles in partnership with industry.”
- The test which was conducted from Dr APJ Abdul Kalam Launch Complex at Wheeler Island, off the coast of Odisha today, the Agni missile was used. A solid rocket motor of Agni missile was used to take to an altitude of 30 kilometers where the cruise vehicle separated from the launch vehicle and the air intake opened as planned. The parameters of the test were monitored by multiple tracking radars, electro-optical systems and telemetry stations and a ship was also deployed in the Bay of Bengal to monitor the performance during the cruise phase of hypersonic vehicle. All the performance parameters have indicated a resounding success of the mission, officials said.
- A senior DRDO scientist said that though the system was tested for a very short duration, it has given scientists a large set of data points to work on for further development. The indigenous development of the technology will also boost the development of the systems built with hypersonic vehicles at its core, including both offensive and defensive hypersonic cruise missile systems and also in the space sector.
- Scientists believe that while the successful test is a major milestone, many more rounds of tests will have to be done to achieve the level of technology with countries like the US, Russia and China. “This is certainly a milestone, but developers will have to look at it as a stepping stone.” A DRDO scientist, who was part of the project said.

5. The hypersonic vehicle and its scramjet engine

- The scramjets are a variant of a category of jet engines called the air breathing engines. The ability of engines to handle airflows of speeds in multiples of speed of sound, gives it a capability of operating at those speeds.
- Hypersonic speeds are those which are five times or more than the speed of sound. The unit tested by the DRDO can achieve upto six times the speed of sound or Mach 6, which is well over 7000 kilometers per hour or around two kilometers per second.
- For the test on Monday, the hypersonic combustion sustained and the cruise vehicle continued on its desired flight path at a velocity of Mach 6 for a period of 20 seconds. “The critical events like fuel injection and auto ignition of scramjet demonstrated technological maturity. The scramjet engine performed in a text book manner.” The DRDO said. While the technology helps achieve hypersonic speeds, it comes with its set of disadvantages, and the obvious one being its very high cost and high thrust-to-weight ratio.

6. Development of the technology

- The DRDO started on the development of the engine in early 2010s. The Indian Space Research Organisation (ISRO) has also worked on the development of the technology and has successfully tested a system in 2016. DRDO too has conducted a test of this system in June 2019.
- The special project of the DRDO consisted of contributions from its multiple facilities including the Pune headquartered Armament and Combat Engineering Cluster. “At the hypersonic speeds, the system has to handle temperatures to the range of 2500 degrees celsius as well as the air speed, and thus development of the material is one of the main challenges.” said a DRDO scientist.
- For this project, DRDO used many technologies already available with it. After the test on Monday, Defence Minister Rajnath Singh tweeted, “The DRDO has today successfully flight tested the Hypersonic Technology Demonstrator Vehicle using the indigenously developed scramjet propulsion system. With this success, all critical technologies are now established to progress to the next phase.”

TOPIC 23. GDP CONTRACTION

1. The contraction seen in first-quarter GDP data is severe, but not unexpected. What should be done — or not done — at the level of govt policy so that the economy gets a chance to rebound as quickly as possible?
2. **How should one read the first-quarter GDP data and the contraction by 23.9%? What signal does it offer for the future? And does it give any idea of the sectors that the government must prioritise?**
 - Compared to the first quarter of last year, the income split showed growth in agriculture, minor declines in financial services, utilities (like electricity and water) and public administration, and major declines in retail, transportation, manufacturing, hotels, and construction.
 - The expenditure split showed growth in government spending, private consumption was down by a quarter, and investments nearly halved. On both fronts there was little surprise in the GDP release.
 - The quantum of decline seems to have surprised many, but it should not have.
 - The first lockdown curtailed nearly two-thirds of GDP, and while this proportion came down in subsequent phases, till the end of May activities adding up to nearly a fifth of GDP were still restricted. Even in August, we estimate, up to 9 per cent of GDP was restricted either by regulation or fear.
 - While the economic trajectory going forward would be affected by the wealth and income losses seen in the past five months, the decline in the June quarter was almost entirely due to activity restrictions. Now that there is an official measure, however inaccurate, of the scale of losses, the first priority should be to remove as many of these restrictions as possible.
 - While the Union government caught on to this by May, state and local governments are still using unproven administrative measures like **lockdowns on weekends** or on random days, or quarantines for travellers. Further, **seroprevalence** studies in several cities are now showing fatality rates of one or less per thousand infections; more such studies are needed to reduce fear among the people.
 - This release should also allow the government to calibrate its fiscal response. With a steady recovery in growth rates till the end of the year, the full year decline would be around 10 per cent, or a loss of about Rs 20 lakh crore.
 - We estimate that about half of this would be felt by the government in the form of lost taxes and some extra expenditure, such as free grains. About a fourth would be borne by wage earners. Given that consumption was also affected by restrictions, the lasting impact would be smaller. The worst affected would be informal firms and low-income households, which would exit the **pandemic** with fewer assets or higher debt. This could impair their economic potency for a long time, unless the government intervenes fiscally, spreading the losses over current and future citizens through a rise in sovereign debt to GDP: as close to “water under the bridge” as one can get.
3. **How should we read suggestions that the scale of contraction may not be correct since the damage to the informal economy is not being captured in the GDP data?**
 - More than 40 per cent of our GDP is informal, meaning there is no data even on an annual basis. GDP data in India, therefore, are prone to large revisions — it is a calculation more of an estimate than a measurement until at least the second revised estimate that is published two years later.
 - Quarterly GDP calculations must rely on even less hard data than available annually, projecting formal economy growth rates on to the informal economy for several activities. It is possible that the growth rates may have been overstated, as anecdotal evidence suggests that in many sectors, formal firms gained share. However, it is hard to quantify this.
4. **GDP projections for the July-September quarter also point towards a contraction, but shallower than the one seen in April-June. Does this imply that GDP growth has bottomed out? How are readings of other high frequency data points and other numbers beyond the first quarter?**
 - The year-on-year growth momentum going forward should be better than in the first quarter, as activity restrictions are progressively relaxed, and people’s fear of the virus reduces. All activity indicators we track show a much better reading now than they did between April and June.
 - However, the pace of the rebound has slowed since July. This has two drivers.
 - One, there still exist restrictions on several economic activities — for example, just transport to and from schools/colleges is a Rs-1,20,000 crore business. Similarly, demand for ethnic premium apparel, used for festivals and family events is subdued. Nearly a fifth of milk is consumed out-of-home. Activities at large construction companies are still not back to pre-crisis levels.

- Two, the effects of the weak economy in the last five months will now start showing up. Some businesses have shuttered, and the sharp increase in economic uncertainty that we saw since March would have changed savings and investment behaviour for many others.
- The economy is, therefore, far from normal, and may stay that way for a while.

5. CPI-WPI inflation rates have been displaying divergent trends, with WPI staying in the negative territory, reflecting weak pricing power, while CPI has been rising, staying above the RBI's comfort level. Is the country headed towards a long phase of stagflation and recession?

- One should try not to read too much into inflation data currently for three reasons.
- First, the consumption basket is currently very different from what CPI is based on.
- For example, the weight of market-priced rice in CPI is nearly 10 times the weight of PDS rice (i.e., subsidised rice) in CPI. However, today a large part of the population is getting free rice; if this showed up in CPI, inflation could be 200 basis points lower. There are numerous such examples.
- Second, as local lockdowns impede normalisation of supply chains and markets, shortages are appearing. So much so that firms now say that market share gains will be supply driven (that is, who gets hold of the supply) rather than demand driven. This is also showing up in lower discounts.
- Lastly, uncertainty is impeding supply resumption even in basic categories like vegetables, where farmers are unwilling to plant certain crops because they are afraid of not being able to sell the harvest. This is where the stagflation risks can emerge – if the amount of chicken consumed is down by a third but prices are up 5 per cent, the focus should be on reviving supply rather than raising rates. The challenge, thus, is to reduce economic uncertainty so that more businesses do not shut down, as reviving supply is far more difficult than reviving demand.

6. So far the government has mostly relied on the RBI to support the economy; is it time now for a big bang fiscal push to generate growth and employment? And given that the government does not have the fiscal space for such a push, how can this space be created?

- There is a need to socialise at least some of the losses for the smaller and informal firms and low-income households. Given weak financial penetration in India, monetary steps are likely to have limited impact on these entities.
- The challenge appears to be less a lack of fiscal space and more the central government's worry that undirected large schemes create economic distortions and corruption. Many of the areas that require investment are state subjects, and there appears to be a lack of trust between the Centre and the states on leakages, should a large unconditional allocation be made to states.
- This is resolvable – we have already had successful schemes where the Centre provided funds and also executed works in areas that are state subjects, such as rural roads, rural housing and sanitation, and now even drinking water provision. New schemes focusing on areas that trigger widespread demand – say, the creation of a hospital in every block – may be necessary.

7. What can the states themselves do to push growth?

- State governments have fiscal stress, but they also have more administrative control. They should look to permit as many activities as possible. For example, there is no need for quarantines for travellers now when most districts in India have a thousand or more infections already. Each state also has its own niche sectors that may not be as important nationally – like tourism in Goa, Kerala and Rajasthan, or dairy in UP – that it can devise policies for.

8. There is a clamour for a fiscal push — increased spending by the Centre. But what could be the means to raise such resources?

- The current excess of incoming dollars is likely to last. Instead of the RBI letting the rupee appreciate, it may choose to allow excess funds in the domestic economy to rise, which can help the government raise funds cheaply. Further, with interest rates globally likely to be low for quite some time, and capital markets on a tear (issuance of debt and equity is already at a record high), the government can divest assets in real estate, steel, copper, iron ore, oil marketing, banking and insurance, to create new assets in healthcare, education, and social safety.

TOPIC 24. FOREX RESERVES

1. The current situation stands in stark contrast to 1991, when India had to pledge its gold reserves to stave off a major financial crisis. In March 1991, India had forex reserves of a mere \$5.8 billion; today, the country can depend on its soaring foreign exchange reserves to tackle any crisis on the economic front.
2. India's foreign exchange (forex) reserves surged by \$3.883 billion to touch a lifetime high of \$541.431 billion in the week ended August 28, Reserve Bank of India (RBI) data showed on Friday (September 4). India's forex reserves had crossed \$500 billion for the first time ever in the week ended June 5, 2020, hitting what was then the all-time high of \$501.7 billion.
3. The current situation stands in stark contrast to the one in 1991, when India had to pledge its gold reserves to stave off a major financial crisis. In March 1991, India had forex reserves of a mere \$5.8 billion; today, the country can depend on its soaring foreign exchange reserves to tackle any crisis on the economic front.
4. While the overall situation on the economic front is gloomy, with India's Gross Domestic Product (GDP) growth having contracted **23.9 per cent** in the April-June quarter, and manufacturing activity and trade at standstill, the stock of forex reserves is one data point that India can cheer about amidst the Covid-19 pandemic.

5. What are forex reserves?

- Forex reserves are external assets in the form of gold, SDRs (special drawing rights of the IMF) and foreign currency assets (capital inflows to the capital markets, FDI and external commercial borrowings) accumulated by India and controlled by the RBI.
- The International Monetary Fund says official foreign exchange reserves are held in support of a range of objectives like supporting and maintaining confidence in the policies for monetary and exchange rate management including the capacity to intervene in support of the national or union currency.
- It also limits external vulnerability by maintaining foreign currency liquidity to absorb shocks during times of crisis or when access to borrowing is curtailed.

6. Why are forex reserves rising despite the slowdown in the economy?

- The major **reason for the rise in forex reserves** is the rise in investment in foreign portfolio investors in Indian stocks and foreign direct investments (FDIs). Foreign investors have acquired stakes in several Indian companies over the past several months.
- After pulling out Rs 60,000 crore each from debt and equity segments in March, Foreign Portfolio Investments (FPIs), who expect a turnaround in the economy later this financial year, have now returned to the Indian markets.
- On the other hand, the fall in crude oil prices has brought down the oil import bill, saving precious foreign exchange. Similarly, overseas remittances and foreign travels have fallen steeply.
- The sharp jump in reserves started with Finance Minister Nirmala Sitharaman's announcement on September 20, 2019, cutting corporate tax rates.

7. What's the significance of rising forex reserves?

- The rising forex reserves give comfort to the government and the RBI in managing India's external and internal financial issues at a time of major contraction in economic growth. It serves as a cushion in the event of a crisis on the economic front, and is enough to cover the import bill of the country for a year.
- The rising reserves have also helped the rupee to strengthen against the dollar. The foreign exchange reserves to GDP ratio is around 15 per cent.
- Reserves will provide a level of confidence to markets that a country can meet its external obligations, demonstrate backing of domestic currency by external assets, assist government in meeting its foreign exchange needs and external debt obligations and maintain a reserve for national disasters or emergencies.

8. What does the RBI do with the forex reserves at its disposal?

- The Reserve Bank functions as the custodian and manager of forex reserves, and operates within the overall policy framework agreed upon with the government.
- The RBI allocates the dollars for specific purposes. For example, under the Liberalised Remittances Scheme, individuals are allowed to remit up to \$250,000 every year.
- The RBI uses its forex kitty for the orderly movement of the rupee. It sells the dollar when the rupee weakens and buys the dollar when the rupee strengthens. Of late, the RBI has been buying dollars from the market to shore up the forex reserves.
- When the RBI mops up dollars, it releases an equal amount in rupees. This excess liquidity is sterilised through the issue of bonds and securities and LAF operations.

- “Despite the global dollar weakness, the RBI does not seem to be keen to step off the gas as far as reserve accumulation is concerned... the sentiment in the rupee has been skewed by incessant dollar purchases by the central bank to strengthen its balance sheet,” Abhishek Goenka, CEO, IFA Global, had told The Indian Express earlier.

9. Where are India's forex reserves kept?

- The RBI Act, 1934 provides the overarching legal framework for deployment of reserves in different foreign currency assets and gold within the broad parameters of currencies, instruments, issuers and counterparties.
- As much as 64 per cent of the foreign currency reserves are held in securities like Treasury bills of foreign countries, mainly the US; 28 per cent is deposited in foreign central banks; and 7.4 per cent is deposited in commercial banks abroad, according to RBI data.
- India also held 653.01 tonnes of gold as of March 2020, with 360.71 tonnes being held overseas in safe custody with the Bank of England and the Bank for International Settlements, while the remaining gold is held domestically.
- In value terms (USD), the share of gold in the total foreign exchange reserves increased from about 6.14 per cent as at end-September 2019 to about 6.40 per cent as at end-March 2020.

10. Is there a cost involved in maintaining forex reserves?

- The return on India's forex reserves kept in foreign central banks and commercial banks is negligible — analysts say it could be around 1 per cent, or even less than that, considering the fall in interest rates in the US and Euro zone.
- There was a demand from some quarters that forex reserves should be used for infrastructure development in the country. However, the RBI had opposed the plan. Several analysts argue for giving greater weightage to return on forex assets than on liquidity thus reducing net costs if any, of holding reserves.
- Another issue is the high ratio of volatile flows (portfolio flows and short-term debt) to reserves which is around 80 per cent. This money can exit at a fast pace. There are some differences among academics on the direct as well as indirect costs and benefits of the level of forex reserves, from the point of view of macro-economic policy, financial stability and fiscal or quasi-fiscal impact, former RBI Governor YV Reddy said in one of his speeches.

TOPIC 25. BASIC STRUCTURE



1. **Kesavananda Bharati was head seer of Edneer Mutt in Kasaragod district of Kerala since 1961.**
2. The landmark ruling in which the Supreme Court announced the basic structure doctrine was in the case of His Holiness Kesavananda Bharati Sripadagalvaru and Ors v State of Kerala. Kesavananda Bharati, the man who lent his name to this iconic case as the petitioner, died on Sunday.
3. The ruling is considered among the most consequential decisions by the Supreme Court as it set out the "basic structure" of the Constitution that Parliament cannot amend.
4. **Who was Kesavananda Bharati?**

- Kesavananda Bharati was the head seer of the Edneer Mutt in Kasaragod district of Kerala since 1961. He left his signature in one of the significant rulings of the Supreme Court when he challenged the Kerala land reforms legislation in 1970.
- A 13-judge Bench was set up by the Supreme Court, the biggest so far, and the case was heard over 68 working days spread over six months. The Bench gave 11 separate judgments that agreed and disagreed on many issues but a majority judgment of seven judges was stitched together by then Chief Justice of India S M Sikri on the eve of his retirement. However, the basic structure doctrine, which was evolved in the majority judgment, was found in the conclusions of the opinion written by one judge — Justice H R Khanna.

5. What was the case about?

- The case was primarily about the extent of Parliament's power to amend the Constitution. First, the court was reviewing a 1967 decision in Golaknath v State of Punjab which, reversing earlier verdicts, had ruled that Parliament cannot amend fundamental rights.
- Second, the court was deciding the constitutional validity of several other amendments. Notably, the right to property had been removed as a fundamental right, and Parliament had also given itself the power to amend any part of the Constitution and passed a law that it cannot be reviewed by the courts.
- The executive vs judiciary manoeuvres displayed in the amendments ended with the Kesavananda Bharati case, in which the court had to settle these issues conclusively.
- Politically, the case represented the fight for supremacy of Parliament led by then Prime Minister Indira Gandhi.

6. What did the court decide?

- In its majority ruling, the court held that fundamental rights cannot be taken away by amending them. While the court said that Parliament had vast powers to amend the Constitution, it drew the line by observing that certain parts are so inherent and intrinsic to the Constitution that even Parliament cannot touch it.
- However, despite the ruling that Parliament cannot breach fundamental rights, the court upheld the amendment that removed the fundamental right to property. The court ruled that in spirit, the amendment would not violate the "basic structure" of the Constitution.
- Kesavananda Bharati, in fact, lost the case. But as many legal scholars point out, the government did not win the case either.

7. What is the basic structure doctrine?

- The origins of the basic structure doctrine are found in the German Constitution which, after the Nazi regime, was amended to protect some basic laws. The original Weimar Constitution, which gave Parliament to amend the Constitution with a two-thirds majority, was in fact used by Hitler to his advantage to make radical changes. Learning from that experience, the new German Constitution introduced substantive limits on Parliament's powers to amend certain parts of the Constitution which it considered 'basic law'.
- In India, the basic structure doctrine has formed the bedrock of judicial review of all laws passed by Parliament. No law can impinge on the basic structure. What the basic structure is, however, has been a continuing deliberation. While parliamentary democracy, fundamental rights, judicial review, secularism are all held by courts as basic structure, the list is not exhaustive.

8. What was the fallout of the verdict?

- Politically, as a result of the verdict, the judiciary faced its biggest litmus test against the executive. The Indira Gandhi-led government did not take kindly to the majority opinion and superseded three judges —J M Shelat, A N Grover and K S Hegde — who were in line to be appointed CJI after Justice Sikri.
- Justice A N Ray, who had dissented against the majority verdict, was instead appointed CJI. The supersession resulted in a decades-long continuing battle on the independence of the judiciary and the extent of Parliament's power to appoint judges.
- But the ruling has cemented the rejection of majoritarian impulses to make sweeping changes or even replace the Constitution and underlined the foundations of a modern democracy laid down by the makers of the Constitution.

5 interesting facts you probably didn't know about Indian Constitution

1.

The original copies of Constitution, written in Hindi and English are kept in a special helium filled cases in the library of the Parliament of India.

The original copy was handwritten by Prem Behari Raizada in flowing italic style with beautiful calligraphy. Artists from Shantiniketan beautified the pages.

3.

Over 2000 amendments were made to the original draft before it was finalised after debate and discussion.

The Indian Constitution is called the bag of borrowings as the makers took inspiration from various other Constitutions.

5.

As of December 2018, there have only been 102 amendments made to the Constitution since its enactment.

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MAJOR CONSTITUTIONAL AMENDMENTS THAT CHANGED THE COURSE OF INDIA

1951 (1ST AMENDMENT)

Introduced 9th Schedule to keep certain laws beyond the scope of judicial review

1978 (44TH AMENDMENT)

Right to Property knocked off from the list of fundamental rights

1989 (61ST AMENDMENT)

Voting age reduced to 18 from 21 years

2002 (86TH AMENDMENT)

Free and compulsory education for children between 6 to 14 years

1956 (7TH AMENDMENT)

States reorganised by language; Union Territories introduced

1976 (42ND AMENDMENT)

'Socialist' and 'Secular' added in the Preamble; fundamental duties prescribed

1985 (52ND AMENDMENT)

Defection becomes illegal

1992 (73RD AND 74TH AMENDMENT)

Direct election for Panchayats and urban local bodies

2016 (101ST AMENDMENT)

Introduction of the Goods and Services Tax (GST)

2019 (103RD AMENDMENT)

10% reservation for economically weaker upper castes

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TOPIC 26. ASTEROIDS



EXPRESS
explained.
SCI - TECH

1. Asteroid 465824 2010 FR, “twice as big as the Pyramid of Giza” and expected to cross the Earth’s orbit September 6, has invited similar reactions— clinching alarming descriptions such as “rocky horror” and “dangerous asteroid”.
2. Over the years, scientists have suggested different ways to ward off more serious threats, such as blowing up the asteroid before it reaches Earth, or deflecting it off its Earth-bound course by hitting it with a spacecraft.
3. Once every few days, news headlines announce the approach of a new asteroid towards Earth, and social media platforms become abuzz with panicky users talking about doomsday scenarios.
4. Asteroid 465824 2010 FR, “twice as big as the Pyramid of Giza” and expected to cross the Earth’s orbit on September 6, has invited similar reactions— clinching alarming descriptions such as “rocky horror” and “dangerous asteroid”.
5. In reality, a civilisation-threatening risk from space objects is extremely rare— occurring once every few million years, according to NASA.
6. The space agency has also played down the risk from 465824 2010 FR, saying: “Our #PlanetaryDefense experts are not worried about asteroid 2010 FR and you shouldn’t be either because it has zero chance of hitting Earth. It will safely pass by our planet on Sept. 6 more than 4.6 million miles away—that’s more than 19 times the distance of our Moon!”

7. What is an asteroid?

- Asteroids are rocky objects that orbit the Sun, much smaller than planets. They are also called minor planets. According to NASA, 994,383 is the count for known asteroids, the remnants from the formation of the solar system over 4.6 billion years ago.
- Asteroids are divided into three classes. First, those found in the main asteroid belt between Mars and Jupiter, which is estimated to contain somewhere between 1.1-1.9 million asteroids.
- The second group is that of trojans, which are asteroids that share an orbit with a larger planet. NASA reports the presence of Jupiter, Neptune and Mars trojans. In 2011, they reported an Earth trojan as well.
- The third classification is Near-Earth Asteroids (NEA), which have orbits that pass close by the Earth. Those that cross the Earth’s orbit are called Earth-crossers. More than 10,000 such asteroids are known, out of which over 1,400 are classified as potentially hazardous asteroids (PHAs).

8. What is the level of threat that Earth faces from asteroids?

- According to The Planetary Society, there are estimated to be around 1 billion asteroids having a diameter greater than 1 metre. The ones that can cause significant damage upon impacting Earth are larger than 30 metres.
- As per NASA’s Near-Earth Object Observations Programme, asteroids that are 140 metres or larger (bigger than a small football stadium) are of “the greatest concern” due to the level of devastation their impact is capable of causing. However, it has been pointed out that no asteroid larger than 140 metres has a “significant” chance of hitting the Earth for the next 100 years.

- A meteoroid – a small particle from a comet or asteroid – the size of a football field impacts Earth every 2,000 years, causing serious damage to the area it hits.
- Asteroids the size of 1 km or more in diameter, capable of causing catastrophic worldwide effects, are extremely rare, impacting our planet once every 100,000 years. The probability of comets causing such damage is even lower, around once every 500,000 years.
- The Chicxulub impactor, the 10-kilometre diameter large space object that caused the sudden extinction of most dinosaur species, hit our planet 66 million years ago.

9. Are all space objects dangerous?

- No. According to NASA, every single day, the Earth receives more than 100 tonnes of dust and sand-sized particles from space.
- Every year, a car-sized asteroid enters our planet's atmosphere, and forms an impressive fireball. It burns up before reaching the Earth's surface.

10. Is there a way to deflect asteroids?

- Over the years, scientists have suggested different ways to ward off more serious threats, such as blowing up the asteroid before it reaches Earth, or deflecting it off its Earth-bound course by hitting it with a spacecraft.
- The most drastic measure undertaken so far is the Asteroid Impact and Deflection Assessment (AIDA), which includes NASA's Double Asteroid Redirection Test (DART) mission and the European Space Agency's (ESA) Hera. The mission's target is Didymos, a binary near-Earth asteroid, one of whose bodies is of the size that could pose a significant threat to Earth.
- In 2018, NASA announced that it had started the construction of DART, which is scheduled to launch in 2021 with an aim to slam into the smaller asteroid of the Didymos system at around 6 km per second in 2022. Hera, which is scheduled to launch in 2024, will arrive at the Didymos system in 2027 to measure the impact crater produced by the DART collision and study the change in the asteroid's orbital trajectory.
- In a recent tweet, NASA said: "Yes, asteroids safely pass by Earth all the time, and there is no known asteroid impact threat for the next 100 years. Regardless, stories sometimes surface with alarming headlines surrounding particular asteroids, so we like to reassure everyone when we see such conversations."

TOPIC 27. ASSAM RIFLES

1. Assam Rifles is tasked with the maintenance of law and order in the North East along with the Indian Army and also guards the Indo-Myanmar border in the region.
2. The Delhi High Court has granted 12 weeks to the Union government to decide on whether to scrap or retain the dual control structure for Assam Rifles, which comes under both the Ministry of Home Affairs (MHA) and the Ministry of Defence (MoD).
3. Observing that the matter has been pending for almost three years, the court said it appears that an in-principle decision has been taken to keep the central armed police force under the exclusive control of MHA, but the final decision has not yet been taken.
4. The order was passed on a petition filed by Assam Rifles Ex-Servicemen Welfare Association. Its plea contends that dual control prejudices the personnel of the force.

5. What is Assam Rifles?

- Assam Rifles is one of the six central armed police forces (CAPFs) under the administrative control of Ministry of Home Affairs (MHA). The other forces being the Central Reserve Police Force (CRPF), the Border Security Force (BSF), the Indo-Tibetan Border Police (ITBP), the Central Industrial Security Force (CISF) and the Sashastra Seema Bal (SSB).
- It is tasked with the maintenance of law and order in the North East along with the Indian Army and also guards the Indo-Myanmar border in the region. It has a sanctioned strength of over 63,000 personnel and has 46 battalions apart from administrative and training staff.

6. How is it unique?

- It is the only paramilitary force with a dual control structure. While the administrative control of the force is with the MHA, its operational control is with the Indian Army, which is under the MoD. This means that salaries and infrastructure for the force is provided by the MHA, but the deployment, posting, transfer and deputation of the personnel is decided by the Army. All its senior ranks, from DG to IG and sector headquarters, are manned by officers from the Army. The force is commanded by Lieutenant General from the Indian Army.
- The force is the only central paramilitary force (CPMF) in real sense as its operational duties and regimentation are on the lines of the Indian Army. However, its recruitment, perks, promotion of its personnel and retirement policies are governed according to the rules framed by the MHA for CAPFs.
- This has created two sets of demands from both within the Assam rifles and by MoD and MHA for singular control over the force by one ministry. A large section within the force wants to be under the administrative control of the MoD, as that would mean better perks and retirement benefits which are far higher compared to CAPFs under MHA. However, Army personnel also retire early, at 35, while the retirement age in CAPF is 60 years.
- Also, CAPF officers have recently been granted non-functional financial upgradation (NFFU) to at least financially address the issue of stagnation in their careers due to lack of avenues for promotion. But Army personnel also get one-rank-one-pension which is not available to CAPFs.

7. Why do both MHA and MoD want full control?

- MHA has argued that all the border guarding forces are under the operational control of the ministry and so Assam Rifles coming under MHA will give border guarding a comprehensive and integrated approach. MHA sources also say that Assam Rifles continues to function on the pattern set during the 1960s and the ministry would want to make guarding of the Indo-Myanmar border on the lines of other CAPFs.
- The Army, for its part, has been arguing that there is no need to fix what isn't broken. Sources say the Army is of the opinion that the Assam Rifles has worked well in coordination with the Army and frees up the armed forces from many of its responsibilities to focus on its core strengths. It has also argued that Assam Rifles was always a military force and not a police force and has been built like that. It has argued that giving the control of the force to MHA or merging it with any other CAPF will confuse the force and jeopardise national security.

8. How old is the issue?

- Both MHA and MoD have wanted full control of the force for a long time. Opinions to this effect have been expressed by both Army and police officers from time to time in public domain.

- However, it was in 2013 that MHA first made a proposal to take operational control of the Assam Rifles and merge it with the BSF. There were discussions held between MHA and MoD, however, no agreeable ground could be found.
- In 2019, after Amit Shah took over as Home Minister, the proposal was renewed – this time with a plan to merge Assam Rifles with the ITBP. The matter is said to be pending with the Cabinet Committee on Security and discussions are on between the two ministries concerned.
- Since then the Indian Army has actually been pushing for not only total control of Assam Rifles but also operational control over ITBP, which guards the Sino-Indian border and is currently engaged in a standoff with the Chinese PLA in eastern Ladakh.
- Meanwhile, Assam Rifles Ex-Servicemen Welfare Association filed a petition in the Delhi High Court seeking its intervention in the matter. Its plea expressed difficulties faced by the personnel due to the dual control structure and even called the force's categorisation as a police force as arbitrary. It also demanded pay and perks on the lines of the Army for Assam Rifles personnel.
- Assam Rifles personnel distributing medicine and food among refugee children from Myanmar in Lawngtlai district of Mizoram.

9. What has been the contribution of Assam Rifles?

- Assam Rifles is the oldest paramilitary force raised way back in 1835 in British India with just 750 men. Since then it has gone on to fight in two World Wars, the Sino-Indian War of 1962 and used as an anti-insurgency force against militant groups in the North East.
- Raised as a militia to protect British tea estates and its settlements from the raids of the NE tribes, the force was first known as Cachar Levy. It was reorganised later as Assam Frontier Force as its role was expanded to conduct punitive operations beyond Assam borders.
- Given its contribution in opening the region to administration and commerce, it came to be known as the “right arm of the civil and left arm of the military”.
- In 1870, existing elements were merged into three Assam Military Police Battalions, named as Lushai Hills, Lakhimpur and Naga Hills. The ‘Darrang’ Battalion was raised just before the onset of World War I. Since Reservists were difficult to be called on short notice and Gurkha Battalions' soldiers were on leave in Nepal, the Assam Military Police were tasked to take their place. Thus, this force sent over 3,000 men as part of the British Army to Europe and the Middle East. In 1917, recognising their work during the World War I, fighting shoulder to shoulder with Rifle Regiments of the regular British Army, the name of the force was changed to ‘Assam Rifles’.
- The post-Independence role of the Assam Rifles continued to evolve, ranging from conventional combat role during Sino-India War 1962, operating in foreign land as part of the Indian Peace Keeping Force (IPKF) to Sri Lanka in 1987 (Operation Pawan) to peacekeeping role in the North-Eastern areas of India.
- It remains the most awarded paramilitary force in both pre- and post-independent India. During the World War I, the force was awarded 76 gallantry medals, including seven Indian Order of Merit awards and five Indian Distinguished Service Medals, for its contribution in Europe and the Middle East during the conflict.
- In World War II, after the lightning Japanese advance in 1942, the Assam Rifles fought a number of independent actions behind enemy lines as the task of rear-area defence and rear-guard often fell to them during the Allies retreat into India. They also organised a resistance group—the Victor Force—on the Indo-Burmese border to counter the Japanese invasion and to harass the enemy line of communications. The force was awarded 48 gallantry medals during the war.
- Since Independence, the force has won 120 Shaurya Chakras, 31 Kirti Chakras, five Vir Chakras and four Ashok Chakras, apart from 188 Sena Medals.

TOPIC 28. BANGLADESH - TRIPURA WATERWAY

1. The ambitious project has already been projected by Tripura's incumbent BJP-IPFT government as a major catalyst to catapult Tripura into a gateway to the North-East.
2. As Tripura opens its first-ever inland waterway with Bangladesh from Sonamura in Sepahijala district, along with the expectations and hopes, there are also questions around the ambitious project and its trade potential.
3. The route connecting Sonamura, about 60 km from Agartala in the Indian side, and Daudkandi of Chittagong in Bangladesh was included in the list of Indo-Bangladesh Protocol (IBP) routes agreed up on May 20 this year. The ambitious project has already been projected by Tripura's incumbent BJP-IPFT government as a major catalyst to catapult Tripura into a gateway to the North-East.
4. A big boat carrying 50 MT cement from Bangladesh's Munshiganj port is scheduled to come in as part of the trial run Saturday.

5. Tripura's foreign trade

- Tripura's cross-border trade commenced in 1995. Currently, the state exports a handful of goods and materials worth Rs 30 crore to Bangladesh annually, but imports good worth Rs 645 crore. This huge trade deficit is due to abnormally high import duty apparatus in Bangladesh and the absence of many commodities abundant in the state in the list of goods allowed for export as well as port restrictions. Consecutive state governments have nudged Dhaka to smoothen processes for flow of goods.
- Earlier this year, CM Biplab Kumar Deb predicted a significant growth in bilateral trade, raising the Rs 30-crore export volume to Rs 400 crore while he said Rs 2,000 crore worth goods would be imported against the current volume of Rs 645 crore within a year. He projected the imports to grow to Rs. 4,200 crore in five years with exports touching Rs 1,200 crore.
- Now, forthcoming Agartala-Akhaura rail project, Indo-Bangla bridge over River Feni and a second Integrated Check Post (ICP) at Sabroom are also aimed at taking up quantum of trade between two sides.
- Not everyone is optimistic about the prospects of the project. "Akhaura Integrated Check Post alone imports 150 times more than Sonamura jetty's trade volume — the state has six other land crossings. Since the waterway project's trade volume would be low, there isn't massive local employment to count upon either. Most importantly, the river route would not stay operational throughout the year," reasoned Economist and Assistant Professor of Tripura University Dr. Selim Shah. However, he said, the low transportation can create new opportunities.

6. Tripura's first Inland waterway

- Soon after Chief Minister Biplab Kumar Deb assumed office in March 2018, expert teams from the Inland Waterways Authority of India (IWAI), Land Port Authority of India (LPAI) and local authorities held a series of visits and studied the feasibility of launching inland waterways connectivity on River Gomati. The river connects with Meghna in Bangladesh via a 90-km stretch of water from Sonamura till Daudkandi.
- The plan included dredging the riverbed to make way for small ship and boats from Sonamura till Ashuganj river port in Bangladesh, 60 km away. Dredging was deemed necessary given the shallow depth of riverbed and constant sedimentation in the areas where the river meanders below hills.
- A terminal building was also planned to be built for customs' check of imported goods. As the permanent jetty for loading and unloading of goods was taking too much time, Tripura built a temporary floating jetty in July 04. A large chunk of the other infrastructure is yet to be built.

7. Making Gomati navigable

- River Gomati is the largest and longest river of Tripura with cumulative length of 180 km. It is also considered a sacred river and devotees converge along its banks at Tirthmukh every Makar Sankranti.
- Gomati is also a regulated river. Due to the high altitude of in its upper catchment and Dumbur dam built in 1974 as part of the Gumti hydro-electric power project, the river erodes a lot of sand and rocky particles in its upper segment. The flow slows down a lot after it reaches the plains and at Maharani barrage in Gomati district, a large volume of the water is extracted for irrigation and is held back for beautification of Dumbur dam as a tourist spot.
- A river needs at least 4-5 feet depth for goods carriers to navigate on a regular basis. Gomati riverbed remains navigable for less than four months a year, that too only during monsoon days. For rest of the year, scanty rainfall in the hills results in low volume while accumulating sediments raise the average

riverbed, rendering Gomati even shallower. In comparison, the inland waterway route with Bangladesh at Karimganj in Assam operates small ships to large boats for nearly six months a year.

- “Dredging is a way to tackle the shallow riverbed but it will take far more in the actual project route. They should consider dredging till Maharani barrage where the sedimentation issue starts,” explained river-expert and Associate Professor Nibedita Das Pan from Tripura University. As an alternate and long-term solution, she suggested planting water-resistant vetiver grass and bamboo along its banks to prevent erosion along with small check-dams and some regulated dredging.



TOPIC 29. BLOOD GOLD

- 1. The Yanomami people, who live in a settlement deep inside the rainforest, have been threatened for several decades by illegal gold miners who invade their land and bring diseases.**
2. From the remote rainforests of Brazil, a little-known tribe has made an emotional appeal to Indians: "The gold which has come from our Yanomami territory is Blood Gold, gold at the cost of indigenous blood. I'd like to send a message to the people of India, to the Indian government and the companies which import it: You must stop buying Blood Gold. Buying Blood Gold is not good. It's important that the government thinks again, that the Indian people think again and do not buy Yanomami Blood Gold."
3. The appeal, by Dario Kopenawa of Brazil's indigenous Yanomami people, was posted in a video online with English subtitles by Survival International, an international human rights advocacy based in London, which campaigns for the rights of indigenous and tribal peoples around the world.

The Yanomami people

4. The Yanomami live in the rainforests and mountains of northern Brazil and southern Venezuela, and are, according to Survival International, the largest relatively isolated tribe in South America.
5. The Yanomami are believed to have crossed the Bering Strait from Asia into North America perhaps 15,000 years ago, and travelled southward to their home in the Amazon. Survival International says the tribe numbers around 38,000 today, and its members live in contiguous forested territory of around 9.6 million hectares in Brazil and 8.2 million hectares in Venezuela.
6. The Yanomami practise an ancient communal way of life. They live in large, circular houses called yanos or shabonos, some of which can hold up to 400 people.
7. Rituals, feasts and games are held in the main, central area. Each family has its own hearth where food is prepared and cooked during the day. At night, hammocks are slung near the fire which is stoked all night to keep people warm.
8. It is a Yanomami custom that a hunter does not eat the meat he has killed. "He shares it out among friends and family. In return, he will be given meat by another hunter," says the website of Survival International.
9. The Yanomami consider all people to be equal, and do not have a chief. Instead, all decisions are based on consensus after long discussions and debates.

Gold rush in Yanomami country

10. Since the 1980s, the Yanomami have been facing an onslaught from illegal gold miners. According to Survival International, Yanomami land was invaded by up to 40,000 miners who killed the indigenous people, destroyed their villages, and brought them deadly diseases. A fifth of the Yanomami population perished in just seven years.
11. Following a sustained campaign led by Survival International, the Brazilian government notified a 'Yanomami Park' in 1992, and the miners were expelled. However, they kept returning, and in 1993, they murdered 16 Yanomami including a baby in Haximú village. A Brazilian court subsequently found five miners guilty of the massacre. However, the illegal entry of gold miners in Yanomami country continued.
12. Fiona Watson, Research and Advocacy Director at Survival International, told The Indian Express, "The situation is getting more desperate as the number of illegal gold miners has increased dramatically in the last few years and the authorities have done little to tackle the problem. The Yanomami are facing a social and environmental catastrophe in terms of their health and the forest and rivers they rely on."
13. "Two scientific studies by Fiocruz (one of Brazil's leading research institutes) have shown that some Yanomami communities near the illegal mining zones are facing dangerously high levels of mercury contamination (significantly over the WHO safety limit)."

Why the appeal to Indians?

14. Watson says gold mined illegally in Yanomami land has most likely been coming to India since at least 2018 – "but it could be earlier than this as it has been traded on the black market for years".
15. In June 2019, BBC Brasil reported that the state of Roraima, in which many Yanomami live, had exported 194 kg of gold to India since September 2018, quoting figures from Comex Stat, the Brazilian Ministry of Economy portal on foreign trade. Roraima, the report said, has no legal gold mines, but is the state where most of the illegal gold is mined.
16. A report on the Yanomami published in The New Yorker magazine in November 2019 ('Blood gold in the Brazilian rainforest') said a third of the gold produced in Brazil is sold as jewellery in India and China, and that it was difficult for buyers to distinguish between legal and illegal gold. The BBC Brasil report said India was "the fourth largest importer of Brazilian gold in the world".

What now for Yanomami

17.The tribe has launched an initiative called MinersOutCovidOut to enlist the support of Brazilian society and the international community to lobby the Brazilian government to take urgent action to remove the miners and to prevent the spread of the coronavirus.

18.“One of the transmission routes of the virus in the territory is through the miners who enter and leave the Yanomami territory with impunity. The NGO ISA wrote a report warning that Covid-19 is likely to be transmitted by the miners and in the worst case scenario 40 per cent of Yanomami living in the mining zones could be infected and hundreds could die from the virus,” Watson said.



TOPIC 30. PROJECT DOLPHIN

1. Aquatic life is an indicator of health of river ecosystems. As Gangetic dolphin is at top of the food chain, protecting the species and its habitat will ensure conservation of aquatic lives of the river.



2. In his Independence Day Speech this year, Prime Minister Narendra Modi announced **the government's plan** to launch a Project Dolphin. The proposed project is aimed at saving both river and marine dolphins.

3. What will Project Dolphin do?

- Modi said in his speech that Project Dolphin will be on the lines of Project Tiger, which has helped increase the tiger population. Such an initiative got in-principle approval in December last year itself, at the first meeting of the National Ganga Council (NGC), headed by the Prime Minister. "Special Conservation program needs to be taken up for Gangetic Dolphin which is national aquatic animal and also indicator species for the river Ganga spread over several states," state the minutes of meeting.
- So far, the National Mission for Clean Ganga (NMCG), which implements the government's flagship scheme Namami Gange, has been taking some initiatives for saving dolphins. Now, Project Dolphin is expected to be implemented by the Ministry of Environment, Forest and Climate Change.

4. What is the Gangetic dolphin?

- The Gangetic river system is home to a vast variety of aquatic life, including the Gangetic dolphin (*Platanista gangetica*). The Gangetic dolphin is one of five species of river dolphin found around the world. It is found mainly in the Indian subcontinent, particularly in Ganga-Brahmaputra-Meghna and Karnaphuli-Sangu river systems.
- The Conservation Action Plan for the Ganges River Dolphin, 2010-2020, describes male dolphins as being about 2-2.2 metres long and females as a little longer at 2.4-2.6 m. An adult dolphin could weigh between 70 kg and 90 kg. The breeding season of the Gangetic dolphin extends from January to June. They feed on several species of fishes, invertebrates etc.

5. Why is it important to save dolphins?

- There was a time when Gangetic dolphins could be spotted in the Ganga at several places, from its delta in the Bay of Bengal to upstream in the Himalayan foothills. It was also found in the Ganga's tributaries. Some experts have reported that during the 19th century, dolphins were seen in the Yamuna up to as far as Delhi. However, the construction of dams and barrages, and increasing pollution have led to a decline in the population of aquatic animals in the rivers in general and of dolphins in particular.
- Aquatic life is an indicator of the health of river ecosystems. As the Gangetic dolphin is at the top of the food chain, protecting the species and its habitat will ensure conservation of aquatic lives of the river.

6. Have other governments used aquatic life as an indicator of the health of a river system?

- Globally, there have been such examples. For instance, the Rhine Action Plan (1987) of the International Commission for the Protection of the Rhine (ICPR) — representing Switzerland, France, Germany, Luxemburg and the Netherlands — brought back the salmon. The return of the migratory fish is taken as an indicator of the river's improved health.
- Salmon used to migrate from the North Sea to the Rhine every year and reproduce, but this stopped when pollution increased in the river. After a chemical accident in 1986 that caused the death of fish and

microorganisms, the Action Plan was launched. This led to improvement in the quality of the river water, and the salmons began to return.

- “While the salmon was considered lost in the Rhine in 1958, today several hundred salmon from the North Sea return to the accessible tributaries of the Rhine every year and reproduce naturally there,” says Assessment Rhine 2020, and ICPR report.

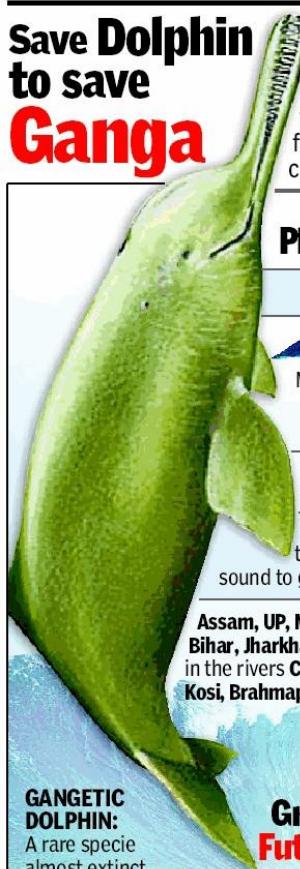
7. How many Gangetic dolphins remain?

- While no exact count is available, various estimates suggest that the Gangetic dolphin population in India could be about 2,500-3,000. However, Minister of State for Environment, Forest and Climate Change Babul Supriyo had told Lok Sabha last year that there were about 1,272 dolphins in Uttar Pradesh and 962 in Assam.
- Increasing pollution in the Ganga has brought down the number over the years.

8. What has been done to save Gangetic dolphins so far?

- Although efforts to save them were started in the mid-1980s, but the estimates suggest the numbers have not risen as a result. The Gangetic dolphin remains listed as endangered by the International Union for the Conservation of Nature.
- WILDLIFE ACT PROTECTION:** After the launch of Ganga Action Plan in 1985, the government on November 24, 1986 included Gangetic dolphins in the First Schedule of the Indian Wildlife (Protection), Act 1972. This was aimed at checking hunting and providing conservation facilities such as wildlife sanctuaries. For instance, Vikramshila Ganges Dolphin Sanctuary was established in Bihar under this Act.
- CONSERVATION PLAN:** The government also prepared The Conservation Action Plan for the Ganges River Dolphin 2010-2020, which “identified threats to Gangetic Dolphins and impact of river traffic, irrigation canals and depletion of prey-base on Dolphins populations”.
- NATIONAL AQUATIC ANIMAL:** On October 5, 2009, the then Prime Minister Manmohan Singh, while chairing the maiden meeting of the National Ganga River Basin Authority, declared the Gangetic river dolphin as the national aquatic animal. A notification was issued by the Ministry of Environment and Forests the following year. Now, the National Mission for Clean Ganga celebrates October 5 as National Ganga River Dolphin Day.

Save Dolphin to save Ganga



The Centre has declared the dolphin a national aquatic animal to save the rare freshwater species from disappearing from the country's aqua map

Know about **Platanista gangetica**

	1.67 m
	Females grow up to 2.67 m
	Males grow up to 2.12 m
Females give birth to only one calf, once in 2-3 yrs	
Generally blind, they catch their prey by emitting ultrasonic sound to gauge distance, mass etc	

Assam, UP, MP, Rajasthan, Bihar, Jharkhand & W Bengal in the rivers Chambal, Sone, Kosi, Brahmaputra Prefer deep waters, in & around Indian river confluences

GANGTIC DOLPHIN: A rare specie almost extinct
Lost cousin: The Yangtze dolphin, Baiji, of China

Grim Future

Dwindling number due to killing, habitat fragmentation

Once counted in 10's of 1000's, the amount has reduced in last century to **1,500**

“Endangered” & placed in Schedule-I of Wildlife (Protection) Act, 1972

PROJECT DOLPHIN

PRESERVING OUR UNDERWATER FRIENDS



10-YEAR PROJECT TO FOCUS ON BOTH RIVER AND SEA DOLPHINS

AIM TO STRENGTHEN BIODIVERSITY, CREATE EMPLOYMENT OPPORTUNITIES AND ATTRACT TOURISM

KILLING, HABITAT FRAGMENTATION BY DAMS AND BARRAGES AND INDISCRIMINATE FISHING HAS REDUCED THE GANGES RIVER DOLPHIN POPULATION FROM TENS OF THOUSANDS TO AROUND 3,700 OVER THE LAST CENTURY

GANGES RIVER DOLPHIN, A SPECIES OF FRESHWATER DOLPHINS, IS PRIMARILY FOUND IN GANGA AND BRAHMAPUTRA RIVERS, AND THEIR TRIBUTARIES IN INDIA, BANGLADESH AND NEPAL

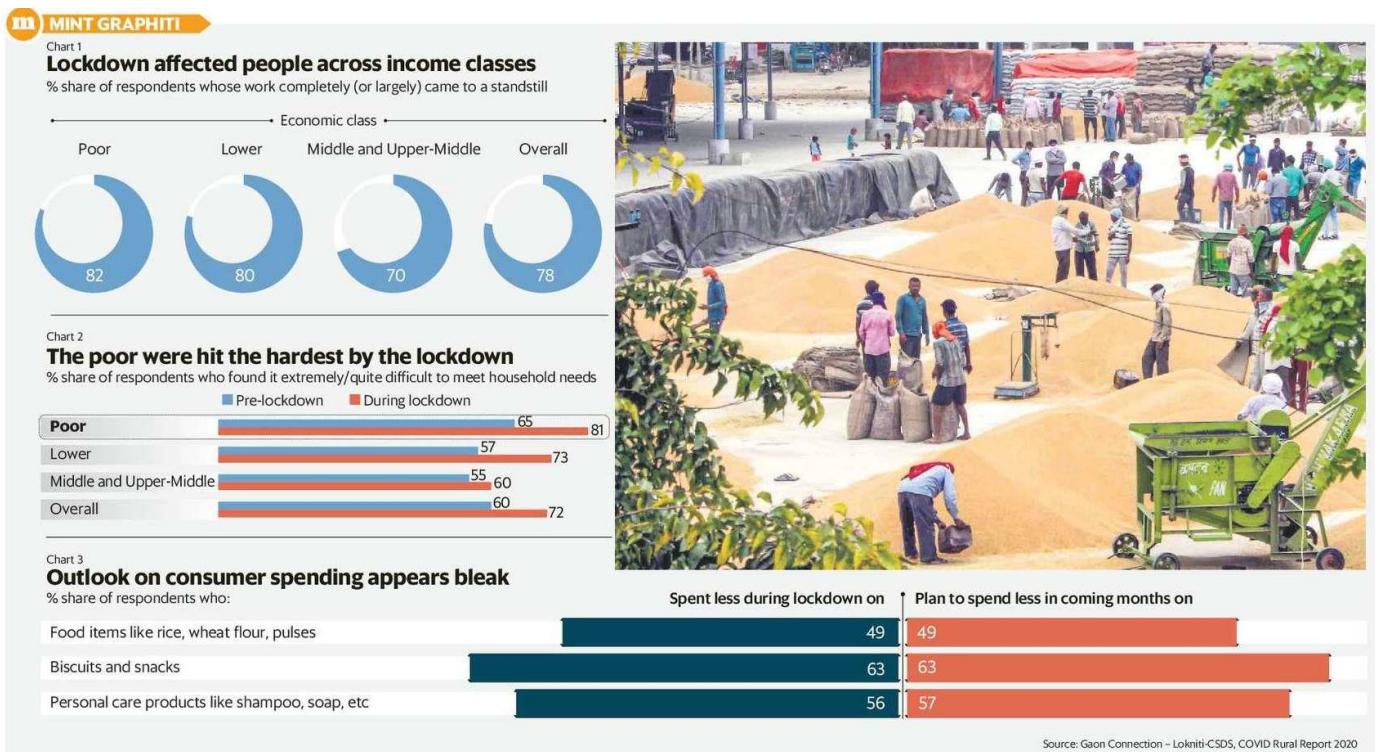
IN INDIA, THESE DOLPHINS ARE SIGHTED IN DEEP RIVERS IN ASSAM, BIHAR, JHARKHAND, MADHYA PRADESH, RAJASTHAN, UTTAR PRADESH AND WEST BENGAL

GANGES RIVER DOLPHIN, OFFICIALLY DISCOVERED IN 1801, CAN LIVE ONLY IN FRESHWATER

Source: Government of India



TOPIC 31. RURAL INDIA



1. The historic contraction in India's gross domestic product (GDP) figure for quarter that ended in June has raised several questions on what the future holds and what that contraction has meant for people.
2. Macroeconomic statistics can often fail to capture the diverse realities of a country as large as India and, thus, it is useful to complement them with data on real experiences of people.
3. A recently-conducted rural survey suggests that the economic reality for most people may be far grimmer than what the headline GDP numbers suggest.
4. The survey was jointly conducted by Gaon Connection and Lokniti-Centre for the Study of Developing Societies (Lokniti-CSDS) across 179 districts spread across 23 states and Union territories. Barring Kerala, south India was not covered in the survey, conducted between 30 May and 16 July. A total of 25,371 respondents were interviewed during this period, most of them in June.
5. The survey data shows that lockdown imposed to contain spread of coronavirus hit livelihoods of most people in rural India very hard. More than three-fourths of the respondents (78%) said their work had either completely (44%) or largely (34%) come to a standstill because of the lockdown (**see chart 1**).
6. The survey suggests that rural distress was already high even before the covid-19 shock. The pandemic further intensified hardships.
7. Six out of 10 respondents said it was extremely or quite difficult to fulfil needs from their household incomes prior to the lockdown. After the lockdown was announced, almost three-fourths (72%) found it hard to meet their household expenses.
8. The lockdown affected work and livelihoods across income classes, but the change in economic conditions was sharpest among the lowest strata (**see chart 2**).
9. Unemployment continues to remain a major concern in rural India and the situation was worsened by the return of migrants from urban centres. More than three-fourths of the respondents (77%) said unemployment was a big issue in their villages.
10. The lack of steady income in the countryside meant that the severe economic shock left many in a precarious situation. Almost one-fourth of the respondents (23%) said they were forced to take additional loans or borrow money as they ran out of funds during the lockdown.
11. A smaller proportion (7-8%) of respondents were forced to sell or mortgage their personal belongings such as jewellery, watches and vehicles to meet household expenses.
12. The only "saving grace" for the economy in recent months has been agriculture. Agriculture and allied activities grew at 3.4% even as the overall economy contracted in the June quarter.
13. The survey asked detailed questions to farmers about the state of agriculture during the lockdown.

14. Most farmers reported delays in harvesting, in selling produce, and in sowing for the next cycle because of the lockdown, but the impact on incomes was more muted.
15. Most of the farmers (58%) reported that they received as much as they were promised by the government for their produce.
16. Given the relatively better performance of agriculture, many analysts have pinned their hopes on rural consumption this year.
17. The reality is that almost half of the respondents (49%) reported lower expenditure on basic food items such as what flour, rice, grains, and pulses than pre-covid months.
18. Almost two-thirds (63%) said they had reduced expenditure on processed items such as snacks, biscuits, and sweets.
19. More than half of the respondents (56%) reported lower household expenditure on personal care products such as soaps and shampoos and there was an overall decline in the consumption of fast-moving consumer goods.
20. The outlook for private consumption appears grim. Many respondents said that they were likely to reduce expenditure on everyday items even after the lockdown.
21. For instance, 49% and 57% said they would cut expenditure on basic food items and personal care products, respectively (*see chart 3*).
22. This survey was limited to rural India, but it is unlikely that situation is vastly different in towns and cities.
23. As the pandemic-related restrictions have been eased across the country over the past few months, economic activity is gradually coming back on track, even if slowly.
24. The rural survey and data from other sources suggest that ordinary people will need generous support from the government to get their lives back on track.
25. The government would do well not to dismiss the gravity of the problem.

TOPIC 32. INFLATION

FOREX FLOWS

Chart 1

Since FY2010, the RBI has purchased \$125 bn to balance forex flows

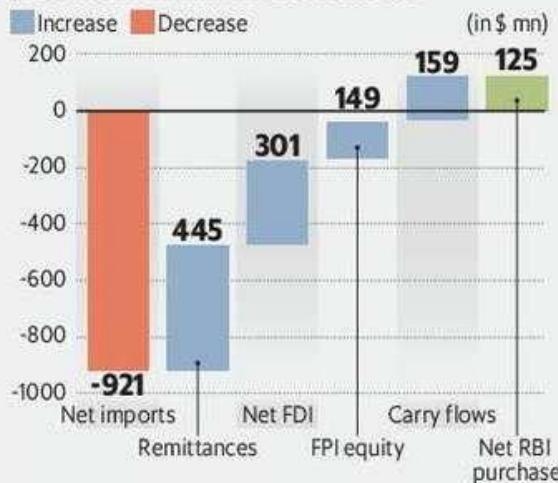
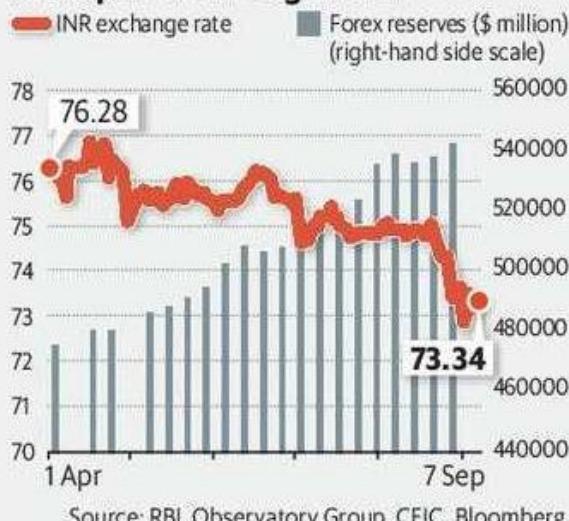


Chart 2

As forex reserves ballooned this year, the rupee has strengthened



- India's foreign currency reserves are now at an all-time high of \$541 billion. After allowing the rupee to drop from 75 per dollar to 73, the Reserve Bank of India (RBI) noted last week that "the recent appreciation of the rupee is working towards containing imported inflationary pressures".
- This rare comment on the exchange rate by the RBI has raised important questions: are the growing currency reserves a sign of a healthy external balance? How are these reserves deployed currently, and could India use them more effectively to achieve growth and prosperity? Finally, with so much reserves, should we now let the rupee appreciate, so that inflation softens and our wealth increases?
- Fact is, our external balance suffers from a fundamental weakness. Historically, we have borrowed foreign currency and sold ownership in India Inc to global investors to help fund our consumption-oriented imports. This also reflects our structural inability to sufficiently grow domestic output and jobs. Moreover, a significant portion of our foreign currency reserves is made up of opportunistic flows, rather than permanent surpluses.
- Periodic entreaties to deploy RBI's foreign currency assets into "productive" domestic investments make little sense. That said, there should be more transparency and debate around our foreign currency reserve management framework. Foreign currency inflows, and the domestic money they help create, can lead us to growth and prosperity as long as we create sufficient domestic output and jobs.
- Finally, allowing the rupee to strengthen further would hardly address inflation. Instead, it would further shift the terms of trade against domestic industry. India needs a more informed currency-monetary framework to replace the opaque manner in which we currently manage our currency and interest rate markets.

The numbers

- We need to understand the nature of India's external balance. Take a look at *Chart 1*, which depicts foreign currency flows in the 11 years between FY10 and FY20.
- Through the period, India net imported goods and services worth \$921 billion. Much of this fed domestic consumption, rather than capital formation. In fact, India's nominal Gross Fixed Capital Formation (GFCF)—a measure of domestic capital investments—grew on average by only 10% annually through this period, compared to 16% during the prior period.
- An enduring, large goods and services trade deficit, dominated by consumption rather than capital goods, is the soft underbelly of India's external balance. This deficit is partly made up by net remittance and transfers of \$445 billion from Indian expatriates overseas.
- Are high remittances good news? As a domestic parallel, consider states such as Bihar and Uttar Pradesh, which export workers to more industrial states and receive domestic remittances. While migrant remittances are welcome, they also highlight an inability to create adequate local jobs and output. Similarly, at a global level, India exports jobs and workers, and imports goods and services for domestic consumption. Together, net imports and remittances add up to \$476 billion of Current Account Deficit (CAD).

10. Next, India received \$301 billion of net Foreign Direct Investments (FDI) during the period. FDI are durable inflows that ideally create quality jobs and output in the country, bringing in technology, know-how and international best practices. Together, CAD and FDI represent permanent currency outflows of \$175 billion during the period.
11. The above permanent deficit was partly made up by \$141 billion of Foreign Portfolio Investments into equity markets (FPI equity), where we sold part ownership of India Inc to global equity investors. While such FPI equity flows support domestic equity markets and investor wealth, their translation into jobs and output is more tenuous in comparison to FDI flows. Over time, FPI equity investments have grown in value to \$371 billion of equity assets under custody, representing over 55% of NSE NIFTY market capitalization.
12. Finally, the balance \$159 billion of "carry" flows are repayable, reversible and opportunistic. Relatively high rupee interest rates may attract investors to hold rupee assets, or borrowers to hold foreign currency liabilities. Examples of "carry flows" include unhedged foreign currency borrowings by domestic entities, investments by FPIs and Non-Resident Indians (NRI) into Indian debt, and forward sales of forex by exporters and speculators.
13. Put together, the RBI net purchased \$125 billion of foreign currency through market intervention.
14. Of course, the nature of the external balance has changed considerably though covid-19. For now, our domestic consumption and net imports have collapsed. As a result, our current account balance for FY21 could end in a surplus of \$20 billion. Alongside FDI and FPI flows, the RBI may have to purchase over \$70 billion of currency inflows through the year. When some semblance of normalcy returns, however, the nature of the external balance could revert to past trends.

The takeaways

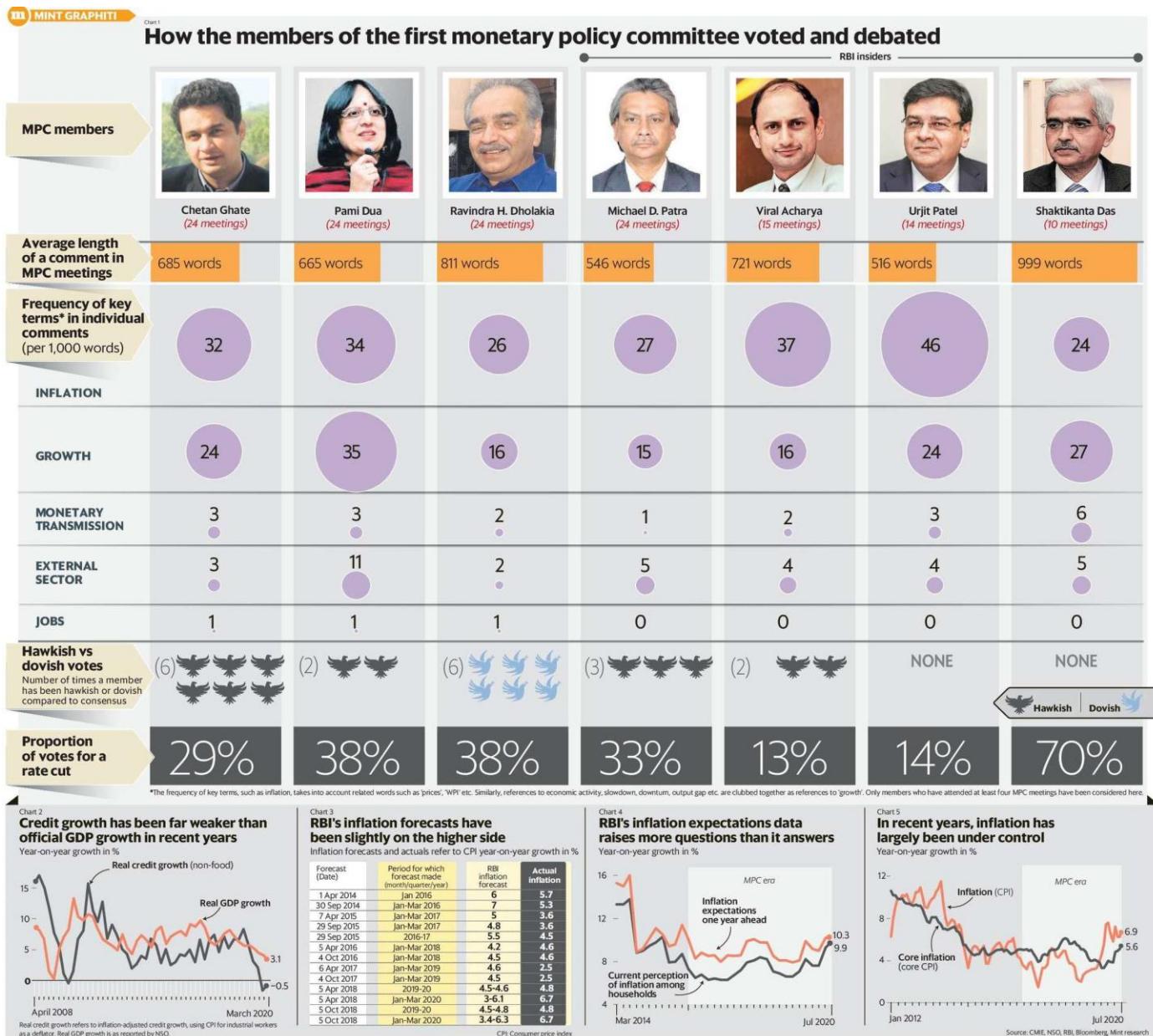
15. Over time, we have borrowed money (carry flows) and sold ownership of India Inc (FPI) to fund our consumption import bill, rather than to fund capital investments. Here, our external balance is sadly similar to our fiscal balance. On both fronts, we sell family silver and borrow from our children's future to finance our consumption needs.
16. Our permanent currency flows were negative between FY10 and FY20. The entire \$125 billion of RBI intervention purchases was made up of opportunistic, reversible, "carry" flows of \$159 billion. The quality of our reserve build-up is poor, in relation to countries such as China, where the reserve build-up results from permanent flows. Our persistent large net import of goods and services for consumption is a troubling indicator of our inability to ramp up domestic production to at least match domestic consumption. Given this nature of our external balance, there is a need for a conservative strategy around reserves management. For one, we need to import critical items such as crude oil. For contingency planning, this calls for a buffer, preferably in the form of crude oil reserves, rather than currency or gold reserves.
17. More generically, we need our external debt to be rolled over smoothly. As of March 2020, our external debt across commercial borrowings, portfolio and NRI debt investments and trade facilities stood at \$558 billion, against foreign exchange reserves of \$477 billion. A conservative reserve management strategy is important to instill investor confidence, and ensure our ability to maintain, extend and roll over our debt.
18. One suggestion that periodically comes up is that the RBI should somehow use our foreign currency reserves to promote infrastructure investments in India. Such proposals make little sense. We do not need the backing of RBI's foreign currency reserves to justify creation of domestic credit or money. India's financial services ecosystem should fund commercial activities and create money. Inefficiencies in this ecosystem need to be addressed separately, rather than have the RBI take up commercial roles. The RBI anyway stands ready to supply foreign currency to markets, to fund these requirements as necessary.
19. One area where there is insufficient transparency and accountability is around the investment outcomes from the management of our foreign exchange reserves by the RBI. Understandably, RBI maintains considerable secrecy around how reserves are invested at any point.
20. However, given the materiality, there should be disclosures (with a lag) around the asset allocation adopted across different currencies, portfolio returns against benchmark returns, and portfolio risks. Such disclosures can spark an informed debate about the best way for the RBI to manage the portfolio on an ongoing basis.
21. Net foreign currency inflows create rupee deposits and money supply – just as banking loans and government fiscal deficits do. Good quality money creation is a key element to a virtuous monetary-economic cycle, leading to prosperity and growth. This is how an ideal cycle should work. As domestic money created from foreign currency inflows circulates in the system, economic activity would ensue. Investment activity would create capacity, jobs and output. As the money flows into the hands of consumers, consumption and demand would arise. A virtuous cycle of increasing output, jobs, savings, and investment would perpetuate.

- 22.The key element for such a sustainable monetary-economic cycle is that domestic output should at least match domestic demand, if not actually exceed it through net exports. Money and economic growth can then be sustained without domestic inflation or currency weaknesses.
- 23.By ensuring that domestic output well exceeded domestic demand, China maintained such a virtuous monetary-economic cycle for decades. This has allowed China to grow household and private domestic debt to 240% of its GDP, without undue worries on inflation, external imbalance or financial instability.
- 24.In comparison, we have faltered on our domestic output and jobs front. We continue to net import goods and services for consumption. Any increase in money supply and consumption, without a concomitant increase in domestic output, risks inflation and external imbalance. Even with private debt at just 65% of GDP – a fourth of China's level - we worry about the consequences of excessive money supply on financial stability.
- 25.Ultimately, the key to putting India's monetary-economic cycle on track, and hence to fully utilize the benefits of currency inflows, lies in addressing real sector issues that come in the way of domestic jobs and output creation.

The stronger rupee

- 26.The RBI has often glibly stated that it does not target any rupee level, and that it only intervenes to control currency market volatility. Make no mistake though -- where the rupee settles now is entirely dependent on RBI's intervention strategy.
- 27.Should INR be allowed to appreciate more to bring down inflation? On inflation, the RBI's own models indicate that for every 5% appreciation of the rupee, inflation reduces by barely 0.2%.
- 28.On the other hand, a relatively stronger rupee would only shift the terms of trade further away and encourage imports when our consumption resumes, at the cost of our fragile domestic industry. The 36-country trade weighted Rupee Real Effective Exchange Rate (REER) shows that rupee continues to be overvalued.
- 29.From a monetary policy perspective, the current abundant permanent currency inflows do make the case for very low short-term rupee interest rates. Low rupee interest rates would deter investors from moving from foreign currency to rupee assets, since the "carry" earned from holding Rupee assets is not attractive enough. It might also nudge domestic borrowers to borrow in rupee, rather than in foreign currency.
- 30.Both of these would result in lower opportunistic "carry" inflows of foreign currency, at a time of abundant currency inflows.
- 31.To be sure, there is a deep connect between monetary policy and external balance. These interconnections cannot be wished away simply by mandating a blinkered framework. That's why we need a comprehensive currency-monetary framework to replace the simplistic repo rate-inflation dogma that we currently espouse.

TOPIC 33. MPC



1. In 2016, the Reserve Bank of India (RBI) signed an agreement with the Centre that led to the creation of the first monetary policy committee (MPC). Its mandate was to ensure inflation stayed in the 2-6% range over the next five years, the target set at the midpoint, 4%. The agreement also mentioned that the MPC would take into account growth concerns while setting policy rates.
2. Four years down the line, India's inflation-targeting body stands at the crossroads. As the terms of the first set of external members come to an end, economists are divided on the efficacy of the inflation-targeting framework. Some economists see the MPC as a rare reform move that has achieved its key goal of low inflation. Others argue that by focusing narrowly on curbing inflation, the MPC lost sight of growth, contributing to India's economic slowdown.
3. A *Mint* analysis of MPC statements and comments by individual members shows that inflation was indeed the dominant theme in the MPC deliberations. However, growth comes a close second. Individual comments of only those members who attended at least four MPC meetings have been considered here (**see charts 1a and 1b**).
4. The current RBI governor, Shaktikanta Das, has been among the most vocal on growth in his comments. Under Das, the MPC has also moved to a more accommodative stance. The former governor, Urjit Patel, was far more vocal on inflationary concerns. There were fewer rate cuts during Patel's tenure.
5. Mentions of key terms and voting patterns are not always linked. Among external members, Ravindra Dholakia has spoken more on inflation-related issues than on growth. However, Dholakia has also been consistently dovish. Compared to Dholakia, Chetan Ghate laid more emphasis on growth in his comments. However, he has

- been the most hawkish MPC member, advocating a tighter stance than the consensus on six occasions since October 2018.
6. In general, MPC members have voted alike more often than not. A majority of MPC meetings have resulted in unanimous decisions. During Patel's tenure, most of those decisions were either for a rate hike or a pause. During Das' tenure, most decisions have been in favour of rate cuts.
7. To some extent, the difference in MPC voting patterns during the terms of the two governors reflect the changing macroeconomic environment. For most of Patel's tenure, official growth numbers looked rosy. In contrast, for most of Das' tenure, official growth figures have shown deceleration.
8. Indeed, if you believe India's new gross domestic product (GDP) series accurately reflects reality, there is very little reason to complain about the MPC's performance. For most of the MPC's term, official growth numbers have been robust. However, if you believe that other indicators of economic activity such as credit growth, corporate investments, industrial output, household consumption and real wages reflect economic reality better, there is reason to complain. As these pages have pointed out earlier, almost all such indicators show that economic momentum since 2011-12 has been far weaker than what official growth numbers suggest.
9. Given that RBI itself had expressed doubts about the new GDP series in the past, it should have relied more on other high-frequency indicators, said V. Anantha Nageswaran, an economist and member of the Economic Advisory Council to the Prime Minister (EAC-PM). RBI's own credit offtake data suggested that the underlying economic momentum has been weak for quite some time, he said (*see chart 2*).
10. Other data troubles may have also led the MPC astray. RBI's medium-term inflation forecasts have on several occasions been higher than the actual inflation. More worryingly, RBI's data on inflationary expectations, gathered from a small urban sample, does not appear to have been a reliable guide.
11. After the MPC first met in October 2016, household inflation expectations saw a declining trend for some months. Though the levels remained far above actual inflation levels, one-year-ahead inflation expectations remained below double digits till mid-2018. From early 2018 onwards, one-year-ahead inflation expectations began moving up inexplicably, hitting double digits again in June 2018. The actual inflation trajectory in early 2019 (for which expectations were recorded a year earlier) was completely different. Some economists have suggested that households are adaptive in forming future expectations and rely on current and past data to project the future. But when households were reporting rising inflation expectations in the first half of 2018, headline inflation was actually trending downwards. It remains a puzzle why households reported high inflationary expectations during that period (*see charts 3 and 4*).
12. These data puzzles are of central importance to the debate on monetary policy in India. If the inputs to the MPC's decision-making process are faulty, can we expect better outcomes? If high-quality data were made available to MPC members, would they have adopted a more accommodative stance?
13. This is not to suggest that tight monetary policy was the sole or even primary reason for the growth slowdown. However, the analysis suggests that bad data may have led the MPC to keep monetary policy tighter for far longer than was necessary.
14. The excessive tightness may have curbed growth to some extent, but it did indeed help rein in inflation for most part. Factors such as decline in crude oil prices and the relatively controlled hike in farm support prices may have also helped, but the inflation-targeting regime also contributed to the success in taming price rise (*see chart 5*).
15. "While low commodity prices and controlled hikes in MSPs (minimum support prices) helped, the MPC was successful in controlling the demand-pull inflation," said Rupa Rege Nitsure, group chief economist at L&T Finance Holdings. Nitsure, who was a member of the Urjit Patel committee on inflation targeting in 2016, said it was unfair to blame the MPC for the growth slowdown, which was due to missteps such as demonetization in 2016 and a premature shift to the goods and services tax in 2017.
16. Given the exceptional shocks that the economy has witnessed over the past few years, we may have to withhold judgement on the inflation-targeting regime in India for now, said Renu Kohli, a Delhi-based economist and former central banker. "We need to see one more cycle to see if it has worked," said Kohli. The inflation targets may need to be revised upwards so that growth is not a casualty in the coming years, said Nageswaran.

TOPIC 34. GST COMPENSATION

1. The story so far:

- The 41st meeting of GST Council was held on August 27 with singular agenda of finding a solution to question of how best to ensure that compensation payable to States as part of implementation of Goods and Services Tax continues to be paid. The background for meeting was the fact that the Centre and the States were cognisant of the substantial impact on GST collections from the last fiscal year's economic slowdown and more recently the lockdowns and COVID-19-related curbs that have severely shrunk the economy. At the meeting, Finance Minister Nirmala Sitharaman stated that the GST Compensation Fund was projected to face a shortfall of about ₹2.35 lakh crore at the end of the current financial year and suggested two borrowing options that the States could choose from to bridge the shortfall.

2. What is the GST compensation?

- The Constitution (One Hundred and First Amendment) Act, 2016, was the law which created the mechanism for levying a nationwide GST. Written into this law was a provision to compensate the States for loss of revenue arising out of implementation of the GST. The adoption of the GST was made possible by States ceding almost all their powers to impose local-level indirect taxes and agreeing to let prevailing multiplicity of imposts be subsumed under GST. While States would receive SGST (State GST) component of GST, and a share of IGST (Integrated GST), it was agreed that revenue shortfalls arising from transition to new indirect taxes regime would be made good from a pooled GST Compensation Fund for a period of five years that is set to end in 2022. This corpus in turn is funded through a compensation cess that is levied on so-called 'demerit' goods. Computation of shortfall — mechanism for which is spelt out in Section 7 of GST (Compensation to States) Act, 2017 — is done annually by projecting a revenue assumption based on 14% compounded growth from base year's (2015-2016) revenue and calculating difference between that figure and actual GST collections in that year. For 2020-21 fiscal year, revenue shortfall has been anticipated at ₹3 lakh crore, with Compensation Fund expected to have only about ₹65,000 crore through cess accruals and balance to pay compensation to States.

3. How are the borrowing options supposed to work?

- Asserting that it is under no obligation to make good any shortfall in the GST and that it is up to the GST Council to devise a solution, the Union government has proposed that the States borrow directly from the market by issuing debt under a special window coordinated by the Ministry of Finance. The Centre has also contended that of the projected shortfall of about ₹2.35 lakh crore, only ₹97,000 crore is the deficit arising out of GST implementation, with the balance ₹1.38 lakh crore attributable to an 'act of God' (the COVID-19 pandemic) that is independent of implementation of the new indirect tax regime.
- Accordingly, Option 1 entails the States selling debt securities in the market to raise the ₹97,000 crore. The Centre will "endeavour" to keep the interest cost on these borrowings "at or close to" the yield on G-Sec (bonds issued by the Government of India), and in the event of the cost being higher, bear a part of the difference through a subsidy. This additional borrowing by the States will not be accounted for as a part of the State's debt for purposes of its overall debt calculation, and the repayment of the principal and interest on these borrowings will be done from the Compensation Fund by extending the period of cess collections beyond 2022. Under Option 2, the States can sell debt in the market to raise the entire ₹2.35 lakh crore shortfall but with the terms of the borrowing being far less favourable. Crucially, here interest cost would have to be borne by them with only principal being serviced by Compensation Fund.

4. Why is there an impasse on this issue?

- Several States, including West Bengal, Kerala, Punjab and Tamil Nadu, have rejected the options and made clear that the onus is on the Centre to borrow from the market to make good any shortfall in the Compensation Fund. Tamil Nadu, in a letter to the Prime Minister, stressed that the States had agreed to the implementation of the GST only on the basis of the "unequivocal commitment given by the Government of India to compensate the States for any revenue loss". Observing that States had not only suffered severe losses in revenue in the wake of the pandemic but had also been at the forefront of the battle to prevent the spread of the disease, Tamil Nadu said any delay in ensuring the compensation payments would compromise essential capital spending by the States to restart the economy effectively. These States dismiss the Centre's contention that any additional borrowing by it would have deleterious macro-economic consequences and point out that global credit rating agencies essentially monitor the overall general government deficit and borrowing levels.

TOPIC 35. 13th AMENDMENT

1. The story so far:

- After Rajapaksas' win in Nov 2019 presidential polls and Aug 2020 general election, spotlight has fallen on two key legislations in Sri Lanka's Constitution. One, 19th Amendment, that was passed in 2015 to curb powers of Executive President, while strengthening Parliament and independent commissions. The Rajapaksa government has already drafted and gazetted 20th Amendment. The other legislation under sharp focus is the 13th Amendment passed in 1987, which mandates a measure of power devolution to the provincial councils established to govern the island's nine provinces.

2. What is the legislation?

- It is an outcome of Indo-Lanka Accord of July 1987, signed by then Prime Minister Rajiv Gandhi and President J.R. Jayawardene, in an attempt to resolve Sri Lanka's ethnic conflict that had aggravated into a full-fledged civil war, between armed forces and Liberation Tigers of Tamil Eelam, which led struggle for Tamils' self-determination and sought a separate state. 13th Amendment, which led to creation of Provincial Councils, assured a power sharing arrangement to enable all 9 provinces in country, including Sinhala majority areas, to self-govern. Subjects such as education, health, agriculture, housing, land and police are devolved to provincial administrations, but because of restrictions on financial powers and overriding powers given to President, provincial administrations have not made much headway. In particular, provisions relating to police and land have never been implemented. Initially, north and eastern provinces were merged and had a North-Eastern Provincial Council, but two were de-merged in 2007 following a Supreme Court verdict.

3. Why is it contentious?

- 13th Amendment carries considerable baggage from country's civil war years. It was opposed vociferously by both Sinhala nationalist parties and LTTE. Former thought it was too much power to share, while Tigers deemed it too little. A large section of Sinhala polity, including leftist-nationalist Janatha Vimukthi Peramuna (JVP) which led an armed insurrection opposing it, saw Accord and consequent legislation as an imprint of Indian intervention. Though signed by powerful President Jayawardene, it was widely perceived as an imposition by a neighbour wielding hegemonic influence.
- Tamil polity, especially its dominant nationalist strain, does not find 13th Amendment sufficient in its ambit or substance. However, some including Tamil National Alliance (TNA) — which chiefly represented Tamils of north and east in Parliament in post-war era until its setback in recent polls — see it as an important starting point, something to build upon.

4. Why is the 13th Amendment significant?

- Till date, 13th Amendment represents only constitutional provision on settlement of long-pending Tamil question. In addition to assuring a measure of devolution, it is considered part of few significant gains since 1980s, in face of growing Sinhala-Buddhist majoritarianism from time Sri Lanka became independent in 1948.

5. Who wants it abolished and why?

- From influential Cabinet ministers in current government to state ministers, including a former naval officer who has been assigned Provincial Councils & Local Government portfolio, many have openly called for abolition of provincial councils after new government took charge. They deem councils "white elephants" and argue that in a small country province could be effectively controlled by Centre. The opposition camp also includes those fundamentally opposed to sharing any political power with Tamil minority. All same, all political camps that vehemently oppose system have themselves contested in provincial council elections. The councils have over time also helped national parties strengthen their grassroots presence and organisational structures.

6. What is the stand of Rajapaksas?

- Neither President Gotabaya Rajapaksa nor Prime Minister Mahinda Rajapaksa has commented on Amendment so far. During Mr. Mahinda Rajapaksa's two terms as President, for a decade from 2005, he gave several assurances to implement 13th Amendment and go even beyond its provisions, popularly referred to as his promise of "13 plus". The conduct of historic Northern Provincial Election in 2013 was a welcome step, but his government was reluctant to part with land and police powers. New Delhi's scepticism about past assurances is also no secret — U.S. Embassy cables accessed by The Hindu through WikiLeaks in 2011 affirmed this. Prime Minister Narendra Modi has referenced Amendment more than once, especially during high-level bilateral visits, but observers in Sri Lanka wonder how far India can go on Tamil question, amid growing geopolitical insecurities.

FACTS for ANSWER WRITING

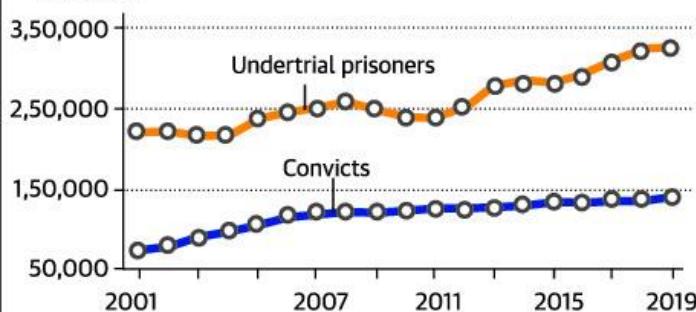
FACT 1. UNDERTRIAL

Under trial & forgotten

At the end of 2019, more than 1 lakh people were lodged in Indian prisons as undertrials for more than a year. An undertrial is an unconvicted prisoner who is on trial in a court of law. The share of undertrials lodged in prisons for more than a year has increased over time as the percentage of cases pending judgment in courts has also increased sharply. By **Suman Sen and Vignesh Radhakrishnan**

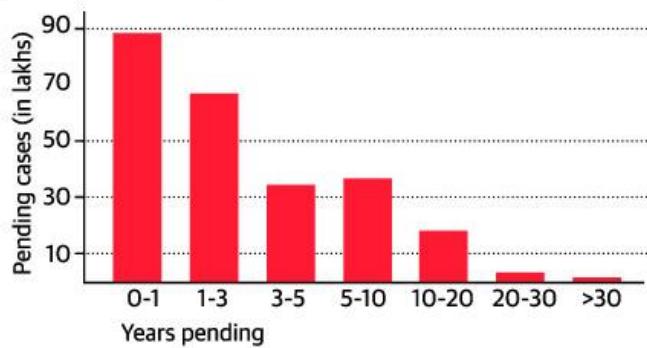
1. UNDERTRIALS ON THE RISE

The number of people lodged in Indian prisons as undertrials increased at a faster rate between 2001 and 2019 than those convicted. At the end of 2019, 3.28 lakh prison inmates were undergoing trial, while 1.42 lakh were convicted.



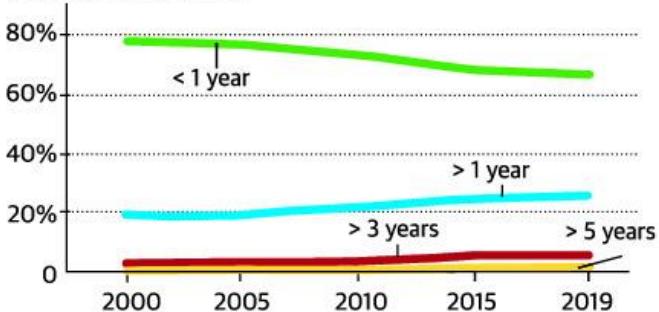
2. PENDING CASES PILE UP

As of Tuesday, 1.6 crore criminal cases were pending judgment for more than a year across all the district and taluka courts in India. Of them, nearly 22 lakh cases were pending for over 10 years



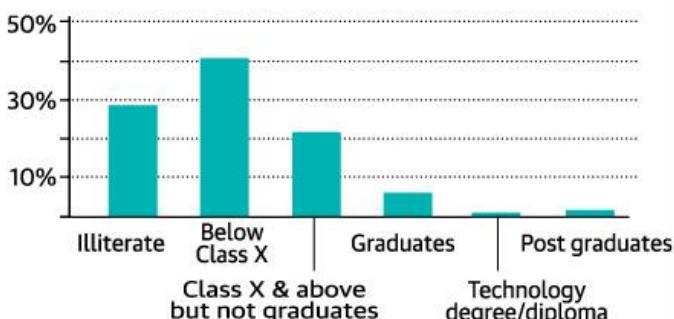
3. A LONGER CONFINEMENT

Due to the high pendency rates in the courts, the share of undertrials confined in prison for more than one year, more than 3 years and more than 5 years increased between 2000 and 2019. The share of those confined for less than a year fell in this period



4. UNDERRADUCATED UNDERTRIALS

At the end of 2019, more than 90% of undertrials were not graduates and about 28% were illiterate



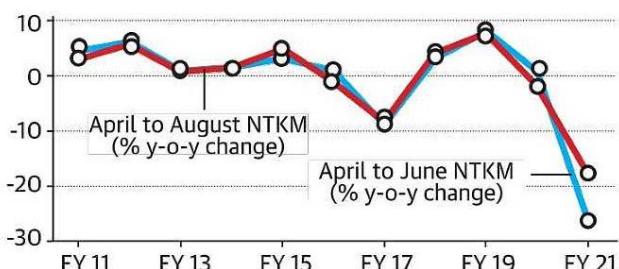
SOURCE: NCRB, NATIONAL JUDICIAL DATA GRID

FACT 2. RAILWAYS

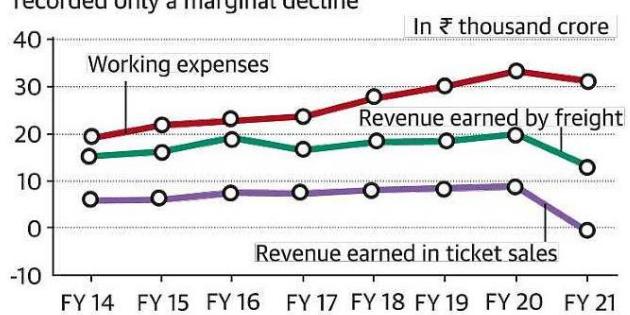
Off the tracks

The amount of rail freight transported can serve as an early indicator of India's economic health. Between April and June of FY2021, goods transported fell drastically due to the COVID-19-induced lockdown. Commodities such as coal and cement were the worst hit while the transport of foodgrains and fertilizers saw significant increases. This drop may further hit the already maimed Railways' balance sheets. By **Suman Sen and Vignesh Radhakrishnan**

1. SHARP DROP IN GOODS CARRIED | The graph shows the y-o-y % change in Net Tonne Kilometre (NTKM) of freight carried in the April-June and April-August periods across years. One NTKM is the net weight of goods carried for a kilometre. The freight carried declined by 27% y-o-y in the April-June period in FY2021. The decline was arrested to an extent in July and August. The freight carried declined by 18% y-o-y in the April-August period, 9% points lower than April-June

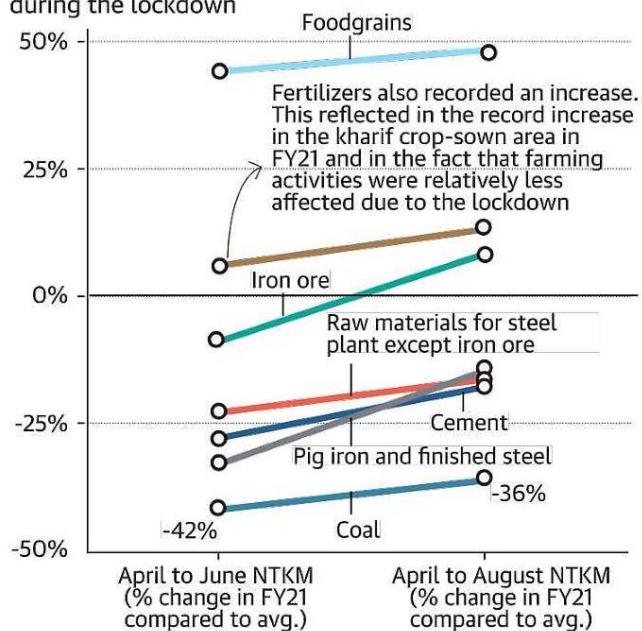


3. RAIL TROUBLE | The graph shows the revenue earned and the working expenses incurred by the Railways during the April-May period across years. While the revenue earned significantly reduced, the expenses incurred recorded only a marginal decline



2. COMMODITY-WISE CHANGE IN FREIGHT

The graph shows the % change in NTKM of freight carried in FY2021 compared to the FY2011-2020 average. The comparison is done for two periods: April to June and April to August. For instance, in April to June, the amount of coal transported declined by 42% in FY2021 compared to the FY2011-2020 average. Whereas in April-August, it declined by 36% in FY21 compared to the FY11-20 average. This means that the decline was arrested to an extent in July and August. Compared to the average, the amount of foodgrains transported increased by over 40% in FY21 due to various food security measures introduced by the government during the lockdown

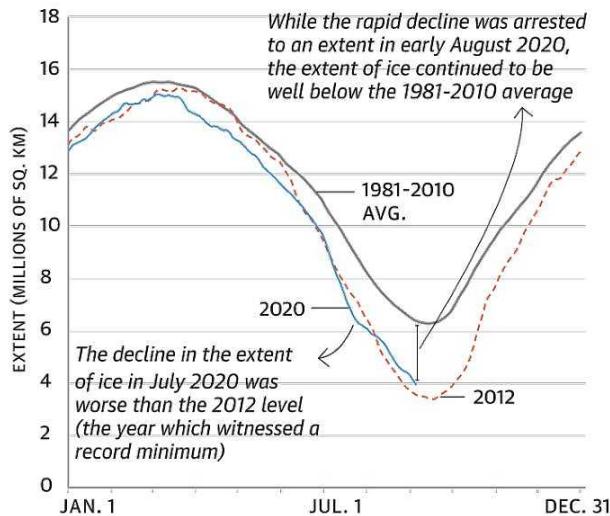


FACT 3. ARCTIC REGION

Polar opposites

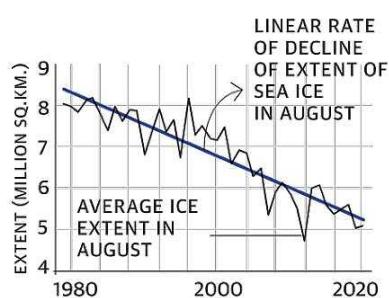
The extent of sea ice in the Arctic region plunged to record lows in July 2020. The extent of ice in the Arctic recorded in August was the third lowest for any August in more than four decades. On the other end, the extent of sea ice in the Antarctic recorded higher than average levels in September 2020. **By Sumanth Sen and Vignesh Radhakrishnan**

1. Harsh Arctic summer | In the last 15 days of July 2020, the extent of Arctic sea ice declined to the lowest level recorded since 1979



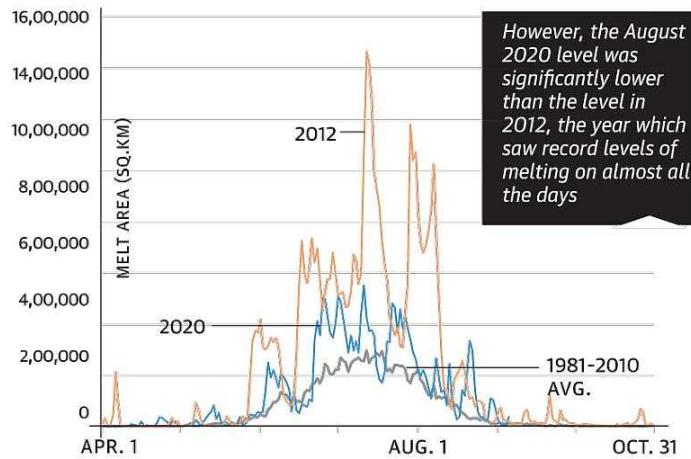
2. August meltdown

The average monthly extent of sea ice for August has consistently fallen in the last 41 years. In 2020, it was 5.08 million sq. km., the third lowest since 1979



Source: National Snow and Ice Data Center

3. Greenland, a mixed bag | The extent of surface ice that melted in Greenland in August 2020 (18.6 million sq. km) was well above the 1981-2010 average (14.4 million sq. km.)



4. Better winter in Antarctica

| The extent of sea ice in the Antarctic increased above the 1981-2010 average for the first time in four years. It came dangerously close to the 2017 levels (a standout year with record minimums) in July and August, but recovered rapidly to go beyond the 1981-2010 average in September

