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G.S PAPER II

1. POLITY

1.1 SC Order on 'RBI and RTI'

Why in news?

The Supreme Court has directed the RBI to disclose certain information under the Right to Information (RTI) Act unless they are exempted under law.

What is the case on?

- In a 2015 judgment, the Supreme Court had rejected the RBI's argument that it could refuse information sought under the RTI.
- RBI said this on the grounds of economic interest, commercial confidence, fiduciary (/trustee) relationship or public interest.
- But the court had observed that there was "no fiduciary relationship between the RBI and the financial institutions".
- It emphasized that RBI had the statutory duty to uphold the interests of the public at large, the depositors, the economy and the banking sector.
- The court thus held that the Reserve Bank could not withhold information sought under the RTI Act.
- But RBI's November 2016 Disclosure Policy was found to be directly contrary to the court's judgment of 2015.
- In this regard, the Bench was hearing contempt petitions filed against the RBI for not complying with the 2015 judgment.

What was the information sought?

- The petitioners had sought details pertaining to the RBI's annual inspection reports of certain banks.
- These include that of ICICI, AXIS, and HDFC Banks and State Bank of India, from 01.04.2011 to the date of filing of the RTI application.
- Information relating to the Sahara Group of Companies and Bank of Rajasthan was also sought from the RBI.
- The RBI did not provide information in view of the exemption from disclosure under Section 8(1)(a) and (b) of the RTI Act.
- It said the disclosure was not in economic interest of the State and would also adversely affect the competitive position of the third party.
- Separately, details of showcause notices and fines imposed by the RBI on various banks were also sought.

What is the current order?

- The court has now given RBI a last opportunity to withdraw the disclosure policy.
- This is in relation to the exemptions in the policy which are contrary to the directions issued by the court.
- These include the list of wilful defaulters and annual inspection reports.
- The court held that the RBI is duty-bound to comply with the provisions of the RTI Act and disclose the information.
- The court however acknowledged that some matters of national economic interest could harm the national economy, particularly, if released prematurely.
- E.g. information about currency or exchange rates, interest rates, taxes, proposals for expenditure or borrowing, foreign investments, etc

What is the implication?

- The RBI will be required to provide annual inspection reports and other material (such as details of penalties) unless it is exempted under law.
- This will provide greater transparency about the affairs of banks.
- Greater bank disclosures do help investors and depositors, but it can have unintended consequences as well.
- Information contained in RBI annual inspection reports relating to banks is highly sensitive.
- The central bank through these efforts tries to ensure that the banking system remains smooth with minimum disruptions.
- So the court order has the potential to affect the regulatory process of the RBI.

1.2 Supreme Court Order on Electoral Bonds

Why in news?

The Supreme Court recently ordered the political parties to submit to the Election Commission details of contributions through electoral bonds.

What is the case about?

- During 2017-18, the BJP earned Rs 200 crore from electoral bonds and the Congress Rs 15 crore.
- The Association for Democratic Reforms (ADR) had recently said this based on an analysis of the parties' tax returns and contribution statements submitted with the Election Commission.
- No other national party declared any contributions through electoral bonds, according to details released by ADR.
- Citing lack of transparency, the ADR then challenged the electoral bond scheme in the Supreme Court.
- It was considered that the time available was too limited for an in-depth hearing.
- So in its interim order, the Court asked political parties to disclose to the EC in sealed covers, details of the donations they have received through anonymous electoral bonds.

AS DECLARED BY NATIONAL PARTIES, 2017-18

Party	Known sources	Unknown sources		Total
		Electoral bonds	Other	
BJP	484	200	353	1027
Congress	79	15	105	199
BSP	41	0	10	51
NCP	3	0	5	8
Trinamool	5	0	<1	5
CPI	1	<1	<1	1+
Total	613	215	474	1293

Figures in Rs crore (rounded off); all national parties barring CPM.

Source: Association for Democratic Reforms, January 2019

What are the concerns raised?

- The petitioners, the ADR, questioned the anonymity-based funding scheme on the grounds that it promotes opacity.
- It opens up the possibility of black money being donated to parties through shell companies.
- It empowers the ruling party which alone is in a position to identify the donors and, therefore, well placed to discourage donations to other parties.

Click [here](#) to know more on the concerns.

How effective will the order be?

- The Supreme Court order will not alter the influence of electoral bonds on the ongoing polls (general elections 2019).
- Hence the order is a belated response to the serious concerns raised about the opaque electoral bonds scheme.
- The order, unfortunately, preserves the status quo, and the possible asymmetry in political funding and its effects would stay as it is.
- The influence such donations would have had on the electoral outcome remain undisturbed.

Why is it welcome though?

- The only positive thing is that the names would now be available with the EC (but in sealed envelopes) until the court decides if they can be made public.
- There is a concern that a disproportionately large segment of the bonds purchased by corporate donors has gone to the BJP.
- This donor anonymity may end if the court decides that the EC should disclose the names at the end of the litigation.
- The court also notes that the case gives rise to weighty issues which have a significant bearing on the sanctity of the electoral process in the country.

1.3 Supreme Court Order on VVPAT Verification

Why in news?

The Supreme Court has recently directed the Election Commission (EC) to increase random checking of VVPAT slips to five per Assembly segment.

What is the SC's order?

- Earlier, VVPAT slips from only one Electronic Voting Machines (EVM) in every Assembly segment/constituency was subjected to physical verification.
- SC has now directed the EC to increase this to five.
- In general elections, VVPAT slips of five EVMs in each Assembly segment of a Parliamentary Constituency would be subjected to physical counting.
- In State Assembly elections, this would extend to five random EVMs in each Assembly constituency.
- The Supreme Court order would be implemented in this Lok Sabha polls (2019).
- Notably, there was a demand from Opposition parties for VVPAT verification in 50% or 125 polling booths in each constituency. Click [here](#) to know more.

Why not 50%?

- The opposition's idea would be a drain on the ECI's infrastructural resources and manpower.
- VVPAT slip counting takes place in specially erected VVPAT counting booths.
- It takes place under the close monitoring of the returning officer and direct oversight of the observer.
- So a 50% VVPAT verification would require a huge increase in extra personnel in each of the 4,125 polling stations.
- The ECI also said that a 50% random physical verification of VVPATs would delay Lok Sabha poll results of 2019 by six whole days.
- Given these, the court said VVPAT verification of 5 EVMs, rather than in 125 polling booths, is more "viable at this point of time."

Is it a welcome move?

- The higher figure will increase the overall number of EVMs to be counted to close to 20,000 machines.
- This should reasonably address the very remote possibility of 'insider fraud'.
- The court also stated that the aim is to ensure the greatest degree of accuracy and satisfaction in election process.
- However, in effect, the increase to 5 EVMs from 1 would only increase the VVPAT verification percentage from 0.44% to less than 2%.
- Nevertheless, in any case, the VVPAT slip verification is more of a reassurance to voters that the EVM is indeed foolproof.

What is the real problem?

- For the ECI, the key technical issue with EVMs and VVPATs is not really in regard to tampering but to machine glitches.
- The parliamentary by-elections in Uttar Pradesh and Bihar and the Assembly election in Karnataka in 2018 had registered significant machine replacement rates (20% and 4%, respectively).
- But these were brought down to less than 2% in later elections held in the winter months.
- The availability of replacement machines and the ability to deploy them quickly in case of a failure of VVPATs are essential to avoid disruptions in the coming elections.

1.4 SC Order on Compensation to Bilkis Bano

Why in news?

The Supreme Court ordered the Gujarat government to pay Rs. 50 lakh compensation to Bilkis Bano, a 2002 communal riots and gang-rape victim.

What is the case about?

- During the 2002 Gujarat riots, a pregnant Bilkis Bano was gang-raped.
- Seven of her family members were killed and her daughter was smashed against a wall by a mob, at Randhikpur village.
- Criminal prosecution resulted in conviction and life sentences to 11 persons, and the sentences were upheld by the Bombay High Court.
- But there had been deliberate inaction on the part of some police officers and autopsies were done carelessly and manipulated.



- In short, this is a concrete instance of state inaction and negligence.
- For the past nearly two decades, Ms. Bano had taken up the matter with the local police, an NGO, the CBI and the courts to get justice for herself.

What is the Supreme Court's order?

- The court said Ms. Bano was a witness of the "devastation" of her own family.
- It thus stressed upon the need to rehabilitate the victim who is living a nomadic hand-to-mouth existence, having lost all.
- The Gujarat government was thus ordered to pay Ms. Bano Rs. 50 lakh as compensation, a government job and housing in the area of her choice.
- The court also ordered the Gujarat government to withdraw the pension benefits of three police officers involved in the case.

Why is it welcome?

- Compensation to victims is a relatively less recognised component of the criminal justice system which focusses mainly on the accused.
- So an order of compensation is a recognition of the state's obligation to victims of crime, especially horrific acts.
- The court has asked the government to compensate the victim from its own coffers, achieving restitutive justice.

What are the legal mechanisms in this regard?

- The Code of Criminal Procedure was amended in 2008 to insert Section 357A.
- Under this, every State government has to prepare a scheme to set up a fund from which compensation can be paid.
- This applies to victims of crime and their dependants who have suffered loss and injury and who may require rehabilitation.
- The Centre has a similar Central Victim Compensation Fund.
- On Supreme Court directions, the National Legal Services Authority has prepared a compensation scheme for women victims and survivors of sexual assault and other crimes.
- Many States have notified schemes on these lines and there are mechanisms to assess rehabilitation needs and pay compensation.
- But they largely remain on paper.
- There is thus a need to streamline the schemes and ensure that the compensation process is not done in an ad hoc manner.
- More policy thinking is needed to implement them based on sound principles.

1.5 RTI and Right to Privacy - Judiciary Case

Why in news?

A Constitution Bench of the Supreme Court has concluded hearing a crucial appeal under the Right to Information Act (RTI), 2005.

What were the three RTI cases on question?

- **Appointment** - An RTI applicant filed a request to the Supreme Court in 2009.



- It sought a copy of the complete correspondence exchanged between the CJI and other concerned constitutional authorities relating to appointment of some judges.
- It related to appointment of Justices H.L. Dattu, A.K. Ganguly and R.M. Lodha as Supreme Court judges, suppressing the seniority of Justices A.P. Shah, A.K. Patnaik and V.K. Gupta.
- The information sought was denied.
- But the *Central Information Commission* (CIC) directed that the information be furnished.
- The information officer of the apex court appealed directly to the Supreme Court against the order.
- **Assets declaration** - The Supreme Court's 1997 resolution requires judges to declare to the CJI the assets held by them - own name, spouse's name and in any person dependent on them.
- An RTI application in 2007 asked if any declaration of assets was ever filed by the Supreme Court or high courts judges to the respective CJIs in compliance with the above.
- The Public Information Officer (PIO) of the Supreme Court invoked Section 8(1)(j) of the RTI Act to deny this information.
- But the CIC ordered that the information sought by the applicant be provided.
- The CIC order was challenged by the Supreme Court in the Delhi high court.
- The Delhi High Court held that the contents of asset declarations were entitled to be treated as personal information under Section 8(1)(j) of the RTI Act.
- It held that information of public servants could be sought only if it serves the larger public interests.
- But the applicant asked information only on the status of compliance and not the details itself; the High court thus asked to provide the information.
- This judgement was subsequently challenged by the chief public information officer before the Supreme Court.
- **Influence on judgement** - Quoting a media report, an RTI application was filed with the Supreme Court.
- It sought copies of correspondence between the then CJI and a Madras high court judge.
- It was regarding the attempt of a union minister to influence judicial decisions of the Madras high court.
- It also sought information on the name of the concerned minister.
- The public information officer (PIO) denied the information sought but the CIC, in its order, overturned the decision.
- The PIO of the Supreme Court directly moved a petition before the SC challenging the CIC order.

Central Information Commission

- The Central Information Commission was constituted under the Right to Information Act, 2005.
- It shall consist of the Chief Information Commissioner (CIC) and such number of Central Information Commissioners not exceeding 10 as may be deemed necessary.
- The Commission has certain powers and functions which broadly relate to -
 - i. adjudication in second appeal for giving information
 - ii. direction for record keeping
 - iii. suo motu disclosures
 - iv. receiving and enquiring into a complaint on inability to file RTI, etc
 - v. imposition of penalties
 - vi. monitoring and reporting including preparation of an Annual Report
- The jurisdiction of the Commission extends over all Central Public Authorities.

What is the present case mainly about?

- While hearing the case related to the RTI on appointments, the Supreme Court clubbed the other two cases and moved it to a constitutional bench.
- A key question pertains to whether judges are required to publicly disclose their assets under the RTI Act in light of

Section 8(1)(j).

- The provisions of the Section prohibit the sharing of personal information that has no nexus to public activity.
- It also prohibits that which amounts to an unwarranted invasion of privacy unless the larger public interest justifies such a disclosure.

What is the complexity involved?

- In landmark judgments in PUCL (2003) and Lok Prahari v. Union of India (2018), smaller benches of the court set aside the privacy claims of the political class.
- It forced them to publicly disclose not just their assets but also the sources of their income.
- So any attempt now to assert the fundamental right to privacy as the basis for not disclosing information would overrule the above.
- Also, the final ruling of the Constitution Bench will impact the contentious Section 44 of the Lokpal Act, 2013.
- This requires all public servants (includes judges) to disclose their assets.
- But it is silent on whether the disclosure should be to the competent authority or the general public.
- Most likely, the Constitution Bench will now be viewing the privacy right enshrined in Section 8(1)(j) of the RTI Act through the lens of the recent Aadhaar judgment.
- In all, the final judgment on the judiciary's right to privacy could have a bearing on other categories of people as well.

1.6 Permanent Status to Finance Commission

What is the issue?

- RBI Governor Shaktikanta Das recently emphasized on the need for giving permanent status to Finance Commission.
- In this backdrop, here is an overview on the significance of the Finance Commissions and the present shortfalls in the institution.

What is the need for a permanent status?

- In the past, different Finance Commissions (FCs) had adopted different approaches on tax devolution and making grants to states.
- This is problematic because more certainty in the flow of funds, especially to the states, is desired.
- Mr. Das thus made a case for a permanent Finance Commission as opposed to the current system of reconstituting it every 5 years.
- This is necessary now as the goods and services tax (GST) had come into operation.
- While the GST Council could focus on the need for improving tax collections, the FC should be able to manage other reforms.

Is this a valid argument?

- Despite Mr.Das's rationale, there is a continuing need for renewal in the recommendations of the Finance Commissions.
- Finance Commissions survey the current fiscal landscape as well as the state of federalism in making recommendations.
- Despite the different approaches, there is a broad trend in recent Commissions to increase devolution towards states.

- This has been established, and future Commissions are certainly expected to take this forward.

What are the real concerns?

- The real problem is that such recommendations have not been followed up on in the right spirit by successive governments.
- E.g. the current government did not properly act on the 14th FC's decision to raise the states' proportion of tax pool from 32 to 42%
- Much of the increased allotment was absorbed back through various types of cess.
- There is also a sharp reduction in the Union's outlay on centrally-sponsored schemes.

Why are Finance Commissions significant?

- The Union has exerted undue influence on the 15th FC through a controversial set of additions to the Terms of Reference. Click [here](#) to know more.
- So states, particularly in the south, are already concerned about this and are keenly following the developments in the discourse on FCs.
- In this context, the Finance Commissions are a crucial part of India's constitutional set-up.
- They allow for constant renewal in how the Union of India approaches federal questions.
- So creating a permanent Finance Commission with a particular set of rules may hamper this effort.
- It could severely undermine the federal structure of India.

1.7 Assessing AFSPA, Sedition & Defamation Laws

What is the issue?

- Recent happenings across the country against individual rights and free speech have questioned the relevance and validity of certain laws.
- In this backdrop, here is a look at three significant and controversial ones - the sedition law, the defamation law and the AFSPA.

What is the contention with sedition law?

- **Meaning** - Sedition is dealt in Section 124A of the Indian Penal Code.
- Sedition refers to anything written, spoken or done that brings hatred or contempt against the Government established by law in India.
- It is a cognisable, non-compoundable, and non-bailable offence.
- Under it, sentencing can be between 3 years to imprisonment for life, along with a fine.
- **Concern** - Since its introduction in 1870, meaning of the term, as well as its ambit, has changed significantly.
- Previously, it was used by the British to target and suppress the nationalist leaders.
- Mahatma Gandhi famously called the defamation law the "prince" among criminal laws which thwarted free speech in the country.
- After Independence, there were discussions in the Constituent Assembly around the subject.
- Yet, the section continued to remain in force.
- Successive governments have been accused of misuse of the provisions in sedition law.

- **Revision** - In 1962, the Supreme Court, while curtailing the extent of its application, upheld its constitutionality.
- The objective was to punish those who jeopardise the safety and stability of the state and create public disorder.
- But since then, the courts in the country have repeatedly observed that the section cannot be used to curb criticism of the government.
- It can only be used as a measure for maintaining public order.
- Given its misuse, there are proposals to revise Section 124A. Click [here](#) to know more.

How is the defamation law handled?

- **Provisions** - It is dealt in Section 499 of the Indian Penal Code.
- Anything written, spoken or done intending to harm the reputation of a person is said to defame that person.
- India is one of the few countries where defamation is both a civil and a criminal offence.
- As a criminal offence, it is bailable, non-cognisable and compoundable.
- It is punishable with imprisonment up to 2 years, or with fine, or with both.
- Once charged in a criminal trial, the accused may prove that they are covered under any of the 10 exceptions to the section.
- This range from an imputation which is truthful, to one which is made in good faith; otherwise s/he stands accused.
- **Elsewhere** - The English common law has different punishments for libel (written) and slander (spoken).
- India does not make this distinction, and both are being covered under the meaning of Section 499 itself.
- In the US, a distinction has been made between private and political defamation.
- More burden of proof is placed on the prosecution if it is political defamation.
- **Changes** - Like sedition, many governments have been accused of misusing the criminal law of defamation for suppressing legitimate criticism.
- There are thus proposals for a revision of the law, especially following some recent defamation cases. Click [here](#) to know more.
- If removed from the IPC, defamation would no longer remain a criminal offence.
- It would then continue as a civil wrong, which in India is not stipulated by legislation and is guided by judge-made law.

What is the case with the AFSPA?

- **Purpose** - Armed Forces Special Powers Act (AFSPA) was passed in 1958 for the North-East and in 1990 for Jammu & Kashmir.
- The law gives armed forces special powers to control “disturbed areas”.
- The government designates this when a region is in a disturbed condition necessitating the use of armed forces in aid of civil power.
- **Provisions** - Under its provisions, the armed forces are empowered to
 - i. open fire

- ii. enter and search without warrant
- iii. arrest any person who has committed a cognisable offence
- Notably, the armed forces have immunity from being prosecuted for these acts.
- **Currently**, AFSPA is implemented in Jammu & Kashmir, Assam, Nagaland, and parts of Arunachal Pradesh and Manipur.
- The law has been repealed where insurgencies have subsided, and when governments have gained confidence of managing the region using the police force.
- Tripura became AFSPA-free in 2015, and in 2018 the Centre also removed Meghalaya from the list.
- It also restricted AFSPA's use in Arunachal Pradesh.
- **Contention** - Critics both in India and abroad have criticised government agencies for acting with impunity under AFSPA.
- Manipuri activist Irom Sharmila had been on a 16-year hunger strike in protest against AFSPA.
- The Jeevan Reddy Committee formed in 2004 has recommended a complete repeal of the law.
- There is a need to strike a balance between the powers of security forces and the human rights of citizens.
- It would thus be fair to remove immunity to armed forces for enforced disappearances, sexual violence, and torture.

2. GOVERNMENT ACTS & POLICIES

2.1 Trader's Credit Card Scheme - Concerns

Why in news?

In a traders' convention held recently, Prime Minister Narendra Modi suggested bringing in a traders' credit card scheme.

What is the proposal?

- The traders' credit card scheme would be similar to the Kisan credit card scheme available to the farmers.
- Under this, loans as much as Rs 50 lakh would be made available to traders without any collateral whatsoever.

What is the rationale?

- Many traders have faced a cash squeeze after the twin blows of demonetisation and the introduction of the GST.
- Resultantly, credit has become hard to come by.
- The scheme thus comes as an acknowledgement of this impact on small traders.
- It is thus necessary for the good of this particular sector as well the economy to ensure that credit flows more freely to the trading sector.

Is it a sustainable idea?

- India has gotten credit mostly wrong over the past decades.
- The past decades have shown that loan melas, whether for the rural sector or for infrastructure, rarely achieve their ends.

- Ultimately, directed lending, especially collateral-free one, ends up stressing those banks that have been forced into making these loans.
- E.g. nationalisation of banks was originally justified by the need to force credit into “priority” sectors of the planned economy
- However, experiences show that when nationalised banks turn into tools of government policy, they fall into crisis in the medium to long term.
- Moreover, the idea of a collateral free credit is not advisable at this moment of the Indian financial sector.
- It's because the banks are yet to properly emerge from the current bad loans crisis.
- Infrastructure, construction, power, and commodities lending continue to remain stressed.
- Alongside this, government has already added some committed credit responsibilities such as the MUDRA loans.
- Notably, MUDRA loans have seen a leap in misuse of funds over the past financial year.
- So in many ways, the new trade credit scheme would add yet another source of bad loans to the banks' list of directives, causing further an economic slowdown.

3. SOCIAL JUSTICE

3.1 Learning Outcome-based Curriculum Framework - Choice Based Credit System

Why in news?

Delhi University is in the process of revising all of its undergraduate programmes along the lines of UGC's Learning Outcome-based Curriculum Framework (LOCF).

What is the LOCF?

- The LOCF specifies what graduates are expected to know, understand and be able to do at the end of their programme of study.
- LOCF approach makes the student an active learner and the teacher a good facilitator.
- The idea is to decide the desired outcome within the framework of the current *Choice Based Credit System* (CBCS) for undergraduate and postgraduate programmes.
- The outcomes will be determined in terms of skills, knowledge, understanding, employability, attributes, attitudes, values, etc.
- The curriculum will have to be designed to obtain these outcomes.
- In this line, in 2018, UGC issued a public notice followed by a direction to all central institutions.
- It directed them to form subject-specific committees for implementing the Learning Outcomes-based Curriculum Framework.

What are the earlier changes?

- The coming change (LOCF) will be the fifth in the last 9 years at the Delhi University (DU).
- In 2010, the undergraduate programme switched from the traditional annual mode to the semester mode.
- In 2013, this was changed to Four Year Undergraduate Programme (FYUP) which again switched back to semester mode in 2014.
- In the year after that (2015), the Choice Based Credit System (CBCS) was introduced.

What are the concerns?

- Teachers at Delhi University (DU) are concerned about the frequent changes in the undergraduate curriculum.
- Each of the “reforms” was announced without warning, and implemented the very next year.
- They were introduced with the objective of improving the quality of education and scaling up DU’s world ranking.
- But the outcome, as critics point out, has been the opposite.
- Each change has disrupted the functioning of the system, and caused confusion and trauma among students.

What are the shortfalls in LOCF change?

- The committees formed to recommend changes in the 2019-20 curriculum (in line with LOCF) have some major limitations.
- The subject-specific committees formed by DU were given only 3 months to submit their reports; not all stakeholders were consulted.
- Also, all departments have been asked to assign this work to their three “best teachers”.
- But no criteria were decided to assess and rank teachers for this purpose.
- Besides, LOCF is to be implemented immediately, and there is inadequate time for preparation.
- Importantly, the CBCS pattern of the undergraduate programme itself is said to be faulty.
- So the committees now are supposed to bring changes in the curriculum within this faulty framework.

What are the main features of the CBCS?

- The marks or percentage based evaluation system obstructs the flexibility for the students to study the subjects/courses of their choice.
- It also restricts their mobility to different institutions.
- UGC wanted to replace this system with the Choice Based Credit System (CBCS).
- Besides the core subjects, CBCS offers opportunities to explore and learn other subjects for holistic development of an individual.
- E.g. the Generic Elective (GE) course has to be compulsorily taken from an unrelated discipline/subject
- Students can also undergo additional courses and acquire more than the required credits and adopt an interdisciplinary approach to learning.

What are the drawbacks in CBCS?

- The three major problems involved in CBCS are:
 - i. repetition of papers
 - ii. highly heterogeneous classes
 - iii. creation of situations in which students don’t acquire much knowledge about one particular subject
- In some cases, the same papers are offered as Core (compulsory) papers as well as general elective.
- So students make choices not to add to their knowledge, but mainly to lessen their burden.
- Moreover, students of different disciplines opting for a GE of a particular discipline creates a class of students who are very different from each other.



- In such cases, teachers find it difficult to handle a subject as students differ in their understanding, exposure, knowledge, aptitude, etc.
- E.g. teaching a Commerce Generic to a Mathematics student is different from teaching it to an English literature student
- So the lack of synchronization in interdisciplinary syllabus formulation has made teaching-learning more difficult.
- In all, without a re-look at the CBCS framework, changes in the curriculum through LOCF will end up being another ineffective exercise.

3.2 Sexual Harassment Allegations against CJI

Why in news?

- Recently, many online news portals published reports of a former Court employee's allegations of sexual harassment against the CJI.
- A three-judge bench of the Supreme Court, presided by the CJI himself, dismissed the allegations.

What is the case all about?

- Several news websites published reports of former Court employee accusing the Chief Justice of India of having made sexual advances towards her.
- The complainant, a former junior court assistant, had also made her charge in the form of an affidavit.
- It was supported by purported evidence and has been sent to 22 judges of the court.
- The woman, in her mid-thirties, complained of subsequent police harassment against her.
- She had also alleged that she was unceremoniously dismissed from service.
- On publication of the allegation, the Court reacted almost instantly and a notice of a special open court session was circulated among the media.

What is the court's stance?

- On hearing the case, the Supreme Court bench dismissed the allegations as "wild and baseless".
- It said the allegation was designed to attack and erode the independence of the judiciary.
- It, however, did not pass any gag order against the media on reporting this.
- Instead, the bench urged the media to exercise restraint in the matter.

Has the court dealt with it justly?

- First of all, the decision to hold an open court hearing is questionable.
- A complaint of this nature requires an institutional response on the administrative side.
- There is an internal process to initiate an inquiry mandated by the law regarding sexual harassment at the workplace.
- The Supreme Court itself has an internal sub-committee for this.
- It was formed under Gender Sensitization and Sexual Harassment of Women at Supreme Court (Prevention, Prohibition and Redressal) Guidelines, 2015.
- It is possible even now to send the complaint to an independent committee.
- There is also a separate 'in-house procedure' to deal with complaints against judges.

- Under this, their judicial peers, and not outsiders, will examine such complaints.
- In any case, it is clear that the CJI ought not to have presided over the special Bench that took up the matter that concerned himself.
- The bench did not include the two senior-most judges after the CJI; nor was there a woman judge on the Bench.

What is the larger concern now?

- The manner in which the Supreme Court responded shows how not to deal with such a complaint.
- With this, the judiciary is again into a major controversy, after concerns were raised on its credibility in the recent times.
- Some months back, four members of the collegium, including Justice Gogoi, went public against then CJI Deepak Misra. Click [here](#) to know more.

What lies ahead?

- The focus now shifts to the judges, excluding the CJI, who were all sent a copy of the affidavit and the complaint.
- Their response, as members of the Supreme Court, is bound to define the path which will guide the institution in dealing with the crisis.
- The apex court could also respond to the institutional crisis through a full court being convened on the administrative side.
- Any response involving all the judges of the Supreme Court is bound to find greater acceptability among jurists and the wider public.
- It would also shift the spotlight away from the CJI and underline that the institution itself will work out its response.

3.3 UN World Happiness Report 2019

Why in news?

United Nations World Happiness Report for 2019 was released recently.

What is the report on?

- The report ranks 156 countries by how happy their citizens perceive themselves to be.
- A sample of individuals from each country is asked to score their happiness on a 1-10 scale.
- The variation in country scores is then attempted to be explained statistically with the six variables:

1. GDP per capita
2. social support
3. healthy life expectancy
4. freedom to make life choices
5. generosity
6. freedom from corruption

- The report has been released by the Sustainable Development Solutions Network (SDSN) at the

TABLE 1: RANKING HAPPINESS AND COMPONENTS, 2019

Country*	Happiness	Social support	Freedom	Corruption	Generosity	Longevity	GDP per capita
Finland	1	2	5	4	47	27	22
Brazil	32	43	84	71	108	72	70
China	93	108	31	--	133	34	68
Bhutan	95	68	59	25	13	104	95
Nepal	100	87	67	65	46	95	127
South Africa	106	63	85	102	89	123	77
Bangladesh	125	126	27	36	107	90	119
Sri Lanka	130	80	55	111	35	54	79
India	140	142	41	73	65	105	103

*Number of countries varies between 155 and 158 over different annual reports.
Source: World Happiness Report, 2015 & 2019, United Nations.

United Nations.

- It is published ahead of the International Day of Happiness marked on March 20th.

What are the highlights?

- Finland was the happiest nation followed by Denmark, Norway, Iceland, and Netherlands.
- The next five in the top 10 are Switzerland, Sweden, New Zealand, Canada, and Austria in order.
- Australia replaced Israel in the 11th spot, followed by Costa Rica.
- The United States came in 19th place.
- The last spot for the least happy nation, 156, went to South Sudan.

Where does India stand?

- Indians have emerged as one of the unhappiest peoples on earth in the Happiness Report.
- India ranks itself at 140 in happiness out of 156 countries. In other words, it is at the bottom 10% of all countries.
- India is just at the 50% rank for corruption, and at the bottom 58% for generosity.
- Unsurprisingly, India is at the bottom 25% for per-capita GDP and longevity.
- It, however, ranks better for freedom, being within the top 27%.
- Even favourable aspects for Indians such as strong social/family support had come out poorly in the rankings.
- In global terms, India's unhappiness is considerably worse in the ranking than other countries of South Asia and China, and South Africa, and far worse than Latin America.
- India comes out at the bottom in South Asia in the 2019 report.
- Moreover, there has been a steady deterioration in Indians' happiness scores in recent years.
- On the change in the happiness score over 2015-19, India's score deteriorated the most in South Asia.

Sustainable Development Solutions Network

- The UN Sustainable Development Solutions Network (SDSN) has been operating since 2012 under the auspices of the UN Secretary-General.
- The SDSN mobilizes global scientific and technological expertise to promote practical solutions for sustainable development.
- These include the implementation of the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

3.4 World Population 2019 Report - UNFPA

Why in news?

The World Population 2019 report of the United Nations Population Fund (UNFPA) was released recently.

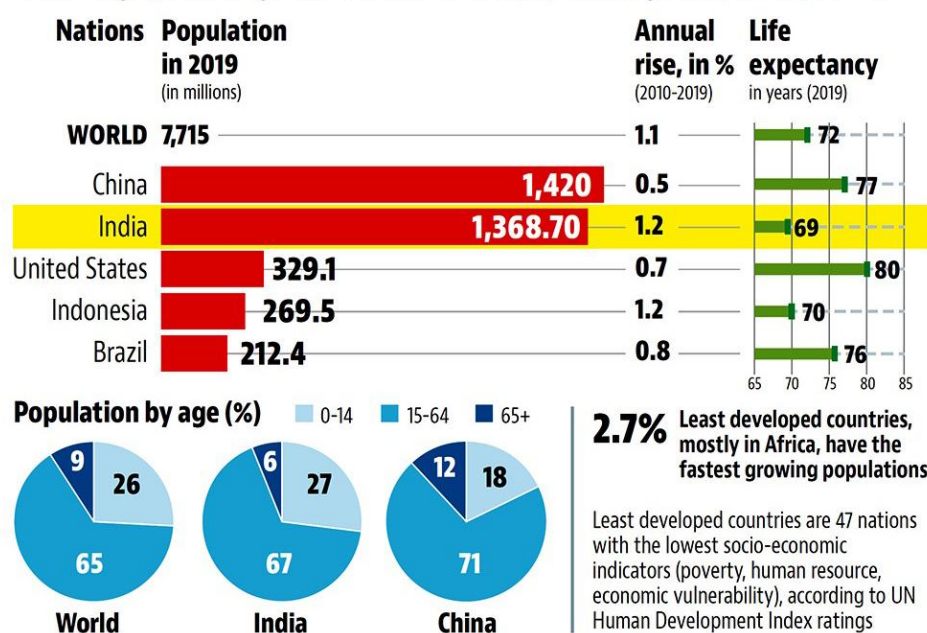
What are the highlights?

- **Population** - India's population in 2019 stands at 1.36 billion, growing from 541.5 million in 1969 and 942.2 million in 1994.
- It accounts for over one-sixth of the world's population in 2019 (7.71 billion).
- **Growth rate** - India has seen a growth rate of 1.2% per year between 2010 and 2019.
- This is just over the world growth rate of 1.2%.
- China, the world's most populous country at 1.42 billion, has a population growth rate of 0.5% per year between 2010 and 2019.

- **Age composition** - 27% of India's population is in the age bracket of 0-14 years and 10-24 years each.
- 67% of the country's population is in the 15-64 age bracket.
- 6% of the country's population is of the age 65 and above.
- **Life expectancy** at birth in India is lower than the world's (69 years to 72).
- **Healthcare** - India scores higher than the global average in terms of access to healthcare during childbirth.
- Between 2006 and 2017, 86% of births in India were attended by skilled health personnel (79% across the world).
- **MMR** - India's maternal mortality ratio (MMR) in 2015 was 174 deaths per lakh live births (down from 448 in 1994).
- On the other hand, the global MMR in 2015 was 216.
- Two-thirds of all maternal deaths today are said to occur in sub-Saharan Africa.
- **Adolescent birth rate** in India is much lower than the global rate.
- 28 in every 1,000 Indian adolescent women (age 15-19) gave birth between 2006 and 2017.
- In contrast, the global adolescent birth rate was at 44 per 1,000.
- **Fertility rate** in India in 2019 is 2.3 births per woman, compared to 2.5 worldwide.
- In India, the total fertility rate per woman has been reduced from 5.6 in 1969 and 3.7 in 1994 to 2.3 today.
- Globally, the average number of births per woman has been reduced from 4.8 in 1969 and 2.9 in 1994 to 2.5 today.

GLOBAL EXPANSION

India's large youth bulge will continue to fuel population growth, the report said



Source: UNFPA State of the World Population 2018

What are the concerns highlighted?

- Early marriage continues to present a major cultural obstacle to female empowerment and better reproductive rights.

- A girl who marries when she is 10 will probably leave school and consequently, loses the negotiating skills and job opportunities.
- The report includes, for the first time, data on women’s ability to make decisions over three key areas.
- These are sexual intercourse with their partner, contraception use and health care.
- It notes that absence of reproductive and sexual rights has major and negative repercussions on women’s education, income and safety.
- Ultimately, they are not in a position to shape their own futures.

UNFPA

- UNFPA is the United Nations sexual and reproductive health agency.
- Its mission is to deliver a world where every pregnancy is wanted, every childbirth is safe and every young person’s potential is fulfilled.
- UNFPA calls for the realization of reproductive rights for all.
- It thus supports access to a wide range of sexual and reproductive health services including voluntary family planning, maternal health care and comprehensive sexuality education.

What lies ahead?

- Despite the concerns, millions have enjoyed healthier and more productive lives in the 50 years since the UNFPA was founded.
- Unintended pregnancies and maternal deaths have dramatically been reduced with efforts from civil society and governments.
- Going ahead, the threat to women’s and girls’ reproductive rights posed by emergencies caused by conflict or climate disasters should be addressed.
- [Every day, more than 500 women and girls including in countries with emergency settings, die during pregnancy and childbirth.]
- About 35 million women, girls and young people will need life-saving sexual and reproductive health services in the coming year.
- Services to address gender-based violence, in humanitarian settings, are also a need of the hour.

3.5 UNESCAP Report - 'Survey 2019: Ambitions Beyond Growth'

Why in news?

A report titled "Survey 2019: Ambitions Beyond Growth" on SDGs was recently released by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).

What are SDGs?

- The UN defines 17 Sustainable Development Goals (SDGs) as a universal call to action.
- The broad objectives are to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.
- These include targets such as “No poverty”, “Zero hunger”, “Good health and well-being”, “Quality education” and “Gender equality”.



What are the report highlights?

- **Concerns** - Rising financial instability, household debts, non-performing assets and trade wars can put growth at risk.
- Malaysia, Thailand and the Republic of Korea have rising household debts; and China has fast expanding corporate debts.
- All these will further hurt poverty eradication programmes.
- The emergence of non-bank online consumer loans has also generated new risks, with higher default rates than mortgage loans.
- **Investment** - An additional annual investment of \$1.5 trillion would allow countries in the Asia-Pacific region to achieve the SDGs by 2030.
- This is equivalent to a dollar per person per day.
- The report notes that the price tag for achieving the SDGs is within reach for many countries.
- Their fiscal space and potential to leverage private investment allow for this achievement.
- Nevertheless, the investment gap is widest in countries which can least afford to narrow it.

What are the suggested measures?

- The report argues that keeping the old paradigm of prioritising GDP growth at all costs is neither feasible nor desirable.
- Too much focus on economic growth will lead to unsustainable growth, and will perpetuate inequality and environmental degradation.
- To address this, the UNESCAP proposes a balanced investment package which includes:
 - i. \$669 billion to support basic human rights and develop human capacities
 - ii. \$590 billion to achieve clean energy for all and to live in harmony with nature
 - iii. \$196 billion for improved access to transport, information and communications technology (ICT), and water and sanitation
- This is equivalent to 5% of the combined GDP of Asia-Pacific developing countries in 2018.
- Closing the investment gap calls for North-South, South-South and triangular cooperation.
- There is also a strong need for strengthened multilateral financing mechanisms to accelerate the pace of sustainable development.
- Innovative financial instruments such as green bonds and promoting new investor classes can help.
- These could bring in the massive \$51 trillion in assets managed by the private financial sector in the developing Asia-Pacific region.
- In addition, there is considerable potential to raise tax revenues in the region.

UNESCAP

- The United Nations Economic and Social Commission for Asia and the Pacific is the regional development arm of the UN for the Asia-Pacific region.
- It was established in 1947, and is headquartered in Bangkok, Thailand. It is made up of 53 Member States and 9 Associate Members.
- It covers countries from Turkey in the west to the Pacific island nation of Kiribati in the east, and from the Russian Federation in the north to New Zealand in the south.
- It works to promote cooperation among member States to achieve inclusive and sustainable economic and social development in Asia and the Pacific.

What is the remark on education?

- The Asia-Pacific region significantly increased education access and average schooling years over the past several decades.
- But quality remains an issue as ever before.
- 92 million children in the region fail to obtain basic literacy and numerical skills even after completing primary school - World Bank, 2018.
- Globally, \$129 billion was wasted annually due to the disconnect between schooling years and acquisition of basic skills alone - UNESCO, 2014.
- The UNESCAP report thus highlights that significant savings could be achieved through greater emphasis on education quality and outcomes.
- With an efficiency frontier approach, Asia-Pacific developing countries on average could save more than 30%, without compromising on education performance.
- In this context, strengthening teaching quality and teacher training is key to achieving better educational results.

What is the case with India?

- The report flags concern regarding India's rising non-performing asset.
- This could potentially derail the country's efforts to achieve the SDGs.
- According to the C Rangarajan committee report, India has around 363 million people living in poverty.
- Given this, the report emphasises that India needs to spend around 10% of its GDP.
- In other words, India needs to spend nearly \$2 per day per person to remove poverty.
- Despite the poll promises, with rising fiscal deficit year after year, it will be difficult for political parties to provide direct cash support.
- Growth in India would necessitate creation of enough jobs for those joining the labour force.
- This is essential to prevent people being trapped in low-skilled, low-income and low-value work, which could further lead to poverty.

4. GOVERNANCE

4.1 Significance of & Challenges in Lateral Entry

Why in news?

The Centre has recently appointed 9 non-governmental professionals selected by the UPSC, under the lateral entry scheme.

Click [here](#) to know more on the earlier government notification.

What is the significance of the move?

- Globalisation has made the business of governance an increasingly complex activity.
- It demands specialist skills and knowledge like never before.
- Given this, the appointments under the lateral entry scheme is a sensible first step towards accessing a wider talent pool.

- The move directly inducts private sector experts into the ranks of the civil service, with specified posts and salary scales and perks.
- The move marks a great leap forward in the institutional outlook of the UPSC.

What are the challenges involved?

- Inducting private sector experts into line functions involves a host of institutional challenges.
- Chief among them is the quality of people who are hired.
- External experts have to meet a specified educational qualification norm.
- Those shortlisted should undergo UPSC interviews before signing on.
- But it is unclear whether this is an optimal way of inducting external experts.
- The second challenge is how far the government can leverage the lateral entrants' expertise.
- This requires the creation of an enabling environment for them to function, who may find it difficult in a bureaucratic environment.
- It's because it demands a high degree of cooperation from the bureaucracy, where exists already the tension between generalists and specialists.
- External experts also discover that the basics such as access to files and to ministerial meetings can become matters of high politics.
- Much, therefore, depends on how far the political executive is willing to facilitate the functioning of these external experts.

Click [here](#) to read more on the concerns with the lateral entry scheme

What lies ahead?

- Going beyond the civil services, it is now time for the government to widen the ambit of its search for regulatory heads.
- At present, most of the selection of sectoral regulators or tribunal heads appears to be earmarked for retired bureaucrats and public sector company chiefs.
- Beyond this, there is certainly a wealth of talent in the Indian private sector and the diaspora that the government could access.
- Utilising these could improve the quality of policy decision-making.
- In the larger context, therefore, lateral entries into the civil services would be a good test case.

5. HEALTH

5.1 RTS,S or Mosquirix - World's First Malaria Vaccine

Why in news?

A pilot program testing a new malaria vaccine, RTS,S, or Mosquirix, began in the African country of Malawi.

What is Malaria?

- Malaria is a potentially life-threatening parasitic disease.
- It is caused by the parasites -
 - i. Plasmodium vivax (P.vivax)



- ii. Plasmodium falciparum (P.falciparum)
 - iii. Plasmodium malariae (P.malariae)
 - iv. Plasmodium ovale (P.ovale)
- The parasite gets transmitted by the female Anopheles mosquito.
 - In the human liver, it can mature, multiply, re-enter the bloodstream, and infect red blood cells, which can lead to disease symptoms.

What is the RTS,S vaccine?

- The RTS,S vaccine is the first, and to date, the only, vaccine that has demonstrated that it could significantly reduce malaria in children.
- RTS,S is a scientific name given to this malaria vaccine candidate and represents its composition.
- It aims to trigger the immune system to defend against the first stages of malaria.
- This is when the parasite enters the human host's bloodstream through a mosquito bite and infects liver cells.
- The vaccine is designed to prevent the parasite from infecting the liver.
- The vaccine has been developed by GSK (former GlaxoSmithKline), which is donating about 10 million doses of the product for the pilot.
- It was created in 1987 by GSK, and was subsequently developed with support from the Bill and Melinda Gates Foundation.
- In clinical trials, the vaccine was found to prevent approximately 4 in 10 malaria cases, including 3 in 10 cases of life-threatening severe malaria.

What is the pilot programme?

- The WHO welcomed the pilot project in Malawi of administering the malaria vaccine to children below the age of 2 years.
- Malawi will be followed by Kenya and Ghana.
- In the selected areas in the three countries, the vaccine will be given in four doses.
- Three doses will be given between 5 and 9 months of age, and the fourth dose around the child's second birthday.
- A total of 3,60,000 children across the three African countries will be covered every year with the vaccine.
- GSK will assess the results and also work with WHO and *PATH* to secure the vaccine's sustained global health impact.
- Once the pilots have been completed, the WHO will review the results and come out with its recommendations for the use of the vaccine.

PATH

- PATH is an international non-profit team of innovators.
- It advises and partners with public institutions, businesses, grassroots groups, and investors to tackle serious global health problems, including malaria.
- Under its Malaria Vaccine Initiative (MVI), PATH works with various stakeholders towards the development of a malaria vaccine.

How significant is this?

- Malaria is certainly a major global public health challenge.
- According to the WHO, malaria remains one of the world's leading killers, claiming the life of a child every 2 minutes.

- Most of these deaths are in Africa, where more than 2,50,000 children die from the disease every year.
- Children under the age of 5, and poorest children among them, are at greatest risk from its life-threatening complications.
- Worldwide, malaria kills 4,35,000 people a year, most of them children.
- Moreover, with global warming on the rise, there are predictions of vectors such as mosquitos seeing an explosive rise the world over.
- These include areas where they are traditionally not found.
- The malaria vaccine thus has the potential to save tens of thousands of lives, especially of the children.

What is the case with India?

- India ranks very high in the list of countries with a serious malaria burden.
- Odisha (40%), Chhattisgarh (20%), Jharkhand (20%), Meghalaya, Arunachal Pradesh, and Mizoram (5-7%) bear the brunt of malaria in India.
- These states, along with the tribal areas of Maharashtra and Madhya Pradesh, account for 90% of India's malaria burden.
- In 2018, around 3,99,000 cases of malaria and 85 deaths due to the disease were reported in the country.
- But there is a contention that India may be recording only just 8% of the actual number of malaria cases.
- Although it is a notifiable disease, it is only voluntary notification as there are no penalties for doctors or hospitals not doing so.
- 60% to 80% of patients in the urban areas are treated by private doctors or health establishments, most of whom do not notify cases.

5.2 Measles Outbreak in New York, US

What is the issue?

- New York recently declared a public health emergency and ordered mandatory vaccinations for measles in a part of its Brooklyn town.
- This has led to concerns over the resurgence of measles in New York and elsewhere.

What is measles?

- Measles is a highly contagious viral disease.
- It typically begins with a high fever. Several days later a characteristic rash appears on the face and then spreads over the body.
- Among serious complications, 1 in 20 patients gets pneumonia.
- 1 in 1,000 gets brain swelling, possibly leading to seizures, deafness or intellectual disability.
- While it's rare in the U.S., about 1 in every 1,000 children who get measles dies.
- **Spread** - Measles is transmitted via droplets from the nose, mouth or throat of infected persons.
- So it spreads by coughing or sneezing, and someone can spread the virus for 4 days before the rashes appear.
- The virus can live for up to 2 hours in the air or on nearby surfaces.
- 9 of 10 unvaccinated people who come into contact with someone with measles will catch it.



- **Vaccine** - Known as the MMR vaccine, it protects against measles, mumps and rubella.
- Two shots are required, one around the first birthday and a second between age 4 and 6.
- Full vaccination is 97% effective at preventing measles.

What is the recent outbreak in the US?

- There were 285 measles cases in the New York city since September, 2018.
- In the US, there have been 465 cases of measles so far in 2019, two-thirds of them in New York state.
- This compares to 372 cases in the U.S. for all of last year.
- Besides New York, there have been outbreaks this year in Washington state, California, Michigan and New Jersey.
- The disease was declared eliminated in the U.S. in 2000, but evidently, cases have been rising in recent years.
- This means that it is currently not being spread domestically.
- Possibly, unvaccinated Americans travelling abroad, or foreign visitors in America, are bringing in the virus.

How is it elsewhere?

- Measles is far more common around the world; the World Health Organization (WHO) said measles claimed 110,000 lives in 2017.
- The WHO reports that there had been a 30% increase in measles cases in recent years.
- E.g. a huge outbreak in Madagascar has caused more than 115,000 illnesses and more than 1,200 deaths since September, 2018
- Common tourist destinations like England, France, Italy and Greece had measles outbreaks last year.
- Nearly 83,000 people contracted measles in Europe in 2018, the highest number in a decade.

How vulnerable are children in the U.S.?

- Most of the reported illnesses are in children; roughly 80% of those affected are at age 19 or younger.
- Overall about 92% of U.S. children have gotten the combination vaccine.
- But 1 in 12 children in the U.S. do not receive the first dose on time.
- In some places vaccination rates are far lower than the national average.
- E.g. an outbreak in Washington state is linked to a community where only about 80% of children were properly vaccinated

What are the challenges to vaccination?

- The current spread is partly the result of misinformation that makes some parents avoid the crucial vaccine.
- [In the late 1990s, a study linked MMR vaccine to autism but it was found to be a fraud.
- Later research found no risk of autism from the vaccine.]
- Moreover, some people cannot be immunized for medical reasons including infants and people with weak immune systems.
- Vaccination against a list of contagious diseases is required to attend school in the U.S.
- But 17 states allow some type of non-medical exemption for personal, moral, religious or other beliefs.

- E.g. some in New York's Orthodox Jewish communities have some religious principles against taking vaccination
- Lawmakers are learnt to be debating on ending such personal or philosophical exemptions.

5.3 Life Expectancy - World Health Statistics Overview 2019

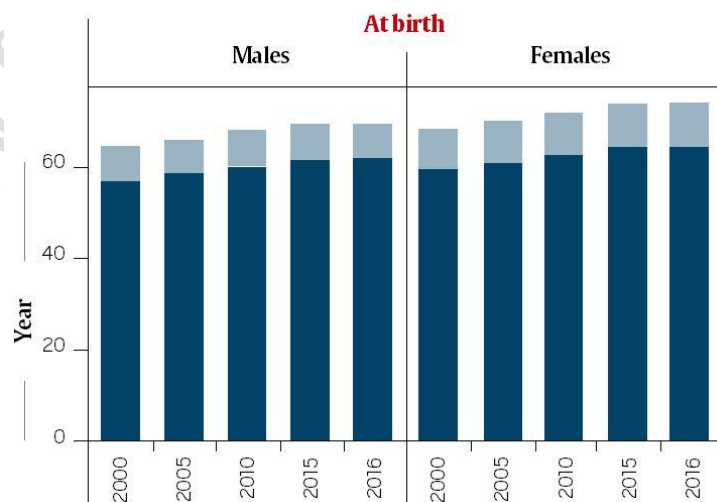
Why in news?

The World Health Organization (WHO) recently released the World Health Statistics Overview 2019.

What are the highlights?

- For men and women combined, average life-expectancy has increased by 5½ years since the turn of the century.
- It has increased from 66.5 years in 2000 to 72 years in 2016.
- On the other hand, "healthy" life expectancy (number of years lived in full health) increased from 58.5 years in 2000 to 63.3 years in 2016.
- In 2019, more than 141 million children will be born - 73 million boys and 68 million girls.
- Based on recent mortality risks the boys will live, on average, 69.8 years and the girls 74.2 years, which is a difference of 4.4 years.
- Likewise, life expectancy at age 60 years is also greater for women (21.9 years) than men (19.0 years).
- Overall, women outlive men everywhere.
- Whether it's homicide, road accidents, suicide, cardiovascular disease, men are doing worse than women.
- Global suicide mortality rates were 75% higher in men than in women in 2016.
- Death rates from road injury are more than twice as high in men as in women from age 15.
- Mortality rates due to homicide are 4 times higher in men than in women.

**GLOBAL LIFE EXPECTANCY AND
HEALTHY LIFE EXPECTANCY, 2000-2016**



- **Country-wise discrepancy** - There is 18.1-year gap in life expectancy between poorest and richest countries.
- The report also indicates that the life expectancy gap is narrowest where women lack access to health services.

- Maternal deaths contribute “more than any other cause” to reducing female life expectancy.
- Here too, the risk of maternal death is hugely different between high-income and low-income countries.
- Notably, one in 41 women dies from a maternal cause in a low-income country.
- In contrast, only one in 3,300 women die from a maternal cause in a high-income setting.
- In more than 90% of low-income countries, there are fewer than 4 nursing and midwifery personnel per 1000 people.

What are the possible reasons?

- The report attributes the discrepancy between men and women to differing attitudes to healthcare between them.
- E.g. in countries with generalised HIV epidemics, men are less likely than women to take an HIV test
- Hence men are less likely to access antiretroviral therapy and more likely to die of AIDS-related illnesses than women.
- The same principle applies for tuberculosis sufferers, with male patients less likely to seek care than women.
- So men are much more likely to die from preventable and treatable non-communicable diseases.

6. INDIA & ITS NEIGHBORHOOD

6.1 Cancellation of Kartarpur Corridor Talks - India-Pakistan

Why in news?

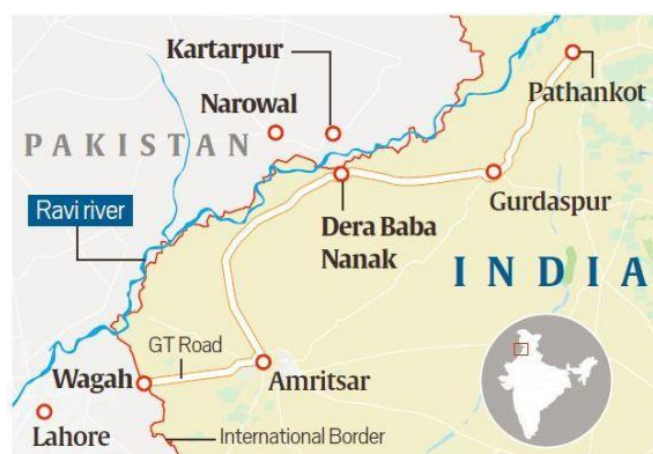
The second round of talks between India and Pakistan on Kartarpur corridor was cancelled as India called it off. Click [here](#) to know more on the corridor.

What is the corridor for?

- India and Pakistan agreed in 2018 to set up a border crossing.
- It was to link Gurudwara Darbar Sahib in Kartarpur to the Dera Baba Nanak shrine in India’s Gurdaspur district.
- Gurudwara Darbar Sahib is the final resting place of Sikh faith’s founder Guru Nanak Dev.
- Kartarpur Sahib is located in Pakistan’s Narowal district across the river Ravi, about 4 km from the Dera Baba Nanak shrine.

Why was the talk cancelled?

- **Differences** - The first round of talks took place in the shadow of the [Pulwama terror attack](#).
- It had revealed divergences between the two sides on all aspects of the pilgrimage corridor, which included
 - i. number of pilgrims to be accommodated
 - ii. the security restrictions
 - iii. documentation
 - iv. mode of transport to be used by pilgrims
- Moreover, Pakistan PM Imran Khan’s administration



feels it should be given more credit for having cleared the Kartarpur proposal.

- It's because Indian Sikh pilgrims have demanded it ever since the Radcliffe Line left the sacred shrine on the other side of the border.
- But New Delhi refuses to acknowledge this demand.
- India has made it clear the corridor will have no connection with furthering bilateral talks on other issues.
- **Attacks** - At the base of the differences is the deep distrust between the two governments.
- Especially, the gulf has deepened in the aftermath of the Pulwama attack and the [Balakot strike](#).
- **Security** - Security agencies have cautioned of Pakistan's military establishment using the corridor to fuel separatist Khalistani sentiment.
- [Khalistan movement is a Sikh separatist movement seeking to create a separate country called Khalistan in Punjab, as a homeland for Sikhs.]
- Reportedly, the Pakistani Cabinet constituted a ten-member Pakistan Sikh Gurdwara Prabandhak Committee (PSGPC).
- This is to facilitate Sikh pilgrims after opening of Kartarpur Corridor.
- Worryingly, the team is said to be formed with some known pro-Khalistan leaders within the Sikh community.
- The Ministry of External Affairs summoned Pakistan's Deputy High Commissioner, seeking clarifications on the "controversial elements" on the committee.
- However, Pakistan did not name the members of the committee.
- Indian government's decision now to postpone the next round of technical talks is driven mainly by these concerns.
- India said the next meeting would only be held after it receives Pakistan's response.

What could have been done?

- The cancellation of the talks reflects the distrust between the two countries.
- Pakistan's support to separatist Sikh groups goes back several decades, for which India must work to secure its border from the threat.
- But alongside, India should have opened the gates for thousands of pilgrims to travel to Pakistan.
- Modalities and technical issues, such as on the numbers, eligibility and identity proof required, should be resolved by both governments.
- Putting off meetings is hardly a constructive solution, given the proposed opening of the corridor by November to mark the 550th birth anniversary of Guru Nanak.

6.2 Need for Conflict De-escalation Mechanisms - India & Pakistan

What is the issue?

- India and Pakistan was at a near stand-off following the recent Pulwama terror strike.
- This calls for assessing the effectiveness of communication channels between them as a conflict management mechanism.

Why is communication crucial at war times?

- Talking to one's adversary in the midst of a war, a limited war or even hostility is often viewed as undesirable in the public mind.



- But the long history of warfare and India's own experience in dealing with past crises has proved otherwise.
- Talking to one's adversaries is a crucial requirement for de-escalation and for bringing the two sides back from the brink.
- Such talks are often done cautiously and diplomatically via the 'back channel', away from media attention.
- It focusses on de-escalation, meeting the aims behind the war-talk and achieving an honourable exit from the tussle.
- E.g. during the Kargil conflict, politically appointed interlocutors had conducted discreet discussions on de-escalatory measures
- Even the two Cold War rivals had to keep talking to each other through the worst years of their rivalry to de-escalate tensions.

What happened after the Pulwama incident?

- In the recent [Pulwama terror strike](#) on a CRPF (Central Reserve Police Force) convoy, nearly 40 security personnel were killed.
- Following this, there was a military encounter between India and Pakistan. Click [here](#) to know more.
- As learnt, there were hardly any pre-existing/dedicated channels of communication between the two countries then.

Why was there a communication breakdown?

- For the most part of the United Progressive Alliance (UPA) -I and II governments, there was an established mechanism.
- Backchannel conversations took place by special envoys appointed by the respective Prime Ministers.
- But the current Bharatiya Janata Party-led government decided to discontinue that time-tested and useful practice.
- So there were apparently no back-channel contacts between India and Pakistan during the above-mentioned crisis.
- Also, the ones that were in place were not put to use too.
- The conversation at the Director General of Military Operations (DGMO) level is the highest military contact that currently exists between India and Pakistan.
- It has often played a de-escalatory role, but it was not activated during the crisis.
- Pakistan did not have a National Security Adviser (NSA) or an equivalent official.
- So unlike previous years, there were no NSA-level talks either.
- The two High Commissioners were too called back to their home countries for consultations.
- It is during crisis periods that envoys should stay put in their respective High Commissions.
- This would help find ways of defusing tensions and relaying messages and options back to their governments.
- Unfortunately, India and Pakistan chose to do the exact opposite.
- In all, very little bilateral conversation actually took place to de-escalate the crisis.

What are the risks involved?

- In the absence of bilateral conflict de-escalation mechanisms, the nuclear-armed countries could head towards serious conflict.

- Perhaps, the government wanted to keep decision-making during the crisis in its sphere, to ensure maximum political mileage from it.
- India might have chosen to not communicate for the political utility of the ‘teaching Pakistan a lesson’ rhetoric.
- But it is to be noted that when the hostile parties do not talk to de-escalate tensions, others tend to step in.
- Outsourcing conflict management to third parties, especially in the absence of one’s own mechanisms, is likely to lead to disaster.

What does it call for?

- New Delhi and Islamabad must keep lines of communication open at all times, especially during crisis times.
- There is a need to reinstate/re-establish high-level backchannel contacts with interlocutors in Pakistan.
- The two sides should also urgently put in place dedicated bilateral conflict de-escalation mechanisms.

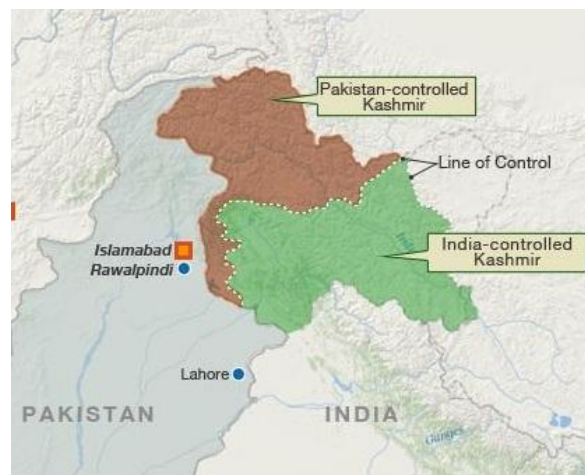
6.3 Suspension of Cross-LoC Trade

Why in news?

India recently suspended the cross-LoC trade, alleging misuse of the facility by individuals linked to terrorist groups.

What is the government's rationale?

- The Union home ministry has decided to suspend trade across the Line of Control (LoC) between J&K and Pakistan-occupied Kashmir (PoK) at two locations - Salamabad and Chakan-da-Bagh.
- The government’s contention was that this trade was being misused by locals on both sides of the border.
- Trade channels are being exploited for sending illegal weapons, narcotics and fake currency into India.
- The zero-tariff barter system is also being violated in the form of under-invoicing and exchange of third party items such as California almonds.
- Reportedly, government officials identified at least 10 militants who were essentially residents on the Indian side of the LoC.
- They were using trade openings to cross over to PoK and joining terror outfits such as Hizbul Mujahideen.
- Under the garb of local trade such individuals were assisting militants and separatists within Kashmir.
- Given these concerns, the decision to suspend the cross-LoC trade seems justified.
- But in terms of the Kashmir policy, this move seems to be yet another misstep by the government.



Why is cross-LoC trade significant?

- The cross-LoC trade, started roughly a decade ago, gains significance given its nature and origin.
- Being in the form of barter trade, it allows locals on both sides of the LoC to trade without the international trade requirements.
- It was conceived as one of the confidence-building measures between India and Pakistan, following the 2003 India-Pakistan ceasefire along the LoC.
- The idea was to allow locals, who often have strong family and cultural ties across the LoC, to mingle.

- It was believed that the socio-cultural interconnectedness with barter trade would lead to a more structured economic and political coming together of the region.
- Trade created an atmosphere of trust that was more conducive to allow for a thaw at a higher political level.
- Since trade commenced in 2008, employment to the order of more than 1.6 lakh days had been created for the local population.
- The volume of trade over the decade has crossed Rs. 6,000 crore.

Why is suspending trade inadvisable?

- The government had recently decided to close the national highway between Udampur and Baramulla to civilian traffic for two days a week. Click [here](#) to know more.
- This move, to facilitate troop movement, had already caused a lot of unrest in the region.
- Now, stopping exchange of goods and putting at risk the livelihood of the people on both sides of the LoC seems a less effective idea.
- The solution to violations of trade agreement is to enforce the rules stringently, and not to stop exchange of goods altogether.
- Also, security concerns could be addressed through greater scrutiny by border patrol officials, in-depth background checks and better intelligence.
- Suspending the trade abruptly serves little purpose apart from further antagonising and alienating the locals.
- It is better that the government consider revoking the suspension of cross-LoC trade.

7. BILATERAL RELATIONS

7.1 U.S. Ends Waiver for India on Iran Oil

Why in news?

It was recently announced that the U.S. would not renew exemptions for India from its sanctions for importing oil from Iran.

What was the exemption on?

- The US sanctions on Iran was in relation to the US withdrawing from the nuclear deal with Iran, the Joint Comprehensive Plan of Action (JCPOA). Click [here](#) to know more.
- The sanctions restrict sales of oil and petrochemical products from Iran, and led entities to end their deal with Iran's energy sector.
- But US had granted waivers, known as Significant Reduction Exceptions (SRE), last November for 6 months until May 2, 2019.
- It was offered to 8 countries - India, China, Japan, South Korea, Taiwan, Turkey, Italy and Greece.
- Nevertheless, the US insisted that these countries reduce oil imports from Iran to zero eventually, allowing only limited imports.

How crucial is oil import to India?

- India is currently the world's third-biggest oil consumer.
- It meets more than 80% of its crude oil requirements and around 40% of its natural gas needs through imports.
- Moreover, domestic oil and natural gas production has been declining for the last few years.

- But the energy needs of the economy have grown.

How dependent is India on Iranian oil?

- India is Iran's top oil buyer after China.
- Iran was the fourth largest supplier of oil to India in 2018-19 when India imported 23.5 million tonnes from Iran.
- Of India's total \$128.7 billion import of Petroleum, Oil and Lubricants (POL), Iran accounted for close to 9%.

DEPENDENCE ON IMPORTS

Year	% Import Dependency (Crude Oil)	% Import Dependency (Natural Gas)
2015-16	80.6	40.7
2016-17	81.7	44.5
2017-18	82.9	45.3
2018-19*	83.3	47.0

*(April-October/Provisional data)

Source: Ministry of Petroleum and Natural Gas

INDIA'S IMPORTS (FY '19)

Country	Value of Imports (\$ bn)	Share in total
Saudi Arabia	22.4	17.4
Iraq	20.6	16.0
UAE	12.3	9.6
Iran	11.6	9.0
Nigeria	9.5	7.4
Qatar	8.6	6.7
Venezuela	6.6	5.1
Kuwait	5.8	4.5
USA	4.7	3.7

Figures for 11 months; total P.M. Imports \$ 128.7 bn
Source: CMIE

What are the implications of the US's move?

- The U.S. has made it clear that Indian companies that continue to import oil from Iran would face severe secondary sanctions.
- These include being taken out of the [SWIFT international banking system](#) and a freeze on dollar transactions and U.S. assets.

The possible implications for India include the following:

- any spike in global crude oil prices will widen the trade deficit and current account deficit, especially in the absence of the Iranian balancing factor
- rupee could be impacted if the trade and current account deficits were to widen
- an increase in the import bill will tend to put more pressure on the rupee
- on the revenue side, higher oil prices mean more revenue for the states as tax is ad valorem
- for the Centre, though, higher oil prices may not materially impact the fiscal math as the duty rates are fixed
- the expenditure impact would primarily be on account of fuel subsidy outlays
- there could be impact on inflation depending on crude price movement and government's decision on passing it on to the consumer

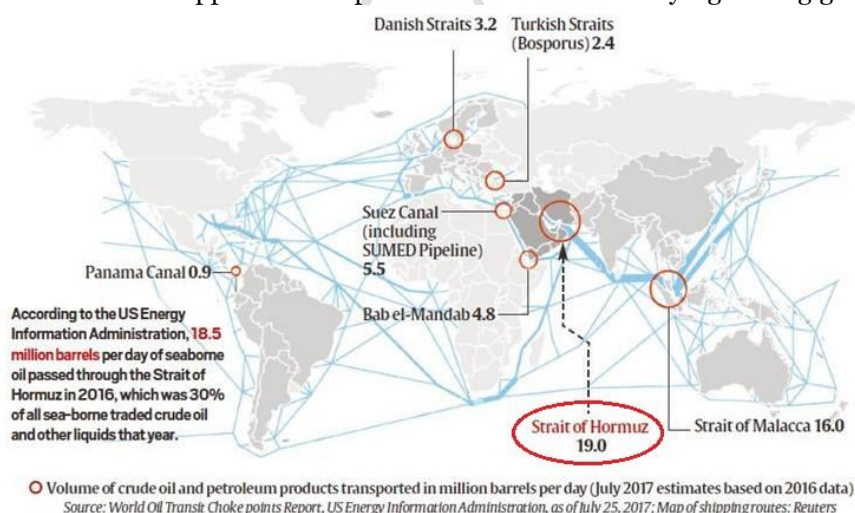
How prepared is India?

- The US move comes at a time when the price of the Indian crude basket has been rising.
- But India has said the country is "sufficiently prepared" to deal with the impact of the ending of the waiver.
- In the past several months, India has worked hard to significantly diversify its energy sources in preparation for this situation.

- Indian refiners have almost halved their Iranian oil purchases since November, when the sanctions came into effect.
- Indian refiners are increasing their planned purchases from the Organisation of the Petroleum Exporting Countries (OPEC).
- Purchases from Mexico and even the US are also being planned to make up for the loss of Iranian oil.
- E.g. India imported crude from the US for the first time two years ago; first US crude consignment reached Paradip in October, 2017
- Since October 2017, four PSUs have placed orders for 11.85 million barrels.
- Indian companies have also contracted 8mn metric tonnes per annum of liquified natural gas (LNG) and ethane condensate from the US.

What are the challenges ahead?

- There are other substitute crude suppliers for India including Saudi Arabia, Kuwait, Iraq, Nigeria and the US.
- But the concern is that they do not offer the attractive options that Iran does, including 60-day credit, and free insurance and shipping.
- So the challenge now is to secure an alternative supplier at competitive terms in an already tightening global situation.
- The projected drop in Iranian exports could further squeeze supply in a tight market.
- This is added by the fact that the US has also sanctioned Venezuela.
- Also, the OPEC and allied producers including Russia have voluntarily cut output.
- All these have pushed up oil prices more than 35% this year.
- **Iran** - India and China could show a degree of defiance while cutting back on their exposure to Iranian crude.
- But India's ties with Iran are significant and historic, and New Delhi will work hard to maintain some links.
- So estimatedly, India may maintain around 100,000 bpd (barrels per day) of Iranian imports paid for using a rupee payment system.



What is Iran's response?

- Soon after the US announcement, Iran threatened to close the Strait of Hormuz.
- It is a neck of water between Iran's southern coast and the northern tip of the sultanate of Oman.
- The Strait of Hormuz is the lane through which a third of the world's seaborne oil passes every day.

[The seven choke points in the map above are critical nodes of the world's energy security grid.]

- However, Iran cannot legally close the waterway unilaterally because part of it is in Oman's territorial waters.
- But ships pass through Iranian waters, which Iran's Islamic Revolutionary Guards Navy controls.
- Massive stakes give Iran leverage here, but closing the Hormuz Strait may lead to serious consequences.



- Notably, the US too has said that closing the Hormuz Strait would amount to crossing a “red line”.
- This is one reason why Iran has not acted on its threats to close the Strait in 40 years of its hostility with the West.

7.2 US Supreme Court Order on Gujarat Fishermen Case

Why in news?

The US Supreme Court recently ruled in favour of a group of fishermen and a Gujarat village panchayat in a suit against the International Finance Corporation (IFC).

What is the power project in dispute?

- The case relates to alleged pollution caused by a Gujarat-based power plant partly funded by the IFC.
- It is a coal-fired power plant near Mundra port in Gujarat’s Kutch district, with a capacity of 4,150 MW.
- It is the country’s first to deploy energy-efficient supercritical technology.
- It results in 40.5% higher energy efficiency compared to other coal-based power technologies.
- It was initially conceived by Power Finance Corporation Limited and awarded in 2007 to Coastal Gujarat Power Limited, a subsidiary of Tata Power.
- It reached full generation capacity in March 2013 and since then, is selling power to utilities in Gujarat, Maharashtra, Haryana, Punjab and Rajasthan.
- **Funding** - Of the estimated project cost of \$4.14 billion, \$450 million was funded in 2008 by IFC.
- Other contributions include -
 - i. Asian Development Bank - \$450 million as loan
 - ii. Export Credit Agency of Korea - \$800 million as loan
 - iii. CGPL - raised around Rs 1.5 billion from Indian banks through debt

International Finance Corporation

- IFC is a sister organization of the World Bank and member of the World Bank Group.
- It is the largest global development institution focused exclusively on financing private-sector development projects in poor and developing countries.
- It offers financial resources, technical expertise, global experience, and innovative thinking to help its clients overcome financial, operational, and other challenges.

What are the fishermen's concerns?

- The company had first got clearance for a closed-cycle cooling system in the Mundra plant.
- But it got government clearances modified and installed boilers with an open cooling system.
- The plant thus operates a cooling technology that requires three times more water than the system it got clearance for.
- Reportedly, the outfall canal of the plant discharges hot and saline water at a rate of 600 million litres/hr into the sea.
- The complainants have alleged that it has affected marine life as well as groundwater sources.
- With marine life near the coast affected, fishermen are forced to sail farther in search of fish.
- The company also dredged the coast and seafloor for their outfall channel.
- It has also deposited sand near a well, a source of drinking water, and the water in the well has turned saline since.

- Complainants add that coal dust and fly-ash from the plant are damaging date palms and chikoo trees.

Who filed the complaint?

- The plant is located near Tragadi village in Mandvi taluka, and Navinal village in neighbouring Mundra taluka in Gujarat.
- Tragadi has a colony of fishermen in an area known as Tragadi-Nal while Navinal is rich in agriculture and horticulture.
- In 2010, Tragadi fishermen and Navinal residents came together under the aegis of fishermen's organisation Machimar Adhikhar Sangharsh Sanghathan (MASS).
- They complained to the company about the damage caused to the environment.
- The fishermen demanded that the plant switch to the closed-cycle cooling system, but the company refused.



What happened then?

- In 2015, a suit was filed through EarthRights International against IFC in the Federal District Court for the District of Columbia.
- They contended that the funding agency should be held responsible for air, land and water pollution caused by the plant.
- Arguing that the IFC internal audit had found environmental violations, they sought damages and injunctive relief.
- But IFC claimed absolute immunity from such litigation under the US International Organisation Immunities Act (IOIA), 1945.
- [IOIA grants international organisations such as the World Bank and the WHO the same immunity from suit as foreign governments enjoy.]
- The district court ruled in IFC's favour, and on challenge, the Court of Appeals for the district also upheld it.

What is the current verdict?

- Later, on challenge, the US Supreme Court reversed the Appeals Court judgment.
- The court held that IFC's claim for absolute immunity from the suit filed is not valid.
- It ruled that IFC enjoyed only "restrictive immunity" in activities abroad.

- It also remanded the matter back to the lower court for adjudication on damages. The case has now gone back to the US district court.

8. INTERNATIONAL ISSUES

8.1 Impeachment of the U.S. President

Why in news?

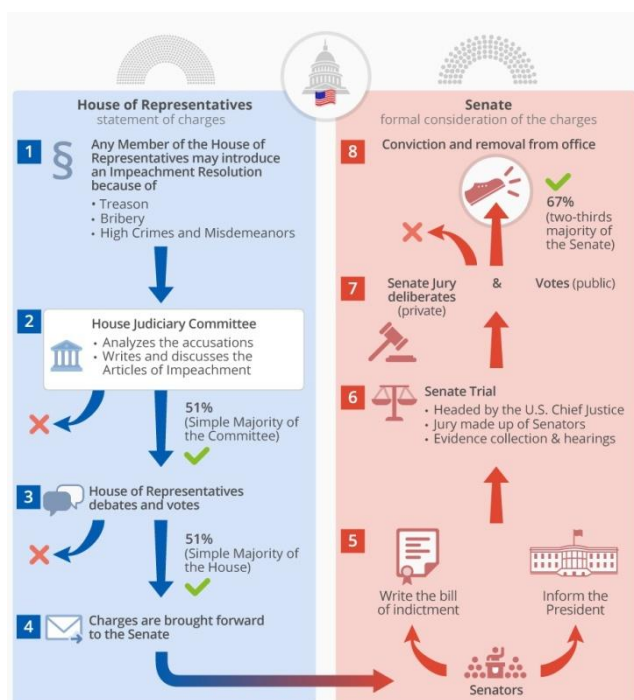
- The recent investigation report of Special Counsel Robert Mueller concluded that Russia interfered in the 2016 U.S. elections, favouring Mr. Trump.
- With this, signs of taking up impeachment proceedings against the U.S. President are seen in the US Congress.

What are the grounds for impeachment?

- As per the US Constitution, the President can be removed from office by the Congress.
- It can be done for “treason, bribery, or other high crimes and misdemeanours.”
- But exactly what all these mean is unclear.
- As per various observations, the following were suggested at different periods -
 - i. an impeachable offence was whatever a majority of the House of Representatives considers it to be at a particular moment
 - ii. Congress could look beyond criminal laws in defining “high crimes and misdemeanours”
- Historically, it can encompass corruption and other abuses, including trying to obstruct judicial proceedings.

How is impeachment carried out?

- The term impeachment is often interpreted as simply removing a president from office, but that is not strictly accurate.
- Technically, it refers to the 435-member House of Representatives approving formal charges against a president.
- The House effectively acts as accuser - voting on whether to bring specific charges.
- An impeachment resolution, known as “articles of impeachment,” is like an indictment in a criminal case.
- A simple majority vote is needed in the House to impeach.
- The Senate then conducts a trial.
- So, House members act as the prosecutors and senators as the jurors.
- The chief justice of the U.S. Supreme Court presides over the trial.
- A two-thirds majority vote is required in the 100-member Senate to convict and remove a president from office.



What is the proof of wrongdoing?

- In a typical criminal court case, jurors are told to

convict only if there is “proof beyond a reasonable doubt.”

- However, impeachment proceedings are different.
- The House and Senate can decide on whatever burden of proof they want.
- There is no agreement on what the burden should be.

What is the Supreme Court's power?

- America’s founders explicitly rejected making a Senate conviction appealable to the federal judiciary.
- They clearly decided this as a political process and it is ultimately a political judgment.
- In other words, the Supreme Court cannot overturn the impeachment.

Had there been successful impeachments before?

- No U.S. President has ever been removed from office as a direct result of impeachment and conviction by the Congress.
- President Nixon quit in 1974 rather than face impeachment.
- Presidents Andrew Johnson in 1868 and Bill Clinton in 1998 were impeached by the House.
- But both stayed in office after the Senate acquitted them.

What are the present chances of impeachment?

- Right now, there are 235 Democrats, 197 Republicans and 3 vacancies in the 435-member House.
- Going by simple majority, the Democratic majority could vote to impeach Trump without any Republican votes in the House.
- The Senate now has 53 Republicans, 45 Democrats and two independents who usually vote with Democrats.
- Conviction and removal of a president would require 67 votes in Senate (two-third majority).
- So for Trump to be impeached, at least 20 Republicans and all the Democrats and independents would have to vote against him.
- In case if a Senate conviction removes Trump from office, it would elevate Vice President Mike Pence to the presidency for the remaining term.

8.2 Easter Attacks in Sri Lanka - Expansion of IS in South Asia

What is the issue?

- A series of bomb blasts took place in Sri Lanka, killing close to 300 people and injuring many more.
- The bombings confirm the Islamic State's potent reach in South Asia.

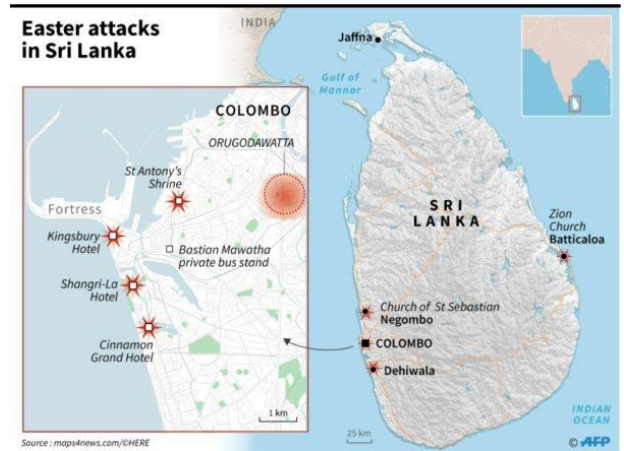
What happened?

- Powerful explosions struck in quick succession at three hotels in the capital Colombo on Easter Sunday.
- Three churches were also targeted in that wave of blasts -
 - i. Colombo's historic St. Anthony's Shrine
 - ii. the St. Sebastian's church in the town of Negombo on the western coast, north of the capital
 - iii. the Zion Church in the east coast town of Batticaloa

- Early reports suggest that two suspects involved in the attacks are Islamic State (IS) returnees from Syria and Iraq.

What does it suggest of IS?

- The 'Caliphate' that Abu Bakr al-Baghdadi established across the Iraq-Syria border has been destroyed. Click [here](#) to know more.
- So IS, which controlled huge swathes of territory in Iraq and Syria, is now trying to establish itself in other new territories.
- The Sri Lanka bombings too confirm that the destruction of the physical Caliphate doesn't end the threat the group poses.
- It has raised concerns about the Islamic State's expansion into the South Asian region.
- The targets chosen as well as the occasion suggest that the bombings were aimed at gaining maximum global attention.



How is IS expanding?

- From early 2015, when it started losing territories, the IS started shifting its strategy from expanding territorially to expanding insurgency and terror.
- Significantly, South Asia has been one of its key targets.
- In Nangarhar in eastern Afghanistan, the IS set up a wilayat (province).
- From here, it controls its South Asia operations, mainly recruitment of young men from the region.
- Over the last few years, the IS has carried out dozens of attacks in Afghanistan, mostly targeting the Shia-Hazara minority.
- In Pakistan, the Jamaat-ul-Ahrar, a splinter group of the Pakistan Taliban with IS links, carried out several terror attacks.
- It includes the 2016 Easter Sunday bombing in Lahore, targeting Christians.
- In Bangladesh, the IS claimed the July 2016 Holey Artisan Bakery attack.
- In India, it has not carried out any attack but has found dozens of recruits.

What are the emerging challenges for the States?

- **Young recruits** - The IS had recruited thousands of youth from South Asian nations such as Afghanistan, Pakistan, India and Sri Lanka.
- Some of them joined the wilayat in Nangarhar and others travelled to Iraq and Syria.
- **New havens** - Now that the Caliphate has been destroyed, thousands of trained militants are left without a place to hide.
- Many of the recruits have retreated to pockets on the Iraq-Syria border or to the deserts in Syria, Iraq and Jordan.
- Several others returned to their own home countries, as in the case in Sri Lanka.
- Another challenge is that the IS still controls some territory in Afghanistan.
- The U.S. had not made much progress on its declared goal two years ago of defeating the IS in Afghanistan.

- **Ideology** - An equally difficult challenge is to counter the ideological narrative of the IS.
- The old conception that lack of education and poverty breed terrorism does not hold good in the case of the IS.
- Among the Sri Lankan bombers were some from one of the country's wealthiest families.
- Most of those who travelled to Afghanistan's IS territories from Kerala were also from upper middle class families.
- So it is the ideology of puritanical Salafi-jihadism that continues to attract the young, disaffected people.
- Thus, any counter-terror strategy, for it to be effective, should have a counter-narrative to the IS worldview, besides the security measures.

8.3 Pakistan and IMF Programme

Why in news?

Given its poor state of economy, Pakistan is in the process of making a deal with the International Monetary Fund (IMF).

How strained is Pakistan's economy?

- Pakistan's economy has been ruined in the last 8 months, and almost every indicator has deteriorated substantially.
- It is marked since Imran Khan became Prime Minister and his party, the Pakistan Tehreek-e-Insaf (PTI), formed the government.
- Inflation, at 9.4%, is at its highest level in five-and-a-half years and is likely to rise to double digits for the months ahead.
- The rupee continues to lose value every other day, which adds to further inflation especially with the oil price on the way up.
- The fiscal deficit is about to hit more than 6% of GDP.
- Even a cut in development expenditure will not stop this trend, as defence spending and interest payments continue to rise.
- Pakistan's exports, stuck at around \$26 bn for years, despite the 35% devaluation of the rupee over one year, have barely recovered.
- Besides, the government owes power producing companies huge amounts of money and the debt continues to accumulate.
- Interest rates are also going up making the cost of business even more uncompetitive.
- The GDP grew by 5.8% in the last fiscal year, the highest in 13 years.
- But the State Bank of Pakistan recently lowered the expectations of GDP growth for the current fiscal year to an 8-year low, to around 3.5%.
- This was reduced further by the IMF and the World Bank to a dismal 2.9% for the current fiscal year.
- It is expected to fall further over the next 3 years.
- By all accounts, Pakistan's economy is in a dismal state.

What is the key reason?

- A major reason for the worrying state of economy is the mismanagement and incompetence of the government.



- It was almost certain that whichever party would have won the elections of July 2018, it would ask the IMF for a major structural adjustment loan.
- But Mr. Khan's said he would rather commit suicide than go to the IMF.
- Mr. Khan's strategy was to run to a few of Pakistan's friends asking for money, and to not go to IMF.
- A non-IMF policy and programme was preferred as a better option in August, 2018.
- The newly-elected government thus did not do what it should have done.
- But the incompetence of the government did not allow for reforms to be undertaken, and has only made matters far worse.
- By not submitting to the IMF then, they now have no option but to submit almost a year later.

What is the recent happening?

- Asad Umar, Finance Minister of Pakistan, attended the Spring meetings of the International Monetary Fund (IMF) and the World Bank in Washington.
- He was unable to finalise an IMF deal when he was in Washington.
- Also, due to the poor performance in running the economy, he has been demoted to be the petroleum minister.
- Dr. Abdul Hafeez Sheikh, a former Adviser under General Musharraf, has been named the adviser on finance.
- At a moment when Pakistan's economy is facing a major crisis, it also has no finance minister now.
- Whoever will take the new job will have to face challenges they may neither be prepared for nor experienced enough to deal with.

What next?

- The IMF deal is now a certainty given the poor state of economy.
- Failing at alternatives to revive its economy, Pakistan has to find ways to convince the IMF now that Pakistan needs it.
- So although the finance minister has been replaced, there is probably no need for a replacement.
- It's so because when the IMF implements its strict conditionalities and adjustment programme the finance minister becomes redundant.
- The country is supposedly to 'agree' to the terms.
- The finance minister is then simply the bearer, and the new finance Adviser will fit this role.

What is the likely effect of IMF's programme?

- If finalised, this will be the 13th IMF rescue package for Pakistan's governments in less than four decades.
- [One of the stumbling blocks to the deal this time has been the IMF's insistence that Pakistan reveal the financial deals made with China.
- It demands details including financial loans, as well as the \$60 billion China-Pakistan Economic Corridor.]
- The new IMF programme is the biggest Pakistan is expecting to receive, likely to be between \$6-\$10 bn.
- However, this is going to make things far worse for all Pakistanis.
- This is true especially for the working people already dealing with prospects of a marked economic slowdown and high inflation.

- Defence spending will remain a matter of 'national security' and not be touched.
- But the IMF will further cut the minuscule development expenditure left.
- It will ensure austerity, stabilisation and will cut the growth rate further.
- It will insist on further devaluation, causing greater inflation, and will insist on raising utility prices.
- In every respect, the people of Pakistan will face the prospects of fewer jobs, and rising prices.
- They will have to cope up with an economy which is now the worst performer in all of South Asia.
- If Pakistan takes the IMF loan or not, it is sure to be amidst troubles and challenges for some time.

8.4 Arrest of Julian Assange

Why in news?

WikiLeaks founder Julian Assange was convicted by a London court of breaking bail terms of 2012.

What is the case all about?

- Julian Assange is the head of the anti-secrecy website WikiLeaks.
- Mr. Assange made international headlines in early 2010 when WikiLeaks published a classified U.S. military video.
- It showed a 2007 attack by Apache helicopters in Baghdad that killed a dozen people, including two Reuters news staff.
- Mr. Assange was facing charges related to theft of classified information from government computers, conspiring with former U.S. Army intelligence officer Chelsea Manning.
- In 2012, authorities from Sweden wanted to question him as part of a sexual assault investigation.
- To avoid being extradited to Sweden, Mr. Assange took refuge in Ecuador's London embassy in June 2012.
- Sweden dropped that investigation in 2017, but Mr. Assange broke the rules of his original bail (2012) in London.
- Eventually, he had eluded authorities in the U.S. and the U.K. for nearly 7 years, to escape arrest.
- Now, Ecuador President Lenin Moreno withdrew his country's grant of asylum to Mr. Assange that was on for 7 years.
- Ecuador had earlier limited Mr. Assange's Internet access.
- Asylum was withdrawn after repeated violations to international conventions and daily-life protocols by Assange.
- Mr. Assange was thus arrested by British police and carried out of the Ecuadorean embassy, paving the way for his possible extradition to the U.S.

Why is the arrest disputed?

- His arrest has renewed a global debate on balancing between freedom of expression (or the right to information) and national security concerns.
- There exists a question if Mr. Assange is a "journalist" and WikiLeaks a "news organisation" in the traditional sense.
- But Whistleblower and former Central Intelligence Agency contractor Edward Snowden had condemned the arrest as "a dark moment for press freedom".

- He said that the charges pressed by the U.S. against Mr. Assange are incredibly weak.
- WikiLeaks was producing things that people ought to know about those in power.
- It had opened up the space for holding people in power accountable.
- So despite the disputes, Mr. Assange's indictment is seen to pose a threat to all journalists.
- This could suppress whistle-blowers everywhere and ultimately weaken democracy itself.

What is the dilemma now?

- Sexual assault charges against Mr. Assange have become less significant than the issues that link nation states with the Official Secrets Act.
- Jess Phillips, a UK MP, argued that Mr. Assange's case made it clear that women's rights are still secondary to political games.
- She emphasised that the first and most pressing case he should answer is the one where he has delayed and therefore denied possible justice to two Swedish women.
- A Swedish lawyer representing the alleged rape victim too said she would push to have prosecutors reopen the investigation.
- Jess Phillips thus called for the U.K. government to support his extradition to Sweden before even considering any pressure from the U.S.
- The UK government will now have to decide on Mr. Assange's extradition.

8.5 Designation of Islamic Revolutionary Guard Corps as FTO

Why in news?

The US Secretary of State recently announced the U.S.'s intent to designate the Islamic Revolutionary Guard Corps (IRGC), including its Quds Force, as a foreign terrorist organisation (FTO).

Who are the IRGC and Quds Force?

- The IRGC was set up in 1979 after Ayatollah Khomeini's Islamic Revolution as an ideologically-driven branch of the armed forces of Iran.
- The aim was to protect the newly established Islamic system from hostile foreign powers and internal dissensions.
- The IRGC is today a 125,000-strong force with ground, naval, and air wings.
- It is tasked with internal and border security, law enforcement, and protection of Iran's missiles.
- It controls the Basij militia, a semi-government paramilitary force estimated to have up to a million active members.
- The elite Quds Force or Qods Corps is an elite wing of the IRGC, reporting directly to Supreme Leader Ayatollah Ali Khamenei.
- It has perhaps 10,000-20,000 members, and carries out unconventional warfare beyond Iran's borders.
- It often works with non-state actors such as the -
 - i. Hezbollah in Lebanon
 - ii. Hamas and the Palestinian Islamic Jihad in the Gaza Strip and West Bank
 - iii. the Houthis in Yemen



iv. Shia militias in Iraq and Syria

What is a Foreign Terrorist Organisation?

- Section 219 of the United States Immigration and Nationality Act provides for the designation of an organisation as an FTO.
- It authorises the Secretary of State to designate an organization as an FTO if s/he finds that -
 - a) the organization is a foreign organization
 - b) the organization engages in terrorist activity or terrorism
 - c) it threatens the security of U.S. nationals or the national security of the country
- FTO designation plays a critical role in the US's fight against terrorism.
- It is an effective means of curtailing support for terrorist activities and pressuring groups to get out of the terrorism business.
- Currently, 67 terrorist organisations figure on the State Department's list of FTOs.
- These include Hamas, Hezbollah, al-Qaida and its regional branches, the Islamic State and its regional operations, Jundallah, Boko Haram, and the Colombian FARC.
- Several organisations based in Pakistan and Afghanistan, which directly threaten India, are also on the list.
- These include the Jaish-e-Mohammad, Lashkar-e-Taiba, Hizb ul-Mujahideen, Haqqani Network, and Lashkar-e-Jhangvi.
- The Indian Mujahideen, LTTE, and Harkat-ul Jihad al-Islami-Bangladesh are also on the list of 67 FTOs.

Why is IRGC designated so?

- IRGC, part of Iran's official military, has engaged in terrorist activity or terrorism since its inception 40 years ago.
- Its support for terrorism is foundational and institutional, and it has killed US citizens.
- The Iranian regime is responsible for the deaths of at least 603 American service members in Iraq since 2003.
- This accounts for 17% of all deaths of US personnel in Iraq from 2003 to 2011.
- This is in addition to the many thousands of Iraqis killed by the IRGC's proxies.
- IRGC is also responsible for taking hostages and wrongfully detaining numerous US persons, several of whom remain in captivity in Iran today.
- Besides, IRGC, mainly through Qods Force, has the greatest role among Iran's actors in directing and carrying out a global terrorist campaign.
- In recent years, IRGC Qods Force terrorist planning has been uncovered and disrupted in many countries.
- These include Germany, Bosnia, Bulgaria, Kenya, Bahrain, and Turkey.

What is the contention now?

- The designation of IRGC as an FTO highlights that Iran is an outlaw regime that uses terrorism as a key tool of statecraft.
- This makes it fundamentally different from any other government.
- But notably, this is the first time that the United States has designated a part of another government as an FTO.



- Designating a foreign military as an FTO may put the U.S. troops, particularly in the neighbouring Iraq, at risk.

What is Iran's stance?

- Iran's President Hassan Rouhani condemned the United States as the real "leader of world terrorism".
- He said that America has used terrorists as a tool in the region while the Guards have fought against them from Iraq to Syria.
- Iran asserted that the Revolutionary Guards had sacrificed their lives to protect the people of the country.
- In retaliatory action, Iran named the United States Central Command (CENTCOM) as a terrorist organisation and the US government as a sponsor of terror.

What are the possible implications?

- The designation will impose sweeping economic and travel sanctions on the IRGC and on organisations, companies, and individuals that have links to it.
- Businesses and banks around the world will now have to ensure that companies with which they conduct financial transactions are not connected to the IRGC in any material way.
- Iran-U.S. relations plunged after Trump pulled out of the 2015 nuclear deal between Iran and six world powers. Click [here](#) to know more.
- It also got affected after Trump reimposed sanctions on the country in May 2018.
- With the present designation, Iran has threatened to resume its suspended nuclear work.
- The IRGC commanders have warned that US bases in the Middle East, and US aircraft carriers in the Gulf are within the range of Iranian missiles.
- Iran has also threatened to disrupt oil shipments through the Strait of Hormuz in the Gulf if the US tries to strangle its economy.
- In all, the US action is bound to raise tensions in the Middle East.

G.S PAPER III

9. ECONOMY

9.1 Impact Bonds

What is the issue?

- According to a study, the estimated financing gap for achieving the Sustainable Development Goals (SDGs) stands at Rs. 533 trillion.
- It highlights the dire demand for financing to achieve the SDGs, wherein Impact Bonds could help.

How can the private sector contribute?

- Besides government, the private sector could potentially be of aid in bridging the financing gap in achieving the SDGs.
- Many companies are also leading efforts in provision of clean water, sanitation and healthcare.
- The Corporate Social Responsibility (CSR) spending requirements stipulated in the Companies Act of 2013 is helping significantly.
- In the 2015-16 financial year, a total of around Rs 9,800 crores was spent for CSR.
- However, these efforts remain at a small scale and are often fragmented.

- Government agencies are hesitant to scale up these innovative and new projects.

What are the limitations?

- Governments de-prioritise such projects and hesitate to spend taxpayers' money.
- It's because there is a potential risk of failure in these projects.
- The financial and political ramifications of failure could be devastating.
- Besides, many successful projects that have been scaled up often lack a proper system of checks and balances.
- It is simple to ensure the effectiveness and efficiency of small-scale projects through close monitoring.
- But such monitoring is not feasible for national or state level projects.
- This often leads to leakages and an overall deterioration in quality of output.
- To address this, many funders (government and foreign agencies) have implemented homogenous and rigid practices across the board.
- But again this causes the third problem of excessive rigidity.
- Resultantly, local project implementers are unable to make changes and adjustments to a project based on local circumstances.
- This often leads to a drop in the overall efficiency and effectiveness.

How can Impact Bonds (IBs) help here?

- Essentially, **IBs are non-marketable bonds** where repayment is contingent on the outcomes of the project they fund.
- E.g. Impact Bond in education - an NGO that has perfected an intervention to improve reading and math skills of rural children in Bihar
- With Impact Bond, governments can raise capital for scaling up these interventions, without incurring huge risks.
- The government can issue Impact Bonds to private impact investors to raise upfront capital for the NGO to scale their project.
- Unlike normal bonds, for IBs, repayment by the government is only triggered if certain pre-determined targets are achieved.
- The targets would generally be measurable by quantitative metrics such as average reading scores in standardised tests.
- The targets are generally evaluated by an independent evaluation agency.
- If the targets are met, the government pays back the principal along with a return to the private investors.

Why are IBs a better option?

- Through IBs, NGOs get the capital they need to scale up their innovative solutions.
- Likewise, private investors get an opportunity to make profits from projects that do social good.
- On the other hand, the government transfers the risk of failure onto private investors and only pays for successful projects.
- Given that investors lose all their money if the project fails to deliver, they prefer keeping themselves updated, and scrutinise the progress.
- This would automatically both improve transparency and add a layer of checks to ensure success of the projects.
- Being outcome-based, Impact Bonds promote innovation by giving a substantial degree of freedom to the service providers.

- No other existing funding contracts provide this mix of benefits in funding for large scale innovative social projects.

What is the way forward?

- Impact Bonds provide an incredible opportunity for local, state and central government agencies.
- It can be used to leverage India's private sector to source funding for the implementation of innovative solutions to reach SDG targets.
- But there is a need for mature engagement from both the government and private investors for successful use of IBs.
- The bond should be transparent and enlist all relevant details for stakeholders to understand the risks involved and their severity.
- Ensuring such high requirements of transparency and cooperation from Indian private and public sectors is a challenge.

9.2 Central Banks' Gold Hunt - De-dollarisation

What is the issue?

- The Reserve Bank of India has bought 50.4 tonnes of gold since December 2017.
- This signals a new effort among many central banks to reduce dependence on the US dollar and move to gold.

What is the changing scenario with gold?

- Gold prices have been stagnating around \$1,260 per ounce since 2016.
- Changing cultural preferences has reduced the sale of heavy gold jewellery in markets such as India.
- However, the mine output has been increasing, and thus exerting further pressure on prices.
- This is pushing away investment demand from exchange traded funds and buyers of gold coin and bars.
- In these challenging times, gold has received support from the global central banks.

How are central banks using this?

- There was purchase of 651 tonnes of gold by global central banks and other institutions in 2018.
- Additions to central bank gold reserves spiked 74% last year.
- This is largely why the surplus in gold reduced, helping support the prices.
- **RBI** - There has been a long break since the last time the RBI added gold to its reserves in 2009, when 200 tonnes was bought from the IMF.
- But there appears to have been a change in RBI's line of thought since 2017, from when it has joined the gold buying countries.
- Particularly since March 2018, the RBI has been buying gold consistently.
- With these purchases, the country's gold reserves have risen to 606 tonnes towards the end of February 2019.

Is this an anti-American strategy?

- There is a definite pattern apparent in the countries that are leading this central bank gold hunt and adding gold to their forex reserves.
- Countries with a strong anti-American sentiment, that wish to reduce their dependence on the US dollar, top this list of nations.
- **Russia** - This gold buying spree has, in fact, been led by Russia and its allies.
- Russia has been steadily adding to its gold stock-pile since 2006 but the additions accelerated after 2014.



- Notably, in 2014, Russia's incursion into Ukraine flared its conflict with the US.
- One-fifth of its forex reserves are now held in the form of gold.
- Russian allies such as Kazakhstan, Uzbekistan, Tajikistan and Kyrgyz Republic are other nations that have been adding gold to their reserves over the last decade.
- **Turkey** - Relations between Turkey and the US have been steadily deteriorating since 2016.
- It was when Turkey demanded that the US extradite a cleric who was suspected of being involved in the failed coup in Turkey that year.
- Consequently, Turkey decided to bolster its war chest by purchasing 85.9 and 51.5 tonnes of gold in 2017 and 2018, respectively.
- **China** - China too has shown a growing liking for gold in recent years.
- It has purchased 454 tonnes of gold between 2003 and 2009 and another 604 tonnes between 2009 and 2015.
- As seen, all these countries are moving towards de-dollarisation and making conscious efforts to reduce their dependence on dollar.
- They are reducing their investments in US government securities and trying to settle bi-lateral trade in local currencies.

What is the emerging economies' rationale?

- Besides, the above countries, a few other central banks seem to have decided to add to the gold reserves since late 2017.
- These particularly include the emerging economies such as Poland, Hungary and India too.
- Emerging economies, including India, are nervous about future policies of the US government due to the -
 - i. trade war unleashed by the US
 - ii. clear anti-globalisation stand taken by the current US government
 - iii. lack of respect displayed for policies that promote peace and inclusive growth
- All these have made it imperative to reduce dependence on the US currency as it can turn volatile in tandem with the U.S.'s policies.
- There is also mounting debt in the US and uncontrolled printing of notes for successive quantitative easing programmes since 2009.
- These too have eroded the intrinsic worth of the dollar significantly.
- Moreover, for now, there is no viable alternative to dollar among the currencies of other major economies.
- So this leaves gold as the only alternative avenue for global central banks that wish to divert part of their reserves away from the dollar.

What do these imply?

- The recent development with gold is beneficial for those who have stashed a large portion of their savings in the form of gold.
- It signals that gold retains its position as a premier store of value.
- [The consumption demand for gold is slowing in countries such as India.
- But it is increasing in the US, China, Hong Kong, Thailand and some countries in the Middle East.]
- The central bank buying further shows that gold will continue to be a reliable diversifier and a hedge against volatility in other currencies.
- So the accumulated wealth of households in the form of gold is unlikely to depreciate significantly.

- However, caution must be taken as the hope that money parked in gold would grow one's wealth may not be the case at this juncture, given the price scenario.

9.3 Growth in Exports, March 2019

Why in news?

Recently-released data from the Ministry of Commerce and Industry shows growth in exports in India.

What is the trade scenario?

- India's goods exports picked up in March, 2019 boosted by the weaker rupee, despite a slowdown in global trade growth.
- Merchandise exports rose 11.02% to \$32.55 billion in March from a year earlier, the highest such growth for several months.
- Twenty of the 30 overall product lines saw an increase in exports, including chemicals, pharmaceuticals and petroleum products.
- Merchandise imports were up 1.44% to \$43.44 billion during the same period.
- Oil imports, the biggest item in the import bill, rose 5.55%, driven by a rise in Indian demand and increases in global crude prices.
- Total exports of goods and services were estimated at \$535.45 billion in the recently ended financial year, up 7.97% from a year earlier.
- The total imports are estimated at \$631.29 billion, up 8.48%.
- On a different note, trade numbers for 2018 showed India-China trade deficit falling by a significant \$10 billion.
- This is mainly because of a sizeable increase in exports by India.
- However, during the same period, there was a sharp rise in Hong Kong's export to India of the same goods that India was buying from China.

What is the concern?

- 2018-19 exports, in dollar terms, has come in as being marginally higher than in 2013-14, after long years of stagnation.
- However, exports measured as a proportion of GDP have not kept pace.
- The trade deficit in March 2019 was \$10.9 billion, which is \$1.3 billion more than in the previous month.
- Although exports grew in 2018-19, imports grew even more sharply.
- Thus the trade deficit for 2018-19 was over \$176 billion, compared to over \$161 billion in the previous year.

What is the welcome development?

- The "core" trade balance (removing oil and gold) showed a surplus and not a deficit for the first time since February 2014.
- It is perhaps too soon to declare that a five-year-long trend of weak core exports is over.
- But the recent development is worth noting and seems to suggest some scope in the sector.
- Notably, this has come despite the fact that many Southeast Asian competitor economies are dealing with sluggish export growth.

What are the driving factors?

- Exports growth did contribute to the above development in trade deficit, but this is not the only factor.
- The government's effort to crack down on imports of electronic goods, often through the use of tariffs, has also played a role.

- Electronic goods imports went down for the second successive month in March, 2019.

How does the future look?

- **Exports** - The prospects for exports look very challenging going forward.
- This is especially given the slowdown in global trade amid trade tensions between the U.S. and China.
- **BoP** - The recent numbers on trade are too soon to celebrate about a new and healthy balance of payments.
- This is because the basic vulnerabilities of India's economy on the external account have not been addressed.
- As and when crude oil imports increase once again, there is no doubt that the balance of payments will be correspondingly stressed.
- A strong revival of domestic demand would also raise both the oil and non-oil import bill sufficiently to make it difficult to finance.

What should be done?

- India imports over 80% of its crude oil. To not to be subjected to the associated vagaries, India has to ensure that growth in exports is sustainable.
- Government should make exports its top priority, as this sector also has a huge potential for creating jobs, the most pressing need now.
- Exports should be properly backed by procedures and reforms that ensure its stability and competitiveness.
- Reform of processes around the goods and services tax is also a key priority at this end.

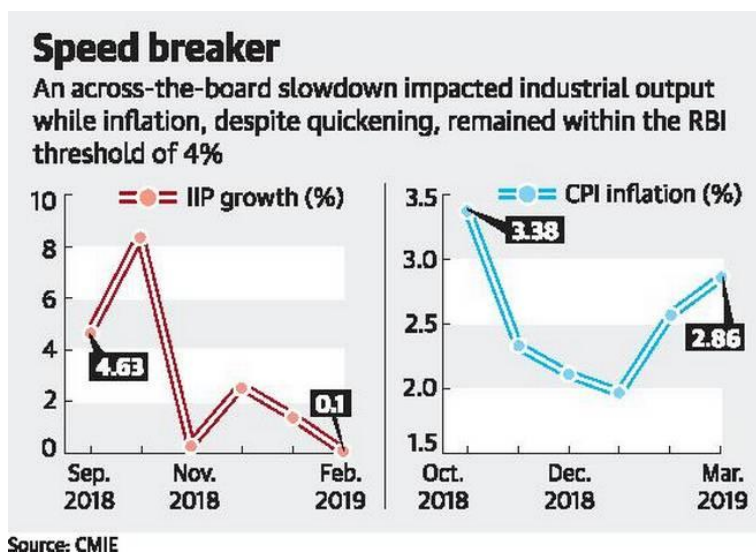
9.4 Industrial Growth & Inflation Scenario - CSO

Why in news?

Recent data from the Central Statistical Office (CSO) indicates a slowdown in industrial growth and an increase in inflation numbers.

How is the industrial growth?

- Growth in the Index of Industrial Production (IIP) slowed in February, 2019 to 0.1% (a 20-month low) from 1.44% in January.
- An across-the-board slowdown, especially in key sectors like manufacturing, mining, capital goods, and infrastructure has driven this.
- Within the Index, the mining and quarrying sector saw growth slowing to 2% from 3.92% over the same period.
- The manufacturing sector (with a weight of almost 78% in the index) saw a contraction of 0.31% in February from 1.05% in January.
- The largest contributor to the slowdown in February was the capital goods sector.
- The sector continued its contraction in February by 8.84% compared with a contraction of 3.42% in the previous month.
- Growth in the infrastructure sector slowed to 2.38% from 6.8%.
- The electricity sector was the only sector that saw an acceleration in growth; 1.18% in February compared with a growth of 0.94% earlier.
- The consumer non-durables sector also saw growth quickening, to 4.3% from 3.33% over the same period.



What is the inflation scenario?

- Retail inflation, as measured by the consumer price index (CPI), has gone up in March, 2019 to a five-month high.
- It has increased to 2.86% in March, 2019 from 2.57% in February.
- It was largely driven by the speeding up of inflation in the food and fuel sectors.
- Inflation in the food and beverages segment of the CPI quickened to 0.66% in March compared with a contraction of 0.07% in February.
- Inflation levels in all the other segments of the CPI came in lower, however.
- So overall inflation is still well below the average threshold of 4%.

How is the overall economic scenario?

- GDP grew by just 6.6% in the quarter ended December, the slowest pace in six quarters.
- Other economic indicators such as the purchasing managers' index and automobile sales are also signalling weakening momentum. Click [here](#) to know more.
- So the overall scenario, when viewed along with industrial output slowdown, suggests that a turnaround in economic growth is not in sight.
- Various institutions such as the RBI and the International Monetary Fund have been lowering their expectations for India's growth in the coming quarters.

What is to be done?

- The downturn in industrial activity and the spike in retail inflation clearly pose a policy challenge.
- On the fiscal side, the prospects are limited as both direct and indirect tax revenue collections have shown a shortfall compared to the revised estimates.
- But to meet the 3.4% fiscal deficit target, the government seems to be curtailing expenditure in general, and capital expenditure in specific, which is not a healthy trend.
- So the outlook should be thought of in terms of stimulating investment demand in the economy.
- On the monetary side, steps have been taken through two successive rate cuts by the Reserve Bank of India.
- But beyond this, policymakers should also look into the structural issues behind the slowdown.
- The high levels of troubled debt in not just the banking sector but the wider non-banking financial companies are hurting credit markets.
- Notably, to a large extent, the slowdown is due to weakening investments as the credit cycle tightened.

- Easing interest rates without reforms may only help hide investment mistakes instead of fostering a genuine economic recovery.
- So addressing the structural issues is essential to fully reap the benefits of any rate cuts by the RBI and make an effective stimulus.

9.5 Foreign Investment in India

Why in news?

India's foreign exchange reserves rose to a ten-month high of \$411.91 billion as of March, 2019.

How has the forex reserves been?

- Forex reserves had hit a high of \$426 billion in the week ended April 13, 2018.
- But it witnessed a steady slide over the following months and went down to \$392 billion in the week ended October 26.
- This was on account of the RBI intervention to manage the rupee.
- In October 2018, the rupee had fallen to its all time low of 74.34 against the US dollar.
- The rupee instability was, in turn, due to sharp rise in crude oil prices and resultant pressure on India's current account deficit.
- Capital outflows by foreign institutional investors from debt and equity markets was also a major reason.

What are the recent developments?

- Forex reserves are now the highest since \$413 billion recorded in the week ended June 8, 2018.
- The inflow of foreign capital into India's stock market in March, 2019 hit a high of \$4.89 billion.
- This was the biggest foreign inflow into Indian stocks since February 2012.
- As a result, the stock market rose a solid 8% this March.
- Foreign investment in Indian equities stood at \$2.42 billion in February, and is expected to be strong in April as well.
- The record foreign portfolio investment (FPI) inflows significantly added to the forex kitty.

What are the other driving factors?

- Both cyclical and structural factors are behind this sudden uptick in foreign investment.
- There is a fall in crude oil prices in recent months and appreciation of the Indian rupee vis-a-vis the dollar.
- The appreciating rupee helps boost returns in dollar terms for foreign investors pumping money in Indian markets.
- A rupee-dollar swap by the RBI last month also added to the forex reserves.
- [The amount of dollars raised through these operations will reflect in the RBI's foreign exchange reserves for the tenor of the swap.]
- Besides, India has emerged as the fastest-growing major economy when Chinese economy has been slowing down in the last one year.
- So investors expect India to be a major source of global growth in the coming years and thus a favourable investment destination.
- Also, there are clear signs that western central banks have relaxed the interest rates.
- E.g. the Federal Reserve and the European Central Bank have promised to keep interest rates low for longer
- This has caused investors to turn towards relatively high-yielding emerging market debt as in India.

What lies ahead?

- The return of foreign capital is certainly a good sign for the Indian economy.
- Evidently, the rupee has appreciated by about 7% since early October when it was moving around 74 against the dollar.
- But policymakers need to be careful as other emerging Asian economies will be competing hard to attract foreign capital.
- In this context, macroeconomic management is key to India to retain its image as an investment destination.
- The high fiscal deficit of both the Centre and the State governments need to be addressed as well.
- Long-pending reforms to the labour and land markets are the most pressing changes that will affect India's long-term growth.
- So to retain the investor confidence, it is essential to increase the pace of these structural reforms too.

9.6 Supreme Court Order on EPFO

Why in news?

The Supreme Court has upheld a Kerala High Court judgment against the Employees' Provident Fund Organisation (EPFO).

What is the case about?

- The Employee's Pension (Amendment) Scheme, 2014 was brought in force through a notification.
- As per the amendment, new members who joined EPF after Sept 1, 2014 with a basic salary of over Rs 15000 per month were excluded from the EPS.
- The Kerala High Court had struck down this amendment.
- It held that restricting the pension contribution to Rs 15000 criteria was arbitrary.
- Further, employees were allowed to choose to contribute to pension on higher pay at any point in time and the timeline to exercise such option.
- The EPFO's appealed against the order of the Kerala High Court.
- The Supreme Court has now upheld the Kerala High Court judgment.

What is the possible implication?

- As a consequence of the judgement, certain amendments to how pensions have been calculated will be struck down.
- The pension may be calculated on the basis of average salary of last 12 months and not 60 months which was the basis till now.
- This would result in increase in pension for employees who have already contributed to pension on full pay in the past.
- This is because most people draw highest salaries near the end of their careers i.e. just before retirement.
- Consequently, those who had a particularly high previously drawn salary and several years of service might see their pension raised by as much as 1,000%.
- The ruling also allows all existing members of EPFO to avail the option of contributing on full basic pay, to get a higher pension in the future.
- The Supreme Court order may also open the doors for employees who were till now excluded from EPS to join the scheme.
- However, the EPFO is yet to come out with its view on the impact of the SC ruling.



- It will now have to clarify if employees having basic pay exceeding Rs 15,000 can enrol them for the EPS scheme.

What are the concerns?

- Opening the scheme to those hitherto excluded is naturally not in keeping with the ethos of the provident fund.
- It's because the basic objective of provident fund has always been to help the saving and retirement of those at the lower rung of the formal sector.
- There is also the concern as to where the money to pay the much larger pensions will come from.
- Besides these, the SC's judgement appears to be an instance of legislative over-reach.
- The structure of the pension plan, the profitability and sustainability of the scheme, etc are to be determined by the executive.
- It is the executive that has to decide the proper distribution of subsidies and taxes.
- Notably, the support provided to state-guaranteed pension funds are nothing but a subset of this fiscal decision.
- So naturally, the executive, and not the judiciary, should decide on the trade-offs that determine who benefits from guaranteed pensions.
- It is also entirely the executive's decision to decide on how to spend the tax revenue.
- Here, the executive may see pensions as less effective use of tax revenue than, say, health care.
- So rational analysis by the executive is the best way for deciding on what proportion of an employee's earnings should mandatorily be saved.

10. INFRASTRUCTURE

10.1 Concerns with FAME II

What is the issue?

- The second phase of FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles), FAME-II was recently approved by the Union Cabinet.
- With criticisms raised against the features of FAME-II, it is essential to assess its parameters and understand its impact.

What is the FAME scheme?

- FAME II is the expanded version of the present scheme titled FAME India which was launched in 2015.
- The scheme offers upfront incentive on purchase of Electric vehicles.
- FAME-II will cost Rs 10,000 crore over 3 years and intends to provide incentives to the manufacturers of electric and hybrid vehicles.
- It also motivates to establish the necessary charging Infrastructure for electric vehicles.
- It will help in addressing the issue of environmental pollution and fuel security.

What are the concerns?

- It seeks to accelerate manufacturing in India without ensuring there is adequate demand for the electric and hybrid vehicles so produced.
- Moreover, electric two-wheelers and three-wheelers are most appropriate for Indian conditions.
- Ride-sharing on electric scooters has penetrated many cities in the West and is recognised as being of considerable convenience.

- In this light, small electric scooters have the capability of revolutionising urban transport in India.
- But FAME creates a relative disincentive for smaller vehicles.
- This is because the amount of incentive is tied to the size of the battery in the vehicle.
- Reportedly, around 95% of the electric two-wheeler models currently produced in India will not be given incentives under FAME-II.
- Also, currently, for vehicles to benefit from the scheme, 50% must have been produced locally.
- This is not the right approach as is experienced in the case of solar panels manufacturing. Click [here](#) to know more

What should be done?

- FAME-II should be structured to ensure that adoption of electric two-wheelers and three-wheelers is not hampered but instead sped up.
- It should have been structured towards the creation of demand, and not the localisation of production.
- It is better to ensure adoption first, and then a local industry can be created.
- This is doubly true in the case of electric and hybrid vehicles since India has considerable expertise when it comes to automobiles.
- The focus now must be on ensuring that it is easy and cheap for consumers to switch to using electric vehicles.
- Another focus should be on retrofitting (addition of a new component/technology) existing small vehicles at a nominal cost.
- E.g. the CNG fleet of auto-rickshaws in Delhi can be transformed into an all-electric or hybrid fleet at a relatively small cost to owners
- This would require some innovative finance, which the government could support.

10.2 HC Order on Chennai-Salem Highway

Why in news?

The Madras High Court has quashed the land acquisition proceedings for the proposed [Chennai-Salem greenfield corridor](#).

What is the project proposal?

- The Chennai-Salem greenfield corridor is a 277.3 km long, 8-lane highway project, proposed to connect Salem to Chennai.
- The proposed highway passed through Kanchipuram, Tiruvannamalai, Krishnagiri, Dharmapuri and Salem districts of Tamil Nadu.
- This is an agrarian region comprising reserved forest areas and several industrial zones.
- A feasibility study for the project pegged the total cost at Rs 9,106 crores.
- In addition, a tentative cost for rehabilitation and resettlement had been worked out to Rs 415 crores.



What was the proposed objective?

- There are three existing routes between



Salem and Chennai:

- i. Ulundurpet to Chennai
 - ii. Walajah to Chennai
 - iii. the Chennai – Tiruvannamalai – Harur – Salem routes
- The government argues that the first two existing stretches are facing abnormal delays due to increasing traffic volume.
 - The second stretch may not reduce travel time even if a bypass route was introduced.
 - Thus a direct Salem - Chennai highway may be the only solution to ease traffic and reduce the travel time.
 - It was stated that the corridor would mostly involve drylands, but the land acquisition cost may not be very high when compared to the benefits.

What is the HC's rationale?

- **Approval** - The project first came to light on February 25, 2018.
- It was mentioned in a letter written by Tamil Nadu CM to the Union minister for road transport, highways and shipping.
- The Centre gave its nod on the same day.
- Eventually, the process for the expressway was on track and instructions were given to call for tenders in two months.
- In other words, a single letter from the state CM and the Centre's nod on the same day kick-started the project work.
- **Clearance** - The state did not receive prior environmental clearance from the Centre as mandated.
- The court also cited the failure of the state government in conducting a mandatory public hearing.
- As the court noted, farmers in the five districts complained that they were not consulted.
- **Impact** - The farmers feared that the project would destroy the most productive farmlands in Kancheepuram and Tiruvannamalai districts.
- It will have a huge impact on the environment and water bodies in the area.
- The court order also raised questions about a vulnerable reserve forest stretch near the project alignment.
- The court also based its judgment on major flaws in the project report submitted by a private consultant.
- Given the above drawbacks, the HC scrapped the feasibility study report which said the project would generate employment opportunities and lead to development.

11. AGRICULTURE

11.1 20th Livestock Census in India

What is the issue?

With 20th Livestock Census currently going on in India, here is a look on its significance and the challenges involved.

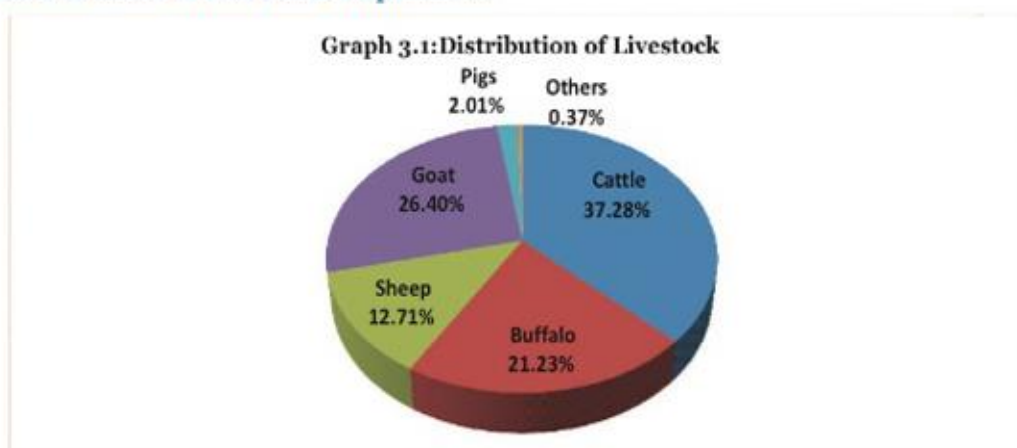
Why is livestock census crucial for India?

- India leads the world in livestock population at 125.5 crore.
- Livestock is not only an integral part of the agriculture economy supporting the rural livelihood.
- It is also a fundamental element of India's socio-cultural setting.

- India's cultural heritage endows great importance to owning and rearing livestock as an inseparable part of an inclusive universe.
- Accurate, reliable data therefore become inevitable for planning and development of the sector.
- Livestock Census is thus immensely useful for policymakers, planners and academics.
- The importance of a livestock census was first recognised in 1919, 47 years after human counting was started in 1872.

19th LIVESTOCK CENSUS-2012

Distribution of Livestock Population



What are the challenges involved?

- **Enormity** - Enumerating animals in every village and ward is more voluminous than enumerating the human population.
- Capturing such wide and varied information across numerous species is extremely difficult and cumbersome.
- **Human resource** - Livestock Census continues to be an elaborate, complex and daunting exercise with just about 50,000 enumerators and 10,000 supervisors.
- This is a low number compared to the nearly 25 lakh involved in the human Census.
- **Details** - Data to support policy and planning should be robust and meaningful.
- Merely counting and compiling the absolute numbers would be a sub-optimal use of such a laborious exercise.
- So, what is also being captured is the breed of each animal along with sex, age, productivity, use, etc.
- **Institutional** - Feeder livestock is counted by no permanent administrative institution.
- As a result of this, livestock census lacks bare resources and the quinquennial (every five years) Livestock Census becomes a burden.
- It goes unnoticed as general awareness about it stays low, especially in urban areas.
- With general elections around, the current animal count exercise across the country has been pushed further.

What are the key features of the current census?

- **Data** - The current round is counting a larger number of species besides the regular cattle.
- These include mithun, yak, sheep, goats, pigs, horses, mules, donkeys, camels, dogs, rabbits, elephants and poultry birds.
- 82 breeds of cattle and 26 breeds of buffaloes are being captured with further data on sex, age.
- Similarly, 52 breeds of goats and 84 breeds of sheep are being recorded along with other parameters.

- The census is counting stray and abandoned animals as well.
- It also categorises animals on the basis of purposes such as that for breeding, draught, milk, calving, etc.
- Other supporting and supplementary data on the owners of livestock are also being collected and compiled.
- These include information on occupation, income, landholding, education, etc. to support holistic planning.
- **Tools** - The ongoing Census is increasingly harnessing the technological innovations of the digital age.
- The aim is to streamline the process and eliminate error, and to create a high-quality database.
- There is complete elimination of paper, which has been replaced with tablet computers with which enumerators capture data.
- They then upload it to the server after online validation by the supervisor, resulting in real-time compilation and updating.
- The National Informatics Centre has developed the Android-based mobile application with various features of data entry module.
- The software enables simultaneous monitoring of the operations.
- It also facilitates developing various analytical reports useful for a dynamic planning process for an equally dynamic livestock sector.

11.2 Promoting Agripreneurship in India

What is the issue?

It is time to give due attention to the agripreneurs in India, for making best use of the collective potential of the farmers across the country.

What are the challenges for any entrepreneur?

- Creating products or services for which s/he must find a market and customers
- Adapting to changing consumer requirements and technological possibilities
- Suffering from a poor ecosystem for management advice, mentorship, fund-raising and risk management
- Experiencing great psychological stress due to unparalleled unpredictability
- Attracting social approbation and disapproval if s/he fails

Why are agripreneurs significant for India?

- The above challenges are invariably faced by the farmers in India too.
- It is thus right to recognise them as entrepreneurs looking after land, fish, poultry and dairy sectors.
- 170 million of them are working for the economic well-being of 700 million people, assuming four to a family.
- Farmers are at the heart of employment generation and national economic growth.
- The government must thus acknowledge this and chart out a well formulated plan for the agripreneurs.

What are the possible reform measures?

- **Agriculture minister** - The constitutional accountability for agriculture is with the states.
- But farmers and public look to the centre for action, which is why farmers' livelihood and crop prices become important in national politics.
- India thus needs an influential agriculture minister, as strong as the finance or home minister.
- **Policy** - Whenever a coordinated, systems approach to transformation is required, a common framework goes a long way in helping it.



- But India has no politically approved national agricultural development policy (NADP) in place at present.
- In contrast, there are national industrial development policy, national SME policy and entrepreneurship/startup India initiative.
- It is, therefore, in farmers' interest that India brings in a formal framework and a national agricultural development policy (NADP).
- **Council of Ministers** - Farming is not like telecom, roads, electricity and other reform-seeking sectors.
- This is because agriculture has economic, social, political and power dimensions.
- So making crucial decisions in agriculture and for farmers requires active and deep centre-states cooperation.
- It thus needs a mechanism like the National Development Council or the GST Council.
- In this context, India should consider having a council of ministers exclusively for agriculture.
- **Marketing** - In the past, farming initiatives were focused on increasing production, which was important to feed a growing population.
- To conserve the output, which increased gradually, frictional restrictions were placed in the marketing chain.
- These included regulations on where farmers can sell, restrictions on exports, taxation at the mandi level and compulsory government procurement.
- But given the present needs, marketing must be freed up from this web of controls and hindrances, for utilising the full potential.
- **FPOs** - A national drive on Farmer-producer organisations (FPOs) is crucial as a vehicle to implement ideas and modernisation.
- India will be better off with one crore FPOs (like SMEs in the industrial sector) instead of 170 million individual farmers.
- Farmers must be actively trained to organise themselves into FPOs.
- **Technology** - India cannot afford to debate old-fashioned technology ideas concerning land, soil, water, seeds and nutrients.
- A modern and futuristic approach is essential with regard to adoption of modern technologies.
- A national technology policy must be developed and executed with urgency.

12. SCIENCE & TECHNOLOGY

12.1 First Image of a Black Hole (Powehi)

Why in news?

- The Event Horizon Telescope (EHT) collaboration recently showed the world the very first image of a black hole.
- The first-ever black hole to be photographed has been named "Powehi", meaning embellished dark source of unending creation.

What is a black hole?

- A Black Hole is a region of space which is of immense gravity that nothing, not even light, can escape from it.
- Black holes form at the end of some stars' lives, stars that are many times the mass of our sun.
- The energy that held the star together disappears and it collapses in on itself producing a magnificent explosion.
- All the material left over from the explosion falls into an infinitely small point.

- Large black holes can have tens to millions of times the mass of our sun trapped in a point smaller than the tip of a pin.

What was EHT based on?

- If immersed in a bright region, like a disc of glowing gas, the Black Hole could be seen as a dark region similar to a shadow.
- This was something predicted by Einstein's general theory of relativity.
- It predicts that the heated material will illuminate the extremely warped space-time, making a dark shadow visible.
- This is what was attempted through the Event Horizon Telescope.

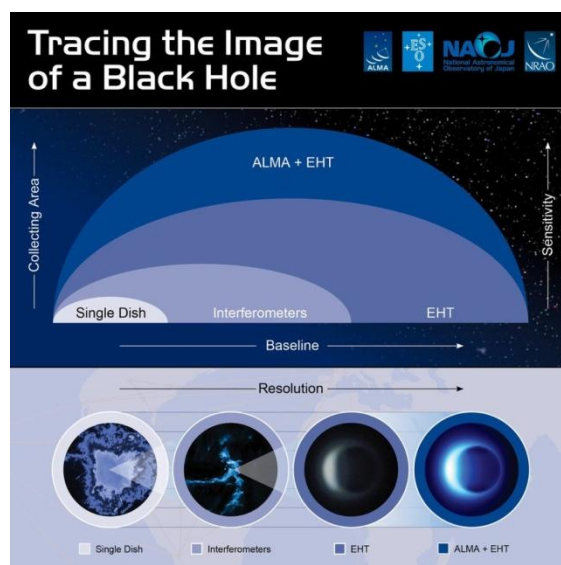
What was it composed of?

- **EHT** - The Event Horizon Telescope (EHT) operates a planet-scale array of eight ground-based radio telescopes that are linked together.
- Over time, the EHT recruited new radio observatories.
- By 2017, there were eight observing stations in North America, Hawaii, Europe, South America and the South Pole.
- Among the newcomers was the Atacama Large Millimeter/submillimeter Array, or ALMA, located on a high plateau in northern Chile.
- With a combined dish area larger than an American football field, ALMA collects far more radio waves than other observatories.
- **VLBI** - The EHT observations use a technique called very-long-baseline interferometry (VLBI).
- The VLBI technique linked the radio dishes of telescopes across the world to produce a virtual telescope the size of the earth.
- This was needed to obtain the high resolution required for the measurement.
- In this way, VLBI allows the EHT to achieve an angular resolution of 20 micro-arcseconds.

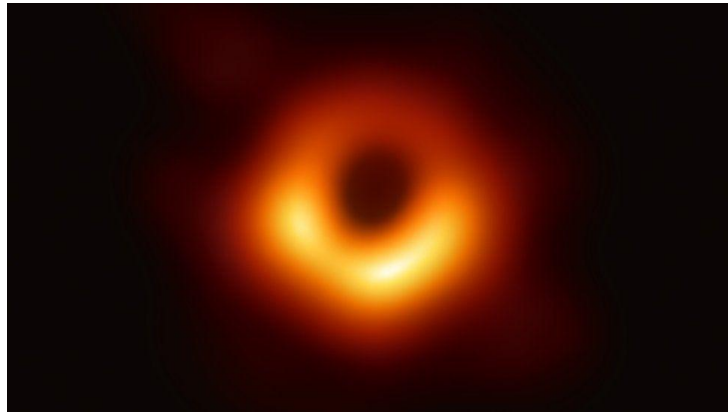
How was it executed?

- The EHT set out to image two candidate supermassive black holes:
 1. Sagittarius A* which is 26,000 light years from the earth, at the centre of the Milky Way
 2. another black hole which is 55 million light years away at the centre of the Messier 87 galaxy in the Virgo galaxy cluster

- But the first image released was of the more distant one.
- The black hole itself cannot be seen, because light cannot escape its intense gravitational attraction.
- The so-called event horizon that envelops the black hole is the point of no return and any object transgressing this boundary is lost.
- Just outside of it is a region where a photon (light quantum) can orbit the black hole without falling in.
- This is called the 'last photon ring', and this is what the EHT imaged, seeing in effect the silhouette of a black hole.
- The challenges included making each of the eight telescopes observe the same broad range of wavelengths around 1.3 mm.



- Another challenge was having precise atomic clocks at each location, so the data could be combined.



How has black hole understanding evolved?

- About a hundred years ago, the black hole made its way into physics through Albert Einstein's general theory of relativity.
- Few years back from now, the LIGO collaboration first directly observed the gravitational waves made by the merging of two black holes.
- The Higgs boson was detected 50 years after it had been postulated.
- Now, the visual proof of the existence of black holes marks an important milestone.
- It helps understanding the fundamental processes that determine the formation and evolution of galaxies.

12.2 PSLV-C45 - EMISAT and 28 Customer Satellites

Why in news?

The Indian Space Research Organisation (ISRO) recently launched the PSLV-C45 rocket carrying one Indian (EMISAT) and 28 international satellites.

What is the mission for?

- ISRO launched the country's first electronic surveillance satellite, EMISAT, from Sriharikota in coastal Andhra Pradesh.
- EMISAT was built by the Defence Research Development Organisation (DRDO).
- It will gather information on enemy radar positions from a sun-synchronous orbit at an altitude of about 750km.
- EMISAT will achieve this through electromagnetic spectrum measurement.
- So the spacecraft carries a payload of DRDO's prestigious Kautilya system for electromagnetic intelligence (ELINT) gathering.
- Space-based electronic intelligence (ELINT) will add to the situational awareness of the Armed Forces.
- This will provide location and information of hostile radars placed at the borders.
- This will be another dimension to the current land or aircraft-based ELINT.
- Besides this, as many as 28 small satellites of international customers were also put in space as secondary riders.
- These include 24 satellites from the US, two from Lithuania, and one each from Switzerland and Spain.

PHOTO: S.R. RAGHUNATHAN

Pride of place

PSLV-C45, carrying EMISAT and 28 international satellites, marked the first mission of PSLV-QL, a new variant of PSLV with four strap-on motors

EMISAT: It is a satellite built around ISRO's Mini Satellite-2 bus. It is intended for electromagnetic spectrum measurement

436 kg <small>Lift-off weight</small>	748 km <small>Altitude</small>	800 W <small>Power</small>
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NEXT MISSION
PSLV-C46 will launch RISAT-2B in May 2019

PAYLOADS The payloads carried by PSLV-C45 are Automatic Identification System from ISRO, Automatic Packet Repeating System from AMSAT, India, and Advanced Retarding Potential Analyzer for ionospheric studies from the Indian Institute of Space Science and Technology

CUSTOMER SATELLITES		
Country	Name	No. of satellites
Lithuania	BlueWalker1	1
	MGP	1
Spain	Aistechsat-3	1
Switzerland	Astrocast-2	1
U.S.	Flock-4A	20
	LEMUR	4

What are the unique features of PSLV-C45?

- **Orbits** - ISRO holds the world record for carrying a number of satellites on a single launch vehicle.
- It carried 104 satellites on PSLV C-37 in 2017.
- However, so far, these satellites have been ejected in two different orbits at the most.
- PSLV-C45 is the first time that ISRO has launched a rocket that injected satellites in three different orbits.
- **Satellites** - The fourth and last stage of the rocket will function as a satellite itself for some time.
- The fourth stage is what remains of the rocket after most of it is discarded in the three stages after ejecting the payloads.
- **Strap-on motors** - This flight marked the first mission of PSLV-QL, a new variant of PSLV with four strap-on motors.
- [Strap-ons are booster rockets attached externally to the main rocket.
- They provide additional thrust, or energy, by firing themselves midway during the flight.]
- In earlier flights, ISRO has used two or six strap-on motors.
- The four extra-large strap-ons used this time reduced the overall weight while still delivering the power equivalent to six motors.

What was the earlier procedure?

- On most previous occasions, the primary satellite of the rocket was taken to its orbit.
- Meanwhile, the others were ejected, or sprayed in quick succession either before or after that into different trajectories.
- There used to be only a marginal difference in the vertical distances between the satellites.
- Also, the entire operation used to be over in a few minutes.

How is PSLV C-45 different from this?

- EMISAT is the primary satellite in PSLV C-45, which is a piece of surveillance equipment to be used by the DRDO.
- PSLV C-45 placed this primary satellite to the 748 km sun-synchronous polar orbit.
- It then made one complete revolution around Earth, over the poles, while lowering its orbit to 504 km height.
- After this, it deposited the 28 international customer satellites.
- It then made a further round of Earth while attaining an even lower orbit of 485 km.
- At this level, the fourth stage of the rocket will continue for some time.

- The entire operation took a little over three hours.
- For enabling each of the two revolutions around Earth, the fourth-stage engines were reignited, which is a unique feature of PSLV C45.
- Earlier missions used to be “single-shot” operations in which the engines used to fire just once.

What is the significance?

- **Orbit** - Reaching three different orbits gives ISRO a new technological edge.
- The mission will help ISRO pack its future rockets with multiple satellites even if they have to be placed in diverse but precise orbits.
- Earlier, this could be done only in multiple missions.
- It also showed that the guidance and navigation systems aboard the rocket could be used for much longer times than in earlier missions.
- **Fourth stage as satellite** - The rocket, or the launch vehicle, is only a carrier.
- Once it places its passenger, or satellite, to its designated orbit in space, it becomes practically useless, adding to the space debris.
- But for the last few years, ISRO had been planning to give some life to the rocket.
- It was planning this at least to the uppermost part, or the last stage, which remains with the satellite till the ejection.
- So significantly, in PSLV-C45, ISRO demonstrated its capability to reuse the fourth-stage engines multiple times.

What purpose will the fourth stage serve?

- The fourth stage is carrying three kinds of equipment to carry out some measurements and experiments; each of them to be used -
 1. to capture messages transmitted from ships
 2. by amateur radio operators' use for tracking and monitoring position data
 3. to study the structure and composition of the ionosphere
- It also carries a solar panel to provide power to these equipments and enable communication with ground stations.
- The fourth stage will not have the usual life of a satellite as it can remain alive only for a few weeks or a few months.
- As, it is not equipped with a lot of other things that enable a satellite to exist for longer duration in outer space, like a radiation shield.
- However, this is still good enough time to carry out shorter duration experiments and data collection.
- In future, such an “orbital platform”, as it is being described, can also be used to inject smaller satellites into orbits.

13. ENVIRONMENT

13.1 Decline in Diesel Vehicles - Maruti Announcement

Why in news?

Maruti Suzuki has recently announced that it will stop manufacturing diesel vehicles from April 1, 2020.

What are the other recent developments?

- Mahindra & Mahindra is also working on plans to start offering petrol engine options across its entire range, except the Bolero.
- Tata Motors seems to have decided against offering the diesel option in its flagship Tiago hatchback and Tigor sedan after April 2020.
- All these firms have had strong exposure to the diesel platform.
- The announcement by Maruti, the country's largest vehicle manufacturer, is likely to mark the end of diesel cars in India.
- Diesel has also lost its shine in Europe, the world's biggest market for diesel cars.

What is the reason?

- The Indian car-buyers' like for diesel powertrains lasted nearly a decade.
- In 2012-13, diesel cars accounted for 48% of passenger vehicle sales in the country.
- The main reason was the sharply lower price of diesel as compared to petrol, which was Rs 25 per litre at its peak.
- However, this changed when the decontrol of fuel prices started in late 2014.
- The price difference has since come down to under Rs 6.5 per litre.
- Consequently, diesel cars accounted for just about 22% of overall passenger vehicle sales in 2018-19.
- Also, the sentiment for diesel is not good in the wake of the Volkswagen emissions scandal.
- [Volkswagen cars being sold in America had a "defeat device" - or software - in diesel engines.
- It could detect when they were being tested, changing the performance accordingly to improve results.
- So the device appears to have put the vehicle into a sort of safety mode; but once on road, the engines switched out of this test mode.
- Resultantly, the engines emitted nitrogen oxide pollutants up to 40 times above what is allowed in the US.]

Is emission norm playing a role?

- The main reason behind Maruti Suzuki's announcement is, in fact, not the fuel price differential.
- Instead, the new emission norms that will come into effect on April 1, 2020 is a key factor. Click [here](#) to know more.
- A prohibitively high cost is involved in upgrading diesel engines to meet the new BS-VI emission norms. Click [here](#) to know more.
- The difference in the price of a petrol and a diesel car, now around Rs 1 lakh on average, could go up to Rs 2.5 lakh.
- So leading carmakers are increasingly moving away from the diesel options.

What are the challenges involved?

- With the BS-VI norms, the attempt is to entirely bypass one stage - BS-V.
- The decision to leapfrog directly from BS-IV to BS-VI makes diesel unviable for both oil companies and automobile makers.
- While petrol vehicles would also need upgrades to transition, these are limited to catalysts and electronic control upgrades.
- But for diesel vehicles, the upgrades are more complicated and entail higher costs, apart from the technical difficulties.
- Carmakers, to meet stringent BS-VI norms, would have to put three pieces of equipment all at the same time. These are:



- i. a DPF (diesel particulate filter)
 - ii. an SCR (selective catalytic reduction) system
 - iii. an LNT (Lean NOx trap)
- This is vital to curb both PM (particulate matter) and NOx (nitrogen oxides) emissions as mandated under the BS-VI norms.
 - Adapting the three critical components to India-specific conditions of driving is challenging.
 - It's because, the running speeds in India are much lower than in Europe or the United States.
 - The optimisation and fitment of the DPFs and the SCR module could take an estimated three-four years.
 - With step-by-step transition, diesel cars could have been fitted with a DPF in the BS-V stage, and with the SCR in the BS-VI state.
 - But now, the entire cost will have to be borne in one go, alongside the operational difficulties.
 - Besides the constraints faced by carmakers, there is also the issue of ability of the oil companies to manage the transition.

13.2 Draft Indian Forest Act, 2019

Why in news?

The draft Indian Forest Act, 2019 was recently released by the Union government, proposing an overhaul of the Indian Forest Act, 1927.

What are the key features?

- **Powers** - The draft law proposes to restore higher management powers and a degree of veto power with the forest bureaucracy over the Forest Rights Act, 2006.
- Forest officials would be able to -
 - i. deny or extinguish rights over traditional forests of tribals, even those already recognised under the FRA
 - ii. reduce or restrict tribals and forest dwellers' access to forest produce (which they own under the FRA)
 - iii. diminish the role of gram sabhas (village assemblies) by running a parallel system of "village forests" wherein officials would have the last say
- Also, the powers to investigate, search and seize property, hold inquiries by forcing attendance of witnesses and evidence have been retained and in parts enhanced.
- Moreover, the Centre will be able to intervene in the states on matters of management of forestlands.
- It can overrule the states on several counts when it deems fit.
- **Commercial use** - The government had earlier proposed as a policy, to open forests to private commercial plantations.
- Facilitating this, the draft law proposes to open any patch of forests it deems fit for commercial plantations.
- The law allows the government to assign forests to non-state entities but not lease it or use it as collateral to raise funds.
- **'Production forests'** - Introducing legal provisions for commercial forestry, the government proposes to create a new class of forests called 'production forests'.
- It can as well declare any forests as conservation area for the purpose of enhanced carbon sequestration.
- The conservation areas will also be opened to active forest management for enhancing vegetational growth by reforestation and afforestation.
- **Infrastructure** - The State Government/UT Administration shall -



- i. develop the infra-structure for standardized lock-up rooms for housing the accused
 - ii. provide for transportation of accused
 - iii. provide necessary articles for restraining the accused(s), armouries, safe custody of arms, ammunitions, etc
- The State/UT should provide these to the Forest-officers for implementing the provisions of the Act in each forest division of the country within 2 years.
 - **Offence** - Certain offences that were bailable earlier have been proposed to be made non-bailable.
 - The onus of proving innocence in several cases has been left on the accused who are to be presumed guilty till proven otherwise.
 - The accused has to prove that s/he is in lawful possession of forest land, forest produce, and has not committed any offence against the Act.
 - **Protection** - The draft law also proposes to provide indemnity to Forest-officer using arms, etc to prevent the forest offence.
 - This is in addition to the immunity provided under section 197 of Code of Criminal Procedure 1973 for certain categories of Public Servant.
 - The immunity under the draft forest law is higher than what other government officers are usually provided.
 - It is similar to the one provided under laws imposed in conflict zones, such as the Armed Forces (Special Powers Act).
 - But proceedings against the officers can begin if an inquiry by an authority to be notified by the State Government for the purpose is taken up.
 - Even state governments would not be permitted to grant sanction for prosecution without first constituting an inquiry.
 - **Case** - Any person, forest officer, any officer of the State Government cannot withdraw forest offence cases registered under the Act.
 - This is to dissuade political executives to incite masses against the provisions of the Act.
 - E.g. many State Governments have withdrawn cases registered under the Indian Forest Act, 1927 to draw political benefits
 - **Collective punishment** - The colonial provision of collective punishment of communities for crimes committed by individuals under the forest law has been retained.
 - This applies when fire is caused wilfully or by negligence in a reserved forest, or when theft of forest produce or grazing by cattle occurs.
 - The State Government may then suspend the exercise of all rights of pasture or to forest-produce to all dwellers in the region, for a specified period.

What is the centre's rationale?

- Forest officials often contend that they remain the only face of administration over these vast difficult-to-access territories.
- They have to deal with the difficult challenge of retaining the quality and extent of forest cover.
- This becomes especially challenging in the face of high population pressure and development activities.
- It is in this light that the Centre proposes to enhance forest officials' police powers and capacities over forestlands.

What are the concerns?

- The draft Indian Forest Act, 2019 is short of being a transformative piece of legislation.
- It reinforces the idea of bureaucratic control of forests, providing immunity for actions of forest officials.



- The hardline policing approach is reflected in the provisions of infrastructure for the accused, collective punishment, etc.
- The enhancing of powers of forest bureaucracy is likely to alienate tribals and also fuel left-wing extremism in Central Indian region.
- Such provisions invariably affect poor inhabitants, running counter to the empowering and egalitarian goals.
- The draft Indian Forest Act must be redrawn to rid it of the bureaucratic overreach.

How could the new law be reworked?

- The original law, the Indian Forest Act, 1927 suited the objectives of a colonial power with extractive uses for forests in mind.
- The new law enacted should thus make a departure from that and be aimed to expand India's forests.
- It should ensure the well-being of traditional forest-dwellers and biodiversity in these landscapes.
- Forest health can be improved only through collaboration.
- Any new forest law must, therefore, aim to reduce conflicts, incentivise tribals and stop diversion for non-forest uses.
- The need is for a paradigm that encourages community-led, scientifically validated conservation.
- This is critical as only 2.99% of India's geographic area is classified as very dense forest.
- The rest of the green cover of a total of 21.54% is nearly equally divided into open and moderately dense forest. - State of Forest Report 2017.
- So all suitable landscapes should be recognised as forests and be insulated from commercial exploitation.

13.3 Managing the Transition to Renewables

What is the issue?

- The rise of renewables has implications for the finances of power distribution companies (Discoms).
- It calls for managing the transition strategically to prevent the negative impacts on small and rural consumers.

What was the earlier approach?

- For the most part of the 20th century, planning broadly involved estimating future electricity demand.
- The focus was on adding larger conventional power generation and connecting these to load centres through transmission lines.
- Electricity was supplied to consumers by a monopoly, a vertically integrated utility.
- Pricing was based on the principle of cross subsidy.
- So large industrial and commercial consumers paid higher tariffs to ensure affordable tariffs for agriculture and households.

What is the emerging trend?

- Energy choices are rapidly changing, largely due to national policy initiatives and global techno-economic changes.
- There is an increasing share of renewable energy in the supply mix due to -
 - i. competitiveness of renewables
 - ii. reducing costs of battery storage
 - iii. rising costs of coal-based power

- In the long run, this is likely to drive electrification of other sectors such as transport, cooking, and industrial processes.
- It would gain pace as an effort to addressing issues of local air pollution, energy security and rising energy import bill.
- In all, these trends can effect a paradigm change in the energy sector.

What is the current limitation?

- Currently, the government focus is very limited in critically evaluating and prioritising needs, anticipating risks and preparing for them.
- This can lead to serious long-term implications in terms of resource-lock-in and dependency.
- This is especially true considering the long life and capital intensive nature of the investments in the power sector.

What are the implications?

- The emerging trends in renewables and storage create numerous opportunities for large consumers.
- However, this could end the revenue that these high paying consumers were so far providing.
- In turn, this could mark the end of the current business model of the electricity distribution companies (Discoms).
- Given the uncertain demand, power purchase (accounts for more than 70% of the cost of supply) will become more complex and riskier.
- Simultaneously, the loss of cross-subsidising consumers would sharply increase either the tariff for small, rural, and agricultural consumers, or the State subsidy.
- If not managed appropriately, these changes can lead to -
 - i. severe financial stress for Discoms
 - ii. poor supply quality for small consumers
 - iii. stranded assets, and bailouts, with implications for the banking sector

What does it call for?

- There is an urgent need for fundamental changes in the way Discoms plan and operate.
- Increasingly, markets and competition would need to play a substantial role.
- Allowing large consumers to choose their suppliers for the long term helps them reduce costs, and also enable rational capacity addition.
- Solarising agricultural feeders can help in capping subsidy while providing day-time reliable supply to farmers.
- These measures can allow Discoms to focus on improving supply and service to small and rural consumers.
- Alongside, discoms should avoid adding new baseload capacity without rigorous demand-supply analysis.

How can the data deficiency be met?

- The gaps and discrepancies in public availability of crucial data should be addressed.
- To assist the government in policy and decision making, an analytical agency needs to be set up.
- This agency, tentatively called the Energy Analysis Office (EAO), should involve multiple ministries.
- It should be empowered to collect and reconcile data, analyse trends, publish reports and suggest policy interventions.
- The agency would leverage as much as possible from existing technical agencies in the sector.

- Two important prerequisites for it to be effective are policy relevance and independence from political influence.
- For this, the EAO could be placed under the administrative control of the Executive.
- But the Parliament should be made to approve its budget and review its work.

13.4 State of the Global Climate - WMO Report

Why in news?

The World Meteorological Organization (WMO), the UN's weather agency, released its annual report, State of the Global Climate in 2018.

What are the highlights?

- **Climate indicators** - The report highlighted the worsening impact of climate change across the world.
- It showed how the world was degenerating on key climate indicators.
- These include the following:
 - sea levels rose at a record pace last year
 - vast ocean stretches continued to become acidic
 - very high land and ocean temperatures over the last 4 years
 - most monitored glaciers are retreating

HOW CLIMATE CHANGE PLAYED OUT IN 2018

SEA LEVELS RISE

Global Mean Sea Level for 2018 was around 3.7 millimetres higher than in 2017, and the highest on record

OCEAN ACIDIFICATION

In the past decade, the oceans absorbed around 30% of anthropogenic CO₂ emissions. Absorbed CO₂ reacts with seawater and changes the pH of the ocean. This process is known as ocean acidification, which can affect the ability of marine organisms

DEPLETING ARCTIC ICE

Arctic sea-ice extent was well

\$4.3 bn

The WMO report identified the floods in Kerala as one of the main indicators of extreme weather events due to climate change, leading to economic losses of \$4.3 billion

below average throughout 2018 and was at record-low levels for the first two months of the year. The Greenland ice sheet has been losing ice mass nearly every year over the past two decades

- **Emissions** - All of the above are linked to the rising anthropogenic carbon dioxide (CO₂) emissions.
- The CO₂ levels, were at 357 parts per million (PPM) when the WMO statement was first published in 1994.
- It kept rising to reach 405.5 PPM in 2017, and is expected to increase even further in 2018 and 2019.
- **Extreme weather events** - WMO underlined the extreme weather events experienced all over the world in 2018.
- This included the severe flooding in Kerala in August 2018, which led to economic losses estimated at \$4.3 billion.
- Rainfall in Kerala in August was 96% above the long-term average.
- A cold wave also affected parts of India; 135 deaths in just 10 ten days in January in Uttar Pradesh were attributed to cold.

What are the notable climate change impacts?

- **Warming** - 2018 was ranked among the top 10 warmest years in Africa, Asia, Europe, Oceania and South America.
- Sea-surface waters in a number of oceans were unusually warm in 2018, including much of the Pacific.
- The greatest rates of ocean warming were seen in the southern ocean, with warming reaching the deepest layers.
- In November 2017, a marine heat wave developed in the Tasman Sea (in South Pacific Ocean between Australia and New Zealand) and persisted until February 2018.
- Sea-surface temperatures in the Tasman Sea exceeded 2 °C above normal, setting a record.
- **Ocean acidification** - As ocean acidification rises, marine biodiversity is at a major risk.



- Since the middle of the last century, there has been an estimated 1%-2% decrease in the global ocean oxygen inventory.
- Hundreds of sites are known to have experienced oxygen concentrations that impair biological processes or are lethal for many organisms.
- **Sea level** - The global mean sea level for 2018 was around 3.7 mm higher than in 2017 and the highest on record.
- Rapid ice mass loss from ice sheets is the main cause of the global mean sea-level rise.
- **Arctic sea-ice extent** was significantly below average throughout 2018.
- The report referred to monitoring of glacier mass-balance by the World Glacier Monitoring Service for 19 mountain regions.
- It noted that 2017-18 was the 31st consecutive year of negative mass balance for the glaciers monitored.
- This refers to glaciers losing more mass than they receive.
- **Rainfall** - Although weak La Nina conditions were noticed at the beginning of 2018, the effect on precipitation was the opposite of what had been expected.
- E.g. several floods occurred in California, an unexpected event during La Nina
- The Indian monsoon brought less rainfall than normal to the Western Ghats and the eastern parts of the Himalayas, but higher than normal in the Western Himalayas.
- The all-India rainfall for June to September 2018 was around 9% below the long-term average.
- In all, the report calls for urgent support to poor people and countries in tackling climate impacts that are forcing millions out of their homes.
- Rich countries must lead the transition to a greener economy and assist developing countries to follow suit.

13.5 IMD Monsoon Forecast, April 2019

Why in news?

The India Meteorological Department (IMD) recently released the monsoon forecast for 2019, and expects a "normal" monsoon rains.

What are the highlights?

- Monsoon rains in India is forecast to be 96% of the Long Period Average (LPA) and thus likely to be "normal" this year.
- This is a more optimistic assessment from the one by private weather forecasting agency, Skymet, that warned of 'below normal' rains in June-September.
- However, uncertainty prevails as last year the IMD's April forecast indicated normal monsoon rains but India saw below normal rainfall (91% of LPA).
- The IMD issues its first monsoon forecast in April and then updates it in June.

What is the rationale?

- The IMD's optimism is based on global climate models projecting a 'weakening El Nino.'
- The El Nino, a cyclic warming of the Central and Eastern Pacific region, has historically been linked to a weakening of monsoon rain.
- A temperature rise greater than 1°C for 3 months is considered a 'strong' El Nino and a threat to the monsoon.
- A 0.5°C-1°C rise is called weak El Nino conditions; currently the El Nino is 0.9 C.
- The IMD's models in March, expect the El Nino to peak around May and then recede for the rest of the monsoon months.

- Globally too, other models expect El Nino to recede after June or July.
- All these suggest the possibilities of a normal as opposed to below normal monsoon rains in India this year.
- Another factor, called a positive Indian Ocean Dipole (IOD) (warming in the western Arabian ocean) could neutralise the potential negative impact from the El Nino.

How does IMD calculate monsoon level?

- The India Meteorological Department (IMD) expresses the projected rainfall in terms of Long Period Average (LPA).
- The LPA is the average rainfall recorded during the months from June to September, calculated during the 50-year period from 1951 to 2000.
- LPA is kept as a benchmark while forecasting the quantitative rainfall for the monsoon season every year.
- The LPA of the monsoon season over the entire country is 89 cm.
- Like the countrywide figure, IMD maintains an independent LPA for every homogeneous region of the country.
- E.g. 143.83 cm, 97.55 cm, 71.61 cm, and 61.5 cm for East and Northeast India, Central India, South Peninsular India, and Northwest India respectively.
- Going by this, IMD maintains five rainfall distribution categories on an all-India scale. These are:
 1. **Normal or Near Normal** - when there is +/-10% departure of actual rainfall i.e. between 96-104% of LPA
 2. **Below normal** - when departure of actual rainfall is less than 10% of LPA i.e. 90-96% of LPA
 3. **Above normal** - when actual rainfall is 104-110% of LPA
 4. **Deficient** - when departure of actual rainfall is less than 90% of LPA
 5. **Excess** - when departure of actual rainfall is more than 110% of LPA

14. INTERNAL SECURITY

14.1 IS Influence in India

What is the issue?

- Islamic State (IS) has claimed responsibility for the [Ester Sunday attacks](#) in Sri Lanka that claimed close to 250 lives.
- With the threads of the attack being closely connected to India, it is essential to make an assessment on the IS influence in India.

What is IS presence in India?

- Islamic State came to the notice of Indian intelligence agencies way back in 2013.
- Reports from Syria had then suggested that some Indians were fighting alongside the IS there.
- However, it was more considered a problem of the Middle East.
- The perception of Indian agencies changed in 2014 when IS kidnapped 39 Indians in Iraq and executed them.
- Further, a closer look at the outfit's plans revealed that they have had India in their targets since the beginning.
- An IS map of the Khorasan Caliphate showed some of India's states as its part.
- Since then, multiple Indians have travelled to Iraq and Syria to fight alongside the IS.

- As many as 100 have been arrested by the agencies either on return from Syria or while preparing to join them.
- Many have also been arrested for preparing to carry out an attack in India after being inspired by the IS.

How is it in South India?

- Generally, the North India regularly sees communal clashes.
- States such as Jammu and Kashmir, MP and UP in North India have seen some IS influence on the youth.
- But strikingly, it is the southern states which have sent maximum recruits to IS.
- Reportedly, almost 90% of all recruits who have gone to Syria are from the southern States.
- A majority of those arrested while preparing to launch an attack are also from southern States.
- These include Tamil Nadu, Kerala, Telangana, Karnataka and Maharashtra.
- In fact, the first recruit from India to join Islamic State in 2013 was Cuddalore (Tamil Nadu)-born Haja Fakhruddin.
- He joined the IS and migrated to Syria while working in Singapore.
- Most recruits from Kerala who joined the Islamic State were working in the Gulf.
- Otherwise, they had come back from the Gulf with an already developed liking for IS's extreme ideology.

Does IS provide any organisational support?

- The IS had not provided any kind of organisational support to its recruits in India.
- It has largely focused on inspiring the youth to either migrate to Syria and Iraq or carry out attacks in India with their own resources.
- Many Indians have not even had a handler and have merely come together on their own to allegedly carry out attacks in the name of IS.
- They have formed various groups such as the Ummat E Mohammadiya, Harkat ul Harb-e-Islam, Ansar ul Tawheed fi Bilad Al Hind and Junud Al Khilafa e Hind.
- However, none have had any influence beyond their close-knit group.
- Most of these groups were made to arrange for explosives and arms on their own with members contributing from their pockets.

How has India's response been?

- The Indian security establishment has approached the issue of IS influence with caution.
- Some of the youth who were learnt to be eager to join IS are merely swayed by the IS online propaganda.
- It has attracted restless youth with video-game-like macabre videos.
- So realising the fact that they may not be fully radicalised given their clean background, India has taken the counselling approach.
- Many IS recruits have been counselled, made to go through a de-radicalisation programme and let off with a warning.
- These were done on slight detections of surfing IS's online material or apprehended while trying to migrate to Syria.
- India's approach had been positive given the fact of less recruits to the IS despite a very large Muslim population in India.
- Only those who were in the process of carrying out an attack or had made multiple attempts to go to Syria despite counselling were arrested.