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1. US-China trade war

What is a Trade War?

It's what it sounds like - a trade war is when countries try to attack each other's trade with tariffs and quotas on imports. One country will raise tariffs, a type of tax, causing the other to respond, in a tit-for-tat escalation. This can hurt other nations' economies and lead to rising political tensions between them. **As it escalates, a trade war reduces international trade.**

Learning from History

The **Smoot-Hawley Act** is the Tariff Act of 1930. Smoot-Hawley raised already high U.S. tariffs on foreign agricultural imports. The purpose was to support U.S. farmers who had been ravaged by severe droughts. It increased 900 import tariffs by an average of 40 to 48 %.

Rather than helping, it raised food prices for Americans who were already suffering from the Depression. It also compelled other countries to retaliate with their own tariffs. That forced global trade down by 65%.

Most economists blame it for worsening the Great Depression. It also contributed to the start of World War II. Smoot-Hawley showed how dangerous trade protectionism is for the global economy.

Broadly, a country wages a trade war for two reasons

- Protect Domestic Industry: When a tariff is levied on imports, it makes the imported product expensive and hence gives the domestic country a competitive edge. If imported goods are more expensive than domestic ones, consumers may buy more local goods. In the short term, protectionism gives a boost to domestic industry and to employment. The long term effects may not be so positive as domestic industries may not remain competitive in the absence of competition.

- To get a country mend its ways: When a country (as powerful as the US) wants a particular country to stop acting in certain ways, it can resort to trade wars. Trade wars inflict an economic pain on the trading partner and the message sent out is 'Please mend your evil ways if you want my dollars coming your way'.

There may be some political / strategic reasons for a country to start a trade war - it is important to note that trade wars also hurt the country that initiates the war - the hope is that it will be able to withstand the loss better / inflict greater pain to the trading partner.

The Start of the Current World Trade War

Donald Trump's trade war began in the start of 2018, when he implemented 'global safeguard tariffs'—placing a 30% tariff on all solar panels imports (worth US $8.5bn) and a 20% tariff on washing machines (worth US $1.8bn).

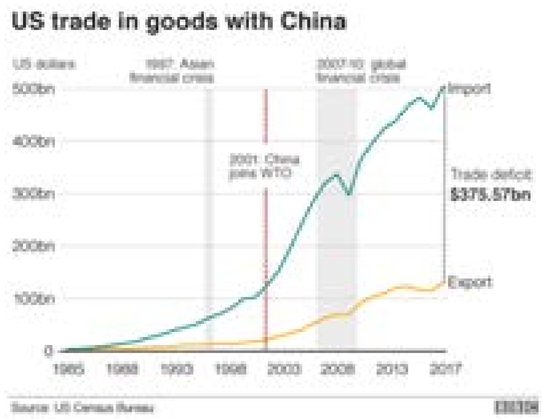
On March 8, 2018, he signed an executive order calling on the Commerce Department to impose a 25% tariff on steel imports and a 10% tariff on aluminium. The action being taken, the president said, follows a 9-month investigation by the Department of Commerce, documenting a growing crisis in US steel and aluminium production that threatens the security of the country.

The U.S. Congress is the only body authorized to impose tariffs. But Trump used a special power granted by Congress in 1962. White House cited Section 232 of the Trade Expansion Act of 1962, a provision that gives the secretary of commerce the authority to investigate and determine the impacts of any import on the national security of the US — and the president the power to adjust tariffs accordingly. Commerce Department reported that dependence on imported metals threatens the U.S. ability to make weapons.

Nine WTO members - Canada, China, the EU, India, Mexico, Norway, Russia, Switzerland and Turkey - filed initial complaints that allege Trump's tariffs on steel and aluminium violated WTO rules.

Causes of U.S. Trade War with China

Mr. Trump made a big point on the campaign trail about cutting the country's trade deficits. He's convinced it hurts US manufacturing, and has said time and time again that the US must do more to tackle them. A trade deficit occurs when exports are less than imports. **And the US has a massive trade deficit with China. In 2017, it stood at about $375bn.**



In 2017, the United States exported $130 billion to China. The Three largest export categories are are aircraft ($16 billion); soybeans ($12 billion); and automobiles ($11 billion). U.S. imports from China were $506 billion for the same year. Most of it is electronics, clothing, and machinery (a lot of the imports are from U.S. manufacturers that send raw materials to China for low-cost assembly. Once shipped back to the United States, they are considered imports. As a result, tariffs hurt U.S. corporations as well as foreign ones.)

Things USA wants from China

On May 4, 2018, the Trump administration presented China with five demands. It asked China to:

- End subsidies to tech companies.
- Stop stealing U.S. intellectual property.
- Cut tariffs on U.S. goods by 2020.
- Open China to more U.S. investment.
- Reduce the trade deficit by $200 billion by 2020.

China is unlikely to comply with the first two demands. They are at odds with China's goal of becoming a tech leader. On the other hand, China does want to reduce its trade deficit. China's economic reform plan is to become less reliant on exports. But it cautions there isn't much it can do, since the deficit is fuelled by high U.S. demand for low-cost Chinese goods.
On May 10, China agreed to import more U.S. products (which will also reduce the trade deficit)

The Hidden Agenda?

Trump is trying to deal with two serious concerns facing the American economy: **Counter the threats to the dollar's status as the reserve currency, and retain the near monopoly in Digital and Hi-Tech space.** These issues, central to the US power and eminence, are now under serious challenge.

It's about the Reserve Currency: The dollar has become the reserve currency because over 70% of world trade happens in dollars. This may look strange as the US share in world trade is less than 15%. The US manages this by ensuring that large trade contracts for

commodities like crude oil are always denominated in dollars.
The dollar's position as the reserve currency is under strain. Many countries including China are taking steps to denominate their trade contracts in local currency and reduce dependence on the dollar. China plans to denominate all Belt and Road Initiative (BRI) contracts in local currencies. No wonder China is the primary target in the trade war.

Threat to hi-tech: Trump's second concern is to retain the US lead in digital and high tech space. It is under threat from China which is going all-out to become a leader in Artificial Intelligence and high technology by 2025. Loss of US monopoly in digital space is a worry too.

Many of China's home-grown firms are large unicorns ready for global operations in direct competition to the US firms. Worse, the China model of not allowing entry to Google and Facebook is being copied by Russia, Brazil, and many others. The EU is also thinking of creating an EU wide internet. All this would mean an end of the dominance of the US firms in the digital space.

The US tariffs on imports from China will impact not only its exports to the US but to all countries. Most of China's exports are produced in the tariff-free global supply chains (GVC) where collaborative manufacturing happens among a group of countries. Tariffs by partner countries will delay numerous customs clearances and significantly reduce the effectiveness of GVCs. The US would love to think that this will rock the Chinese boat and force them to compromise.

A tit-for tat of tariff announcements

Round 1 (March 2018): The Trump administration said it would levy tariffs on $60 billion of imports from China. The administration also said it would limit U.S. technology transfers to Chinese companies. China responded by announcing tariffs on $3 billion of US products. China imposes tariffs (ranging 15-25%) on 128 products (worth US$3 billion) including fruit, wine, seamless steel pipes, pork and recycled aluminium in retaliation to the US' steel and aluminium tariffs.

July 6th, 2018 - The US Customs and Border Protection (CBP) begins collecting a 25 % tariff on 818 imported Chinese products valued at US$34 billion – giving effect to the first round of tariffs, which were revised and announced on June 15, 2018. This was the first of many rounds of tariffs imposed by both countries, resulting in $550 billion of U.S. tariffs applied to Chinese goods and $185 billion of Chinese tariffs applied to U.S. goods, as of February 2020.

- Retaliatory tariffs by China: China takes retaliatory measures by imposing a 25 % tariff on 545 goods originating from the US (worth US$34 billion), including agricultural products, automobiles and aquatic products.

August 23rd, 2018 - US implements a 25% tariff on products worth US$16 billion. Goods targeted include: semiconductors, chemicals, plastics, motorbikes and electric scooters.

- Retaliatory tariffs by China: China implements retaliatory 25% tariffs on goods worth US$16 billion, including commodities such as: coal, copper scrap, fuel, buses and medical equipment.

September 24th, 2018 - The US implements tariffs on US$200 billion worth of Chinese goods, bringing the total amount to US$250 billion. The tariffs carry an initial rate of 10 %, and will be increased to 25 % by January 1, 2019.

- Retaliatory tariffs by China: China responds to US tariffs by implementing tariffs on US$60 billion worth of US goods

December 1st, 2018- Following a working dinner at the G20 Summit in Buenos Aires, China and the US agree to a temporary truce-- a 90-day truce, which ends March 1, 2019. The US will refrain from increasing the tariffs that were slated to increase from 10% to 25% on January 1, 2019. For its part, China will purchase more US products – especially agricultural and energy products.

May 10, 2019 - US increases tariffs on US$200 billion worth of Chinese goods from 10% to 25%, as the US and China fail to reach a deal.

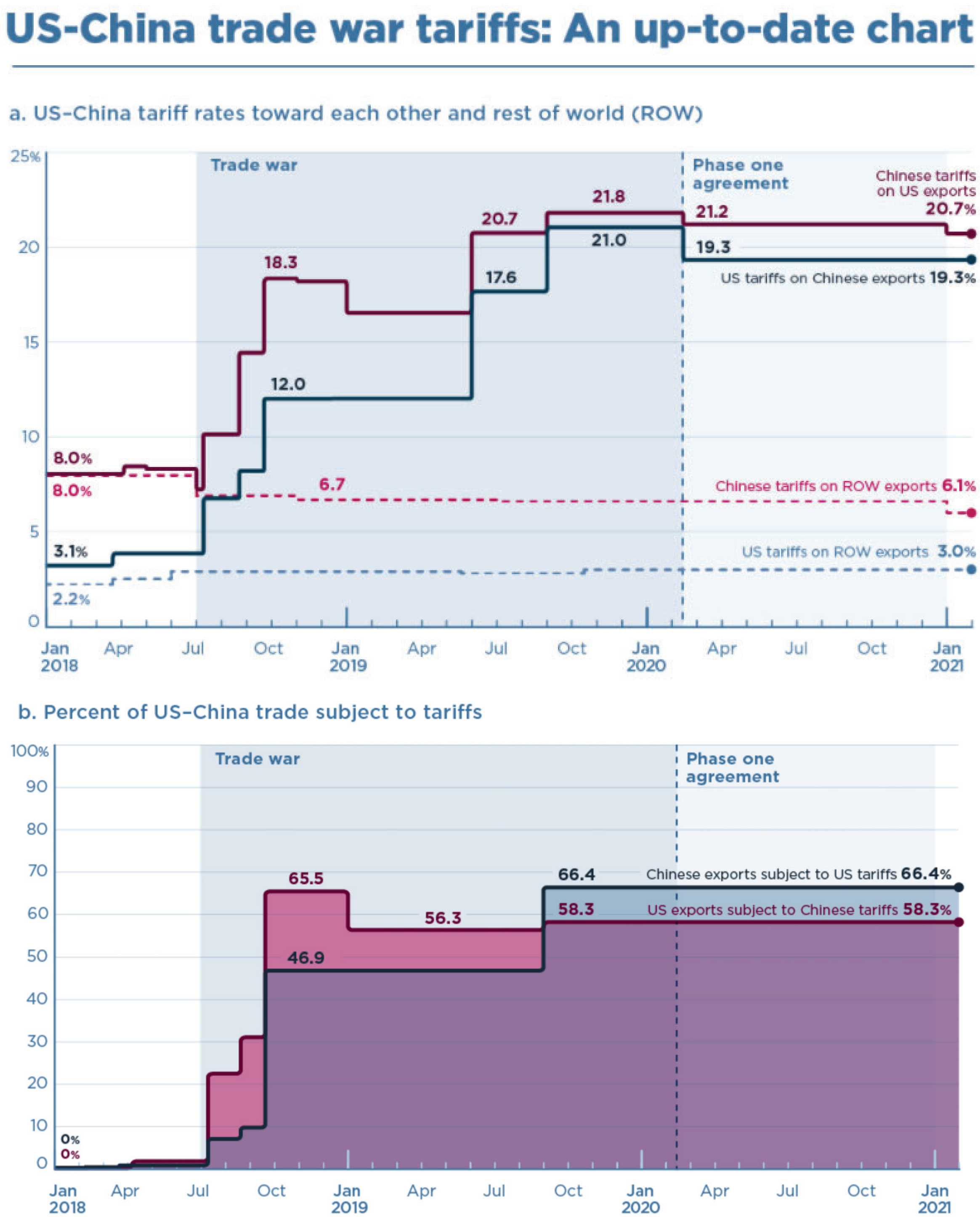
- Retaliatory tariffs by China: On June 1st 2019, China increases tariffs on US$60 billion worth of products. Tariffs of 25%, 20%, and 10% are now in effect on US$60 billion worth of American goods exported to China.

September 1st, 2019- The US implements tariffs on more than US$125 billion worth of Chinese imports; goods affected range from footwear, diapers, and food products to smart watches, dishwashers, and flat-panel televisions.

- Retaliatory tariffs by China: began imposing additional tariffs on some of the goods on a US$75 billion. This includes a five percent tariff on US crude oil.

Following a series of trade talks over many months, on October 10-11 in Washington DC, US President Donald Trump announced that negotiators from the US and China had reached a “Phase 1” agreement that will take several weeks to finalize.

Total US tariffs applied exclusively to Chinese goods: US$550 billion



2018

February 7
US Section 201 tariffs on solar panels and washing machines

March 23
US Section 232 tariffs on steel and aluminum

April 2
China's retaliation to US Section 232 tariffs

May 1
China's MFN tariff cut on pharmaceuticals

July 1
China's MFN tariff cut on consumer goods, autos, and IT products

July 6
US Section 301 tariffs of 25% ($34 billion, List 1) and China's retaliation ($34 billion)

August 23
US Section 301 tariffs of 25% ($16 billion, List 2) and China's retaliation ($34 billion)

September 24
US Section 301 tariffs of 10% ($200 billion, List 3) and China's retaliation ($60 billion)

November 1
China's MFN tariff cut on industrial goods

2019

January 1
China suspends retaliation against US autos and parts (Section 301) and reduces MFN tariff rates for 2019

February 7
US Section 201 tariffs reduced on solar panels and washing machines in second year of policy

June
US Section 301 tariffs (10% to 25% increase on List 3, effective June 15) and China's retaliation on some US products (subset of $60 billion, effective June 1)

July 1
China's MFN tariff cut on IT products

September 1
US Section 301 tariffs of 15% (subset of $300 billion, List 4A) and China's retaliation on some US products (subset of $75 billion)

2020

January 1
China reduces MFN tariff rates for 2020

February 7
US Section 201 tariffs reduced on solar panels and washing machines in third year of policy

February 8
US Section 232 tariffs extended to imports that use aluminum and steel

February 14
US Section 301 tariffs of 15% imposed on September 1, 2019 (List 4A) cut to 7.5%, and China's retaliatory tariffs imposed on September 1, 2019 cut in half

July 1
China's MFN tariffs cut on IT products

2021

January 1
China reduces MFN tariff rates for 2021

Total Chinese tariffs applied exclusively to US goods: US$185 billion

US vs. the rest of the world

Trade War with the EU: On May 31, 2018, Trump announced the tariff would be imposed on Canada, Mexico, and the EU.

On June 21, **Germany** proposed an end to the EU's 10 % tax on U.S. auto imports. In return, Trump must forget about imposing a 25 % tax on European auto imports.

On June 22, the **EU** imposed tariffs on $3.2 billion of American products. It targeted imports that will impact Trump's political base.

Both moves follow the April 21, 2018, EU upgrade of its trade agreement with Mexico. Once signed, it will remove tariffs from almost all trade between the two areas.

On July 17, the EU signed a trade agreement with Japan. It reduces or ends tariffs on almost all goods. It's the largest bilateral trade agreement, covering $152 billion in goods. It will come into force in 2019 after ratification.

On July 25, 2018, the EU and the United States agreed to hold off on any new tariffs, reassess the steel and aluminium tariffs, and work toward zero tariffs on non-auto industrial goods.

Canada: Canadian Prime Minister Justin Trudeau said Canada would retaliate with tariffs (Mau 2018 tariffs on steel)

Mexico announced tariffs on U.S. industries in areas that supported Trump.

Turkey: Trump announced he would double the tariffs on aluminium and steel imports from Turkey. He was trying to obtain the release of jailed American pastor Andrew Brunson. Turkey claims he was involved in the 2016 coup to overthrow the government. The U.S. move lowered the value of the Turkish lira to a record low against the U.S. dollar. This renewed fears that the poor health of the Turkish economy could trigger another crisis in the Eurozone.

India: India's trade surplus of $21 billion with the US has often attracted the ire of US President Trump, who claims India follows discriminatory trade practices against US exports. India had deferred tit-for-tat tariffs for the third time against 29 American products worth $235 million by 45 days. The move was considered to counter the US's move to unilaterally raise import duties on Indian steel and aluminium products. India and the US are now engaged in finalizing a trade package to ease tensions.

Implications for American consumers

The trade war has **raised the prices of consumer goods** that use steel and aluminium. Half of all Chinese imports are goods used by U.S. manufacturers to make other products. The most immediate effects were felt by companies like Walmart, which import billions of dollars of cheap goods that are bought mostly by the people who voted Trump into office. **The prices on almost all of these items would quickly skyrocket** beyond the reach of the lower economic brackets—not because of manufacturing costs, but because of the tariffs.

Foreign tariffs on U.S. exports will make them more expensive. **U.S. exporters may have to cut costs and lay off workers** to remain competitively priced. If they fail, they may cut costs further or even go out of business. The 12 million U.S. workers who owe their jobs to exports could get laid off.

Implications for China

The trade war with the U.S. **could cut China's export growth by almost half, putting around 4.4 million jobs at risk.** Economists expect the trade war will cut China's export growth by almost half, **denting GDP growth by 1.04 % points.**

Implications for India

India has **spotted an opportunity** to boost its exports in sectors such as chemicals, pharmaceuticals and electrical parts, where India could have a comparative advantage.

Global Implications

Mr Trump's decision to take on China could lead to adverse effects not only for consumers in the US and in China, but also worldwide.

An economic showdown between the world's biggest economies doesn't look good for anyone.
Consultant Oxford Economics predicted the trade war could cost the **global economy $800 billion in reduced trade.**

That could slow growth by 0.4%. It's occurring at the same time that oil prices and interest rates are rising.

The Settlement or Temporary Truce

On 2nd December 2018, at a post-G20 summit meeting in Buenos Aires, Mr. Trump agreed not to boost tariffs on \$200bn of Chinese goods from 10% to 25% on 1 January. It was announced that the US tariffs on Chinese goods will remain unchanged for 90 days, but warns: “If at the end of this period of time, the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%.”

The US says China agreed to “purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other products from the United States to reduce the trade imbalance between our two countries”.

China has pretty much given up nothing in this deal because the future tariffs threatened from the Beijing side were retaliatory in nature and only to be applied if the United State escalated.

Phase 1 Trade Deal

The US and China announced on December 13th, 2019 that they have reached agreement on their “phase one” trade deal, a major development in the 20-month trade war. In exchange for tariff relief, China will increase its purchases of U.S. goods and address U.S. concerns relating to intellectual property (IP) protection, currency manipulation, and agriculture, among others.

“China and the United States have agreed on the text of a phase one economic and trade agreement based on the principle of equality and mutual respect,” Xinhua, China’s state run news agency, reported on the same day. “The text includes nine chapters: the preface, intellectual property rights, technology transfer, food and agricultural products, financial services, exchange rate and transparency, trade expansion, bilateral assessment and dispute settlement, and the final terms, according to a statement issued by the Chinese side Friday night.”

According to a statement from the Office of the US Trade Representative, the phase one deal "requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange."

For its part, China framed any concessions as "generally in line with the main direction of China's deepening reform and opening up as well as the internal needs for advancing the high-quality economic development." Xinhua also noted that the "The increase in imports is conducive to boosting the country's consumption upgrading and meeting Chinese people's growing needs for a better life."

China's main concern in any trade deal was securing immediate tariff relief. That was not totally forthcoming. **The USTR (United States Trade Representative) made a point of noting that "The US will be maintaining 25% tariffs on approximately $250 billion of Chinese imports, along with 7.5% tariffs on approximately $120 billion of Chinese imports."**

According to the Chinese summary released by Xinhua, the deal also includes a commitment for the United States "to phase out its additional tariffs on Chinese products, so as to achieve a switch from hiking to cutting additional tariffs." Importantly, no "phase out" of tariffs was mentioned in the U.S. announcement, hinting at a possible gap that could cause a relapse into tensions in 2020.

The two sides have yet to release detailed documentation of the pact, making it difficult to evaluate.

- China has agreed to boost its U.S. goods imports by $200 billion over two years. That includes increased purchases of soybeans and other farm goods that would reach $40 billion a year.
- China has also agreed to stop forcing U.S. companies to hand over technology and trade secrets as a condition for gaining access to China's vast market, demands that have frustrated many U.S. businesses.
- In return, the Trump administration dropped plans to impose tariffs on $160 billion of Chinese goods, including many consumer items such as smartphones, toys, and clothes. The United States also cut tariffs on another $112 billion of Chinese goods from 15% to 7.5%.

China announced that Vice Premier Liu He will travel to Washington to sign the first phase of the trade deal with the U.S., locking in Beijing's commitment to a ceremony already announced by President Donald Trump. Liu, who has acted as Chinese President Xi Jinping's top trade negotiator throughout the tariff conflict, will travel to the U.S. from January 13th to 15th.

Under the accord, announced on December 13th, Trump agreed to suspend plans for new tariffs on Chinese imports and reduced some existing levies, while Beijing agreed to increase agricultural purchases. The precise terms of the agreement have not been revealed. U.S. Trade Representative Robert Lighthizer has said he expects the 86-page document will be publicly released after it is signed.

The move at least temporarily calms fears of an escalating trade war between the world's two largest economies, at a time when investors are nervous over conflict in the Middle East and rising oil prices.

How US-China relations drastically changed in 2020

Ten months have passed since U.S. President Donald Trump and China's Vice Premier Liu He signed the US–China Phase One trade deal in Washington DC. But things have been in a see-saw mode throughout the months.

Here's tracking some of the significant developments that marked US-China relations in 2020.

1. January 3:
Reuters reported that in December 2019 the American manufacturing sector fell into its deepest slump in over a decade, attributing the decline to the U.S.-China trade war.

2. January 15:
U.S. President Donald Trump and China's Vice Premier Liu He signed the US–China Phase One trade deal in Washington DC.

What's in the U.S.-China Phase 1 Trade Deal:

U.S. President Donald Trump and Chinese Vice Premier Liu He signed a deal on January 15th 2020, Wednesday in the White House that cut some U.S. tariffs on Chinese goods in exchange for Chinese pledges to purchase more of American farm, energy and manufactured goods and address some U.S. complaints about intellectual property practices. The "Economic and Trade Agreement between the United States of America and the People's Republic of China" is set to take effect from February 14, 2020 and focuses on intellectual property rights (Chapter 1), technology transfer (Chapter 2), food and agricultural products (Chapter 3), financial services (Chapter 4), exchange rate matters and transparency (Chapter 5), and expanding trade (Chapter 6), with reference also being made to bilateral evaluation and dispute resolution procedures in Chapter 7. Unlike other trade agreements, the US–China Phase One agreement did not rely on arbitration through an intergovernmental organization like the World Trade Organization, but rather through a bilateral mechanism.

For more information click on:
https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic_And_Trade_Agreement_Between_The_United_States_And_China_Text.pdf

Following are details of the deal released by the United States Trade Representative:

- CHINA PURCHASES

- China agreed to increase purchases of American products and services by at least $200 billion over the next two years. China bought $130 billion in U.S. goods in 2017, before the trade war began, and $56 billion in services, U.S. data show.
- China has committed to $77.7 billion in additional manufacturing purchases over two years, from the 2017 level, the text says, which will be a $32.9 billion increase in 2020 and a $44.8 billion increase in 2021.
- China has committed to buying at least $52.4 billion in additional energy purchases over the two years, from a baseline of $9.1 billion in 2017. That will be broken into $18.5 billion additional in 2020 and $33.9 billion in 2020.
- China will also purchase $37.6 billion in services from U.S. companies over the two years, $12.8 billion above the 2017 level in 2020 and $25.1 billion above the level in 2021.

- China "shall ensure" additional purchases of U.S. agriculture products by $32 billion over two years, the deal says, including $12.5 billion above the corresponding 2017 baseline of $24 billion in 2020 and $19.5 billion above the baseline in 2021.
- That would give an average annual total of about $40 billion, a number Trump has touted before.

o TARIFFS

- The United States will cut by half the tariff rate it imposed on September 1st on a $120 billion list of Chinese goods, to 7.5%.
- U.S. tariffs of 25% on $250 billion worth of Chinese goods put in place earlier will remain immediately unchanged. These could be rolled back as part of a Phase 2 trade negotiation, said U.S. Treasury Secretary Steven Mnuchin.
- Tariffs that were scheduled to go into effect on December 15 on nearly $160 billion worth of Chinese goods, including cellphones, laptop computers, toys and clothing, are suspended indefinitely. China's retaliatory December 15 tariffs, including a 25% tariff on US-made autos, have also been suspended.

o INTELLECTUAL PROPERTY

- The deal includes stronger Chinese legal protections for patents, trademarks, copyrights, including improved criminal and civil procedures to combat online infringement, pirated and counterfeit goods.
- The deal contains commitments by China to follow through on previous pledges to eliminate any pressure for foreign companies to transfer technology to Chinese firms as a condition of market access, licensing or administrative approvals and to eliminate any government advantages for such transfers.
- China also agreed to refrain from directly supporting outbound investment aimed at acquiring foreign technology to meet its industrial plans -- transactions already restricted by stronger U.S. security reviews.

o CURRENCY

- The currency agreement contains pledges by China to refrain from competitive currency devaluations and targeting its exchange rate for a trade advantage -- language that China has accepted for years as part of its commitments to the Group of 20 major economies.
- As part of the deal, China has made "enforceable commitments to refrain from competitive devaluation" and agreed to publish relevant data on exchange rates and external balances, said the U.S. Treasury. The deal subjects any violations of currency commitments to the agreement's enforcement mechanism, under which they could incur U.S. tariffs.

- A senior Trump administration official said the currency agreement is based on provisions in the U.S.-Mexico-Canada Agreement trade deal, which require the three countries to disclose monthly data on international reserve balances and intervention in foreign exchange markets, along with quarterly balance-of-payments data and other public reporting to the International Monetary Fund.

o ENFORCEMENT

- The United States and China will resolve differences over how the deal is implemented through bilateral consultations, starting at the working level and escalating to top-level officials.
- If these consultations do not resolve disputes, there is a process for imposing tariffs or other penalties.
- Robert Lighthizer, U.S. Trade Representative told reporters the United States expected neither side would retaliate if appropriate action was taken as part of the process and following "consultation in good faith."

o CHINA FINANCIAL SERVICES

- U.S. officials said the deal includes improved access to China's financial services market for U.S. companies, including in banking, insurance, securities and credit rating services. It aims to address a number of longstanding U.S. complaints about investment barriers in the sector, including foreign equity limitations and discriminatory regulatory requirements.
- China, which has pledged for years to open up its financial services sector to more foreign competition, said the deal would boost imports of financial services from the United States.

3. January 17:

   Official figures from China showed its 2019 economic growth rate falling amid the trade war to a 30-year low.

4. February 5:

   Data from the Commerce Department of the United States showed the country's trade deficit falling amid the trade war for the first time in 6 years.

5. February 17:

   China grants tariff exemptions on 696 US goods to support purchases.

6. March 5:

   The United States Trade Representative granted exemptions to tariffs on various types of medical equipment, after calls from American lawmakers and others to remove tariffs on these products in light of the COVID-19 pandemic in the United States.

7. May 12:

   The Chinese government announced exemptions for tariffs on 79 additional US goods.

8. June 2020:

   As of June, China had risen to become the United States' top trading partner again, amid the global crisis caused by the COVID-19 pandemic. However, the countries were not on track to meet the targets from the trade deal, which would have been a challenge even under strong economic conditions, according to Chad Brown of the Peterson Institute for International Economics and Chenjun Pan of Rabobank. The economic damage and barriers to trade caused by the pandemic made those targets even harder to reach.

9. September 15:

   A three-person WTO panel found that the Trump administration tariffs violated global trade rules because they had been applied only to China and they exceeded the maximum rates the US had agreed to, without adequate explanation. Lighthizer responded that the finding showed "the WTO is completely inadequate to stop China's harmful technology practices."

10. September 26:

    The US Commerce Department imposed restrictions on China's largest chip maker, Semiconductor Manufacturing International Corporation (SMIC), determining that an "unacceptable risk" equipment supplied to SMIC could potentially be used for military purposes. Under the restrictions, the suppliers were barred from exporting the chip without a license.

Post-Trump U.S. Relations

Joe Biden, the U.S. President-elect, said he would not act immediately to remove the 25% tariffs that Trump imposed on about half of China's exports to the U.S. — or the Phase 1 agreement Trump inked with China that requires Beijing to purchase some $200 billion in additional U.S. goods and services during the period 2020 and 2021 — on which China has fallen significantly behind. "I'm not going to make any immediate moves, and the same applies to the tariffs," he said. "I'm not going to prejudice my options."

He first wants to conduct a full review of the existing agreement with China and consult our traditional allies in Asia and Europe, he said, "so we can develop a coherent strategy." "The best China strategy, I think, is one which gets every one of our — or at least what used to be our — allies on the same page. It's going to be a major priority for me in the opening weeks of my presidency to try to get us back on the same page with our allies."

China's leaders had their issues with Trump, but they knew that as long as he was president, the United States could never galvanize a global coalition against them. Biden's strategy, if he can pull it off, will not be welcome news for China. While Trump was focused on the trade deficit with China, with little success, despite his trade war, Biden said his "goal would be to pursue trade policies that actually produce progress on China's abusive practices — that's stealing intellectual property, dumping products, illegal subsidies to corporations" and forcing "tech transfers" from American companies to their Chinese counterparts.

When dealing with China, Biden concluded, it is all about "leverage," and "in my view, we don't have it yet." Part of generating more leverage, though, is developing a bipartisan consensus at home for some good old American industrial policy — massive, government-led investments in American research and development, infrastructure and education to better compete with China — and not just complain about it. "I want to make sure we're going to fight like hell by investing in America first," said Biden. He ticked off energy, biotech, advanced materials and artificial intelligence as areas ripe for large-scale government investment in research. "I'm not going to enter any new trade agreement with anybody until we have made major investments here at home and in our workers" and in education, he said.

Conclusion

While many believe that the US is winning the trade war (given how it has got other countries to open their markets/ revisit tariffs on US goods), economists warn that it is too early to predict the long-term impact. While a few individual countries may gain, the

global economy is most likely to be hit hard.
In the long term, trade wars slow global economic growth. They create more layoffs, not fewer, as foreign countries retaliate. Whatever form this conflict takes, and however long it lasts, there will be no winner.

Recommended Further Reading
https://www.economist.com/finance-and-economics/2018/06/21/a-full-blown-trade-war-between-america-and-china-looks-likely

https://www.thebalance.com/trade-wars-definition-how-it-affects-you-4159973

https://www.bbc.com/news/world-43512098

https://www.thehindubusinessline.com/opinion/columns/ajay-srivastav/the-real-reason-behind-trumps-trade-war/article24856757.ece

https://www.youtube.com/watch?reload=9&v=Iwa3vLoeNmQ

https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/

https://www.worldscientific.com/doi/pdf/10.1142/S2377740018500318

https://www.worldpoliticsreview.com/articles/28998/the-trump-trade-wars-and-now-covid-19-are-unraveling-trade-as-we-know-it

https://www.livemint.com/

2. The New Farm Bill 2020

Introduction:

The Indian Parliament passed three agriculture acts—Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, Farmers (Empowerment and Protection) Agreement of Price Assurance, Farm Services Act, 2020, and the Essential Commodities (Amendment) Act, 2020—during its monsoon session culminating on 23 September, 2020.

The bills which received the President's sign off on September 27, 2020, were passed amid an uproar by opposition party leaders and farmer groups alike.

Amid the stiff opposition, there have also been voices that have come out in support of the acts with some stating that they would "unshackle" the workforce engaged in the agriculture sector.

Here are a few key points from each act that explain the changes proposed by them to the existing agriculture laws in the country.

The three farm acts: Key highlights

1. Farmer's Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

This act allows farmers to engage in trade of their agricultural produce outside the physical markets notified under various state Agricultural Produce Marketing Committee laws (APMC acts). Also known as the 'APMC Bypass Bill', it will override all the state-level APMC acts.

- Promotes barrier-free intra-state and inter-state trade of farmers' produce.
- Proposes an electronic trading platform for direct and online trading of produce. Entities that can establish such platforms include companies, partnership firms, or societies.
- Allows farmers the freedom to trade anywhere outside state-notified APMC markets, and this includes allowing trade at farm gates, warehouses, cold storages, and so on.
- Prohibits state governments or APMCs from levying fees, cess, or any other charge on farmers' produce.

2. Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020

The Act seeks to provide farmers with a framework to engage in contract farming, where farmers can enter into a direct agreement with a buyer (before sowing season) to sell the produce to them at pre-determined prices.

- Entities that may strike agreements with farmers to buy agricultural produce are defined as "sponsors" and can include individuals, companies, partnership firms, limited liability groups, and societies.
- The act provides for setting up farming agreements between farmers and sponsors. Any third parties involved in the transaction (like aggregators) will have to be explicitly mentioned in the agreement. Registration authorities can be established by state governments to provide for electronic registry of farming agreements.
- Agreements can cover mutually agreed terms between farmers and sponsors, and the terms can cover supply, quality, standards, price, as well as farm services. These include supply of seeds, feed, fodder, agro-chemicals, machinery and technology, non-chemical agro-inputs, and other farming inputs.
- Agreements must have a minimum duration of one cropping season, or one production cycle of livestock. The maximum duration can be five years. For production cycles beyond five years, the period of agreement can be mutually decided by the farmer and sponsor.
- Purchase price of the farming produce—including the methods of determining price—may be added in the agreement. In case the price is subject to variations, the agreement must include a guaranteed price to be paid as well as clear references for any additional amounts the farmer may receive, like bonus or premium.
- There is no mention of minimum support price (MSP) that buyers need to offer to farmers.
- Delivery of farmers' produce may be undertaken by either parties within the agreed time frame. Sponsors are liable to inspect the quality of products as per the agreement, otherwise they will be deemed to have inspected the produce and have to accept the delivery within the agreed time frame.
- In case of seed production, sponsors are required to pay at least two-thirds of the agreed amount at the time of delivery, and the remaining amount to be paid after due certification within 30 days of date of delivery. Regarding all other cases, the entire amount must be paid at the time of delivery and a receipt slip must be issued with the details of the sale.
- Produce generated under farming agreements is exempt from any state acts aimed at regulating the sale and purchase of farming produce, therefore leaving no room for states to impose MSPs on such produce. Such agreements also exempt the sponsor from any stock-limit obligations applicable under the Essential Commodities Act, 1955. Stock-limits are a method of preventing hoarding of agricultural produce.
- Provides for a three-level dispute settlement mechanism: the conciliation board—comprising representatives of parties to the agreement, the sub-divisional magistrate, and appellate authority.

3. Essential Commodities (Amendment) Act, 2020

An amendment to the Essential Commodities Act, 1955, this act seeks to restrict the powers of the government with respect to production, supply, and distribution of certain key commodities.

- The act removes cereals, pulses, oilseeds, edible oils, onion, and potatoes from the list of essential commodities.
- Government can impose stock holding limits and regulate the prices for the above commodities—under the Essential Commodities, 1955—only under exceptional circumstances. These include war, famine, extraordinary price rise, and natural calamity of grave nature.
- Stock limits on farming produce to be based on price rise in the market. They may be imposed only if there is: (i) a 100 percent increase in retail price of horticultural produce, and (ii) a 50 percent increase in the retail price of non-perishable agricultural food items. The increase is to be calculated over the price prevailing during the preceding twelve months, or the average retail price over the last five years, whichever is lower.
- The act aims at removing fears of private investors of regulatory interference in their business operations.
- Gives freedom to produce, hold, move, distribute, and supply produce, leading to harnessing private sector/foreign direct investment in agricultural infrastructure.

The Bills touted as agricultural reforms have several issues. First-of-all Agriculture is a state subject and the Central government has stepped into a domain which was not a part of its regulation. Secondly Indian farmers most of whom have small land holding on average of less than 1 acre feel that the laws will make them even more vulnerable as they give an edge to corporate and agri-business companies.

The Bills have left the farmers agitated and divided due to several reasons.

Major points of contentions.

The Farmers (Empowerment & Protection) Agreement of Price Assurance and Farm Services Bill: It draws a framework for contract farming agreement between farmers and buyer before sowing of a crop and for dispute settlement prescribes three level mechanisms – the conciliation board, sub-divisional magistrate and appellate authority. However, the points of contention are:

- Under this law it's not mandatory for a company to make a written contract with the farmer for any contract farming. So, even if the company violates the terms of the contract, the farmer cannot prove it.

- It does not have any provision to penalize companies which do not register their contracts. For e.g., Last year, Potato farmers from Gujarat witnessed a big issue where Pepsico attempted to penalize potato farmers for growing the same seed varieties. The farmer organizations finally had to knock on the doors of the court and agitate to get justice.

- Bill does not prescribe or specify that contract price of the crop should be at least equivalent or above the MSP. It means the contractor/companies can pay whatever price they want to the farmer. India's experience of contract farming has been poor with farmers getting very low rates through contract farming as compared to selling it in government mandis on MSPs (Minimum Support Price).

The Essential Commodities Act (Amendment) Bill: It empowers the Central government to regulate food items in extraordinary circumstances or impose stock limits if there is a steep price rise. However, the points of contention are:

- Till now only farmers, farmer cooperatives and Farmer Producer Organisations didn't have any limit or restriction for stocking, producing or selling their crop. As a result, they take conscious decision of selling their crops only when the market or the buyer is offering good price for the crop. So, under this bill the farmers are not getting any new freedom. On the contrary the government is now removing all the foodstuffs from this category allowing companies and traders to store as much quantity of food as they want which amounts to promoting hoarding.

- Through this Amendment the government is giving up its power to prevent hoarding and controlling price inflation. According to the law, government can intervene only if there is 50% price rise over previous year's price in case of non-perishable goods and 100% price rise over previous year's perishable goods.

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill: It allows intra-state and inter-state trade of farmers produce beyond the physical premises of Agricultural Produce and Livestock Market Committee (APMC) markets. State will be now prohibited from levying any market fees or cess outside APMC areas.

- The government says that now the farmers will have freedom to sell to anyone. Under the bill, the agri-business companies, corporate and traders will be allowed to open their own markets to purchase from farmers. However, the biggest fear coming from this is that it will destroy the level playing field between the APMC markets and other traders. Under the bill, the trade outside the APMC Mandis is virtually unregulated.

- Farmers were demanding that in case the government is allowing, new set of farm markets to come up; the state and local government should be given power to oversee their functioning and also regulate them. However, the demand has been ignored.

- Presently if the farmers feel the traders/corporate/agents working inside the APMC Mandis are involved in any unfair practices, they could complaint to the APMC Officers located in the yard itself. However, with the new Bill, in case of any disputes, farmers would be required to go to a sub-divisional magistrate court – which is beyond the capacity of small farmers to pursue given their financial constraints.

Farm bill Advantages

- The farmer will be attracted to relatively good crops, and his income will naturally increase if the farmer grows expensive crops, and he will also support agricultural growth.
- "These bills would also help to export agriculture." Tomar said that small farmers are about 86 per cent. "When these farmers manage to know in advance the fixed price of their produce by some legislation they can do profit farming."
- The Minimum Support Price (MSP) will not be impacted by these bills and this will help make farmers more advanced. "The MSP was, the MSP is, and in the future the MSP will continue."
- Through these changes, farmers will directly link with the major traders and exporters, adding benefit to farming. "Those bills would bring revolutionary improvements to farmers' lives."
- Through the bill, the Minister of Agriculture aims to provide a national structure for agricultural agreements that will protect and enable farmers to engage with agri-business companies, processors, wholesalers, exporters or major retailers.
- That bill would bring independence to the agricultural sector.
- These bills have no effect on the State APMC Act. "APMC will be in the state, but beyond its periphery, there will be inter-state trade, and farmers will be able to sell their goods from their field, home, and elsewhere after the law comes into being."

Conclusion

One of the reasons why there has been a lot of uproar throughout the country is due to the unconstitutional way in which the laws were passed as it is the state governments that regulate these aspects. The government should have included the opposition and also taken into account the voice of farmers in order to plug the loopholes in the bills.

This would not only create an assisted approach towards privatizing the sector but also avoid further exploitation. But unfortunately, the bills due to not being communicated appropriately have created an air of mistrust between the ruling, opposition, and the farmers.

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3. Private Rail for India – A Positive or Negative Way Forward?

Introduction

Indian Railways is among the world's largest rail networks, and its route length network is spread over 1,23,236 kms, with 13,523 passenger trains and 9,146 freight trains, plying 23 million travellers and 3 million tonnes (MT) of freight daily from 7,349 stations. India's railway network is recognised as one of the largest railway systems in the world under single management.

The railway network is also ideal for long-distance travel and movement of bulk commodities, apart from being an energy efficient and economic mode of conveyance and transport. Indian Railways is the preferred carrier of automobiles in the country.

The Government of India has focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects.

Market Size

Indian Railways' revenue increased at a CAGR of 6.20% during FY08–FY19 to US$ 27.13 billion in FY19. Earnings from the passenger business grew at a CAGR of 6.43% during FY07–FY19 to reach US$ 7.55 billion in FY19P. Freight revenue rose at a CAGR of 4.30% during FY08–FY19 to reach US$ 18.20 billion in FY19.

Revenue growth has been strong over the years. Indian Railways' gross revenue stood at Rs 183,092.74 crore (US$ 26.20 billion) in FY20 (till February 2020). Freight earnings in FY20 (till February 2020) stood at Rs 119,216.11 crore (US$ 17.06 billion). Passenger earnings for Indian Railways was estimated at 51,077.73 crore (US$ 7.31 billion) in FY20 (till February 2020). Freight remains the major revenue earning segment for Railways, accounting for 65.1% of its total revenue in FY20 (till February 2020), followed by the passenger segment.

Passenger traffic was valued at 7.25 billion and freight traffic at 1,208.34 million tonnes in FY20.

India was among the top 20 exporters of railways globally as of 2017. India's export of railways has grown at a CAGR of 31.51% during 2010–2018 to US$ 507.90 million. Exports of railways in 2019E stood at US$ 635 million.

Investments / Developments

Foreign Direct Investment (FDI) inflow in Railways Related Components stood at US$ 1,107.60 million from April 2000 to March 2020.

Following are some of the major investments and developments in India's railways sector:

- In November 2019, pilot project was launched to study the feasibility of using Railways' parcel service for e-tail players
- In November 2019, Indian Railways entered into a Procurement cum Maintenance Agreement with Madhepura Electric Locomotive Pvt. Ltd. (MELPL), a joint venture of Indian Railways and France-based Alstom to manufacture 800 electric locomotives for freight service and its associated maintenance

Government Initiatives

Few recent initiatives taken up by the Government are:

- On September 22, 2020, Indian Railways sanctioned a feasibility study for seven bullet train projects – all open to PPP investments
- In July 2020, The Ministry of Railways decided to create a special cell, Project Development Cell (PDC), in the railway board to increase investments and inflow of foreign direct investment (FDI)
- As per Union Budget 2020–21, Ministry of Railways have been allocated Rs 72,216 crore (US$ 10.33 billion)
- The railways have proposed to operate 151 trains in 109 routes. The private companies will be allowed to fix the fare for 35 years

Road Ahead

Indian Railway network is growing at a healthy rate. In the next five years, Indian railway market will be the third largest, accounting for 10% of the global market. Indian Railways, which is one of the country's biggest employers, can generate one million jobs, according to Mr. Piyush Goyal, Union Minister for Railways and Coal.

Indian Railways is targeting to increase its freight traffic to 3.3 billion tonnes by 2030 from 1.1 billion tonnes in 2017.

It is projected that freight traffic via the Dedicated Freight Corridors will increase at a CAGR of 5.4% to 182 MT in 2021 – 22 from 140 MT in 2016 – 17.

Current FDI Rules:

The FDI Policy permits 100% FDI in railways only in its infrastructure domain. FDI is permitted in the construction, operation and maintenance of the railway transport sector in:

- Suburban corridor projects through PPP model
- High-speed train projects
- Dedicated freight lines
- Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities
- Railway electrification
- Signalling systems
- Freight terminals
- Passenger terminals
- Infrastructure in industrial park pertaining to railways line / sidings including electrified railways lines and connectivity to the main railway's line
- Mass Rapid Transport Systems

Background for privatization of Indian Railways:

Several committees have gone into the expansion and the modernisation of Indian Railways. In 2015, the expert panel chaired by Bibek Debroy constituted by the Ministry of Railways a year earlier, recommended that the way forward for the railways was "liberalisation and not privatisation" in order to allow entry of new operators "to encourage growth and improve services." It also made it clear that a regulatory mechanism was a prerequisite to promote healthy competition and protect the interests of all stakeholders.

The present invitation for private operators to submit qualification bids for 151 trains would be, in the assessment of the Railway Board, only for a fraction of the total train operations — 5% of the 2,800 Mail and Express services operated by Indian Railways. The overall objective, however, is to introduce a new train travel experience for passengers who are used to travelling by aircraft and air-conditioned buses.

Reports suggest private companies like Adani Ports, France's Alstom, Spain's Talgo, Macquarie group, Tata Realty and Hyundai Rotem Company among many others have evinced interest in having a slice of the Indian Railways' pie.

Arguments for Privatization:

One of the arguments being given by the government for privatization is that during the year 2018-19, 8.85 crore passengers were in the waiting list and Indian Railways was able to provide only 16 per cent reservation out of these waiting list passengers, and hence for capacity augmentation, private players are permitted to operate the Railways.

Another major reason is that it will lead to improvement of service quality. Currently, Indian Railways is marred by mismanagement in the form of stinking washrooms, lack of water supply and dirty platforms, it is expected that a private company will ensure better amenities.

Normalization of prices: Improvement in quality of services has to be matched up by a rise in charges paid by the travelers. However, such issues of price rise are usually solved when competition increases which is expected to happen when private players are allowed to enter the sector since the move would foster competition.
Additionally, It will lead to better accountability and monitoring, which can keep a check on rising accidents in railways.

Private participation is also expected to lead to the infusion of modern technology and capacity building of Indian railways.

Precedents for Privatised Railways:

Argentina: The South American country nationalised its rail network in 1948 under President Juan Perón. It was again privatised through concessions with infrastructure belonging to the state, in the 1990s under President Carlos Menem's neoliberal reforms. However, following severe deterioration, till 2015, most rail routes are back under state control.

Canada: Following bankruptcy after World War I, several rail networks – Canadian Northern Railway, the Grand Trunk Pacific Railway, and the Grand Trunk Railway – in the country were brought under a central Canadian National Railways (CNR) in 1918 and subsequently privatised in 1995.

France: The government in 1878 took over several small rail companies to establish the Chemin de fer de l'État. The state took 51 percent ownership in 1938, after Chemin de fer de l'État merged with Chemins de Fer de l'Ouest. A newly formed SNCF (merged of five main railways) was 100 percent taken over by the government in 1982.

Germany: German railways was private and then nationalised by then Prussian government in 1879. The German Reich took over the railways in Prussia, Bavaria, Saxony, Württemberg, Baden, Mecklenburg-Schwerin, Hesse and Oldenburg regions after World War I. These lines were merged into the Deutsche Reichsbahn-Gesellschaft (DRG) in 1924. The DRG was privatised in 1937 by Nazi Germany. Post World War II, occupied Allied administrations split the DR into the Deutsche Bundesbahn and Deutsche Reichsbahn – both state-owned. Post fall of the Berlin wall and reunification of Germany the two were re-merged into the public company Deutsche Bahn AG in 1994. The company still holds quasi-monopoly in passenger segment but has competition from private players in freight and short-distance routes. As of 2008 last there were plans for an initial public offering (IPO).

Ireland: The Irish Córas Iompair Éireann was a merger between the Great Southern Railways and Dublin United Transport Company in 1945. It was a private limited company but nationalised in 1950. The last private rail line - Great Northern Railway - was also merged and nationalised in 1953. The assets are now split between Ireland and Northern Ireland (the UK).

Italy: Italian railways has been unified and entrusted to five regional concessionaires, before nationalising it in 1905. The national operator Ferrovie dello Stato competes against the Nuovo Trasporto Viaggiatori which is part owned by SNCF and other private investors.

Japan: The Railway Nationalisation Act of 1906 brought most of Japan's private rail network under state control and till 1907 private companies were limited to providing local and regional services. Privatisation of the Japanese National Railways began in the 1980s and still continues under government and private JR Group.

Russia: After the communist takeover of Russia, all railroads are under state control. The state-owned company holds monopoly over the mode of transport.

Spain: Following the Spanish Civil War, the country's broad gauge railways were nationalised as RENFE in 1941; followed by the narrow gauge routes. Some of these lines have since been given regional autonomy, but remain under national control.

United Kingdom: The Railways were nationalised in 1914 due to World War I, but returned to private owners in 1921. That was also the year the Railways Act, 1921 forced 120 companies to merge into four – The Great Western Railway, the Southern Railway, the London and North Eastern Railway, and the London, Midland and Scottish Railway – this process was completed in 1923. British Railways was nationalised in 1948 and then privatised from 1994-97 as per provision of services under contract, where over 100 companies took over. In 2001, Railtrack went bankrupt and was re-constituted as Network Rail, a private company with no legal owner but effectively government-controlled via its constitution and financing. Railways in Northern Ireland was nationalized in the 1940s and unlike British Rail, remain state owned.

United States: US rail was nationalised in 1917 to service World War II efforts under the Federal Possession and Control Act, creating the United States Railroad Administration (USRA). In 1920, control was returned to owners and freight operators remain private enterprises. President Richard Nixon established Amtrak to encourage passenger operations. Amtrak subsequently bought some tracks from bankrupt railways as well as Conrail.
Experts suggest that learning from past ventures, it is imperative that policy, regulation and operations be split for smooth future functioning.

Arguments against Privatisation:

As regards the lack of availability of seats for passengers in the waiting list, the Railways have increased 5.35 crore seats; out of these 70 per cent is in AC Coaches and 30 per cent was only left for the sleeper coaches. The government is not taking care of the common man's needs. It is aiming only to earn profit.

With the railways operating in competition with new private trains, the obvious conflict of interest could lead to disputes — but there is no regulator proposed for settling them. There is serious lack of carrying capacity on the trunk routes, on which many of the proposed private trains are supposed to run. And viability is an obvious question when the railways routinely cross-subsidises passenger traffic with the revenue from freight operations, and when air fares can often be surprisingly cheap.

Binoy Viswam, Rajya Sabha MP from the CPI has written a letter to the Prime Minister urging him to withdraw the decision of the government. He has appealed in his letter that "there is no dispute that the Indian Railways is in need of greater investment and updating. However, as a vital public service that connects people of the country, its privatisation is not a solution. The government should increase spending in the railway sector and implement effective solutions that do not depend on the sale of national assets. The lives and livelihood of millions of employees of Railways depend on your action. I therefore urge you to withdraw the decision and invest in the improvement of the Railways without privatising it."

Conclusion:

There is no doubt that privatisation of railways, just like that of other sectors, will increase competition, thereby giving customers a better product. However, unlike other sectors, the railways have an obligation to also provide affordable means of travel to the common man and a social objective of connecting the most remote parts of the country to the rest. There is also the question of dispute resolution and catering to another social objective of job creation, that private players will need to take care of, for railway privatisation to work successfully. The issues need to be addressed for successful implementation that benefits all stakeholders.

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4. Does India Need a Benevolent Dictator or a Strong Democracy?

Post World War II, quite a few countries including India gained independence from the British rule. Over past 70 years, India has evolved as a strong democracy, with deep-rooted respect & belief for democratic notions and tenets established by our constitution. However, the post-independence era of many of these countries was marked by pseudo-democracy, i.e. active army rule or army rule under the aegis of democracy (e.g. Pakistan and Indonesia) or strong militant outfits over a reasonable period of time (e.g. Sri Lanka)

The post-independence India also had a share of struggle in facing issues like poverty, lack of education, health & employment services, not to forget challenges of its kind posed by culturally & economically diverse population speaking different languages following contradictory social customs, at times. India sailed through testing times & the belief in a democratic system could not be shaken in spite of facing three big wars within the first 25 years of independence

In such a diverse country, the only binding thread was a strong belief in the core intent of democracy 'Of the people, by the people, for the people'. However, such a scale of
diversity also poses its share of challenges & complexity, which leads to a certain faction of people to ponder whether India needs a benevolent dictatorship instead of a democracy.

A survey conducted by the Pew Research Centre, a non-partisan American think tank based in Washington, D.C., released an interesting survey report in 2017. The survey revealed that most Indians might actually be tiring of their seven-decade old democracy. Of the Indians surveyed, 55% backed autocratic rule by a strong leader unfettered by legislatures or courts, 53% supported military rule and 65% found technocracy – a government run by unelected experts – to be a fine idea.

Since its first election in 1952, India has become a multiparty government with a parliamentary system and a commitment to free elections.

Points in favour of benevolent dictatorship

- Huge geographic & cultural spread poses considerable challenges to Indian policy-mak- ers to build a national consensus on the design of welfare programs serving majority interests of beneficiary groups having conflicting interests. We saw the kind of effort the Government had to put in to build general agreement on

GST implementation or an ongoing debate on implementing the common civil code. India can't afford such delays which have a huge adverse impact on economic growth. Being 'too democratic', thus, has its share of challenges

- Implementation of large-scale programs is mostly characterized by red-tapism & unwarranted delays caused by ulterior motives of the bureaucracy. If one wants to quicken decision-making process by bypassing the red tapism, it comes at a heavy cost & corruption gets social acceptance as perhaps the best way to get things done on time. A dictator will use his veto to push through certain agenda without encouraging red-tapism or hidden agendas

- In the past, countries have seen charismatic authoritarianism marked by "indeinite political tenure" by rulers like Fidel Castro (Cuba) or Sukarno (Indonesia). By and large, they were seen by their countrymen as strong advocates of nationalism, who dared to take on the West in spite of challenging times such as externally imposed economic sanctions. They were seen as proponents of social justice & anti-imperialism, who also pushed through ideologically driven infrastructure projects and several ini- tiatives around health & education. Hence, there are proven examples of benevolent dictators

Points in favour of a strong democracy

- A political system based on strong principles of democracy gives many powers to its citizen, freedom of expression being one. Article 21 of the Indian constitution offers the right to life & personal liberty to all citizens. In the recent past, a widespread movement like India against corruption (2011) was marked by a series of demon- strations and protests across the country. It intended to establish strong legislation and enforcement against perceived endemic political corruption. The movement was primarily one of non-violent civil resistance, featuring demonstrations, marches, acts of civil disobedience, hunger strikes, and rallies, as well as the use of social media to organise, communicate, and raise awareness. The spontaneous outburst of public sentiment is largely considered to be one of the key factors that toppled the incumbent central government in the next general elections. A dictator, however benevolent in nature, would have tended to smother such expressions of public dismay & as a result, would have violated the spirit of personal liberty, a key feature of a strong democracy.
- The legislature, the government, the judiciary and the press are considered as four pillars of democracy. Time & again, these pillars have reflected public opinion at large & helped genuine victims who sought justice. Criminal Law (Amendment) Act-2013 was brought against the backdrop of the country-wide outrage over Delhi gang-rape case in 2012 to provide a strong deterrent against crimes like rape. Only a model of strong democracy can entertain & appreciate public demands towards a strong cause.

- In the initial years of NDA governance, it did not hold a majority in the Rajya Sabha, hence quite a few bills that were important to the government could not be passed & converted into a law. The government, at times, tried to circumvent the Rajya Sabha route by proposing ordinances & pushed for the President's consent to pass them. The President, however, turned them down on quite a few occasions narrating that ordinances should be passed as one-off instances, only when the parliamentary session is not on & should not become a precedent to take a deviation from the standard parliamentary norm to fulil vested interests of a ruling party. In case of a dictatorship, it will be much easier to fulil such vested interests. A similar instance in 2016 when democratically elected Uttarakhand state government was ousted by the central government but re-installed later by the Supreme Court, which is another crucial pillar of democracy. Such controls only make the democracy strong.

Conclusion:

There is a deep-rooted respect for democracy in our country. As a result, India never faced anarchy unlike a few neighbouring countries & law and order situation, by and large, remained intact in most parts of the country. People of the country enjoy various liberties which includes the right to dissent. A dictatorship, however 'benevolent' it claims to be is less likely to give such freedom to judiciary & people against its own interests.

5. E-learning - The classroom of 2030

What is your vision of a classroom in the near future? Will online classes replace traditional physical classrooms? With technology playing a pivotal role in every aspect of human life, it won't be a surprise to see its impact on the changing architecture of a classroom in the next few years. The learning process has already changed in the past few years. For instance, we have E-learning tools that help students to access resources they couldn't have had otherwise; some are already using cloud storage to store their notes; students from different countries are attending classroom lectures conducted virtually. The steady rise in E-learning apps shows the popularity of online learning with students of all age groups. So yes, there is metamorphosis of education in a big way, and this has been hastened by the recent coronavirus pandemic. So, coming back to the question, will online classes replace traditional classrooms? Let's look at some of the broad facts.

The Transformation

The traditional classroom setup with rows of desks and chairs with students staring at a black/ white board with the teacher delivering a lecture will become a thing of the past as the method to disseminate knowledge is already changing. With E-Learning tools, the online classroom design will not be one template for all. It will be flexible. Classrooms will be designed to understand student's comfort and make the environment conducive for a student to absorb more knowledge. Private workstations and collaborative workspaces will be provided. Interactive projectors will replace blackboards/ whiteboards. But even though e learning has become an education equalizer, it's still not a replacement for the traditional classroom. Sure, the technology is advancing, but it's not flawless. Just like any new, burgeoning innovation, e learning faces its own challenges.

MOOCs: A Potential Game Changer

As classrooms go beyond the walls of traditional schools and break all geographical boundaries, it will make education accessible to all through the rise of Massive Open Online Courses (MOOCs). With MOOCs, students will be able to master multiple subjects. By the time they finish high school, they would have already mastered multiple subjects according to their aptitude. Although MOOCs have been slow on their take off at least for schools but given another 5 to 10 years, they will become one of the preferred mediums to disseminate knowledge. Why? Simply because it increases accessibility to knowledge as it is independent of geographic locations, and as the walls of the traditional schools disappear or become more flexible, MOOC will become a popular choice. Flexibility in learning style 'One Size Fits All' learning style will be a thing of the past. In the present scenario students irrespective of their aptitude has to work on assignments in the same way, whereas in the future because of technological help students will have flexibility of assignments and the teacher's primary role will be to analyse the competency of the student. For instance, instead of one way of presenting an assignment, students will be given an overview of the subject or the concept that they need to demonstrate through the assignments, but they will have the freedom to use different mediums according to their aptitude to demonstrate their understanding of the subject.

6. India's 'Neighborhood First' foreign policy – success or failure?

India shares its boundary with nations including Bhutan, Afghanistan, Maldives, Bangladesh, Sri Lanka, Nepal, and Pakistan. The Prime Minister of India in 2014 had a clear intention to strengthen India's ties with the neighboring countries. Even before becoming the Prime Minister, Mr. Modi hinted that his foreign policy would actively focus on improving ties with India's immediate neighbors which is now being termed as neighborhood first policy in the media. He started well by inviting all heads of state/heads of government of South Asian countries to his inauguration and, on the second day in office, he held bilateral talks with all of them individually. These talks were dubbed by the media as a mini SAARC summit. The mini SAARC summit was in relation to India's emphasis on increasing cooperation among the neighboring countries. The neighborhood-first policy involves the relationship of India with the South Asian countries and hence this policy is also called the South Asian Foreign Policy.

Implications of Neighborhood-first Policy.

This policy of the government aims to improve interactions with its immediate neighbours and the Indian Ocean island states. It achieves various goals through a holistic approach to regional foreign policy

- Connectedness: India entering into MoU with members of the South Asian Association for Regional Cooperation (SAARC), these agreements ensure a free flow of resources, energy, goods, labour, and information across borders.
- Resource support: Financial aid, equipment, human resource training and diplomatic alliances. For example, India provided immense assistance to its neighbour Nepal in the aftermath of the 2016 earthquake.
- Regional Institutions: India has participated and invested in SAARC as a vehicle for development in the region. One such example is the Bangladesh-Bhutan-India-Nepal (BBIN) grouping for energy development i.e. motor vehicles, waterpower management and inter-grid connectivity.

Need for the Policy

Due to certain historical reasons, the external boundaries of India still have demarcation issues with other countries. Apart from international political issues, there have been border disputes which need to be taken care of. China is laying certain claims on the territories on which it is not possible to agree. An important instrument of diplomacy is sharing what you have with the other countries. India has extended its assistance to the other nations despite having limited resources. India has started a few project schemes that are going on successfully in Bhutan, Nepal, Sri Lanka, and Afghanistan. The areas of focus in this scheme include primary health, education, infrastructure, rural roads, etc.

These kinds of schemes have generated goodwill for India in the neighboring countries.

Still, there are sharply contradictory views on the neighborhood first policy of the government. One view is that there has been a definite improvement in India's relations with neighboring countries recently, with Pakistan as an exception. The opposite view is that the NDA government's foreign policy has been an unmitigated disaster and that India has never been more isolated in its neighborhood than it is today. The entire region is bending to the Chinese wind, and the government is unable to do anything about it.

Afghanistan

The neighborhood-first policy has been a success in the country of Afghanistan. India has friendly and warm relations with Afghanistan. This country was in turmoil for about 40 years because of certain external interferences and India worked with the successive governments to provide help to Afghanistan. On 22 May 2014 the Indian consulate in Herat was attacked by 3 militants equipped with guns, grenades and suicide vests. India's ambassador to Kabul Amar Sinha at the time said that the attack would not dilute India's development assistance and its contribution to rehabilitation and reconstruction of Afghanistan. On 24 December 2015, India donated three Mi-25 attack helicopters (with an option to send one more in future) to Afghanistan as part of the bilateral strategic partnership to counter the Talibans. The next day, 25 December, Indian PM Narendra Modi visited Kabul to open the newly constructed Afghan parliament opposite the ruins of the Darul Aman Palace, which had been built by India for $90 million. President Ghani tweeted "Though, India and Afghanistan need no introduction, we are bound by a thousand ties… We have stood by each other in the best and worst of times".

On 4 June 2016, Prime Minister Narendra Modi and Afghanistan's President Ashraf Ghani formally inaugurated the $290-million Salma Dam with a capacity of 42 MW power generation. On 15 August 2019, on Indian Independence Day, Prime Minister Narendra Modi extended greetings to Afghanistan who were due to also celebrate Afghan Independence Day, the 100th year, four days later.

An agreement signed between the United States and the Taliban on February 29, 2020, marked a milestone in America's longest ever war. Accordingly, the majority of U.S. troops are expected to withdraw from Afghanistan by the end of 2021. In turn, and if this agreement is successfully implemented, sections of the Taliban could be expected to play a larger role in Afghan politics. This is hardly desirable for a country like India. Indian assets in Afghanistan have been targeted by the Haqqani group, a major Taliban faction. India has also been able to invest in Afghanistan's future partially because of the presence of U.S.-led troops and the relative stability it brought. With this stability at risk, India needs to urgently reposition its priorities.

Pakistan

India has had a difficult relationship with Pakistan since the countries were separated. The government that gets elected in Pakistan does not deal with the defense and foreign matters, the army has the final say on matters regarding this. In 1997, India and Pakistan had agreed to a composite dialogue but it did not progress as the army did not want it to progress. India has tried a lot of goodwill gestures for Pakistan but in return, India gets army organized terrorist attacks. The Pakistani army still remembers its defeat in the 1971 war and thus does not want to improve its relationship with India because it may raise questions on their integrity.

Pakistan and India were almost on the brink of war in 2019 following the Pulwama terror attack that killed dozens of CRPF soldiers and prompted India to carry out airstrikes on terror camps in Pakistan. This was followed by a deadly attack in Jammu and Kashmir's Pulwama on February 14, 2019, by Pakistan-based Jaish-e-Mohammad terror group that killed 40 CRPF soldiers. On February 26, Indian fighter jets entered deep inside Pakistan and bombed JeM terror camps in Balakot. It was for the first time that Indian jets entered Pakistan to drop bombs after the 1971 War. The airstrike was followed by aerial combat between air forces of the two countries on February 27 when Pakistan jets entered India. While chasing Pakistani jet an Indian Air Force jet crashed in Pakistan occupied Kashmir following which its injured pilot was captured. For a moment, it appeared that the worst moment in the hostility of the two nations had just arrived. But sanity prevailed and Pakistan quickly announced to release the Indian pilot and the two sides walked back from the cliff.

The strained ties between India and Pakistan further nose-dived following the abrogation of article 370 in August that revoked the special status of Jammu and Kashmir. The move angered Pakistan, which downgraded diplomatic ties with India and expelled the Indian High Commissioner. In November, Pakistan and India separately inaugurated the historic Kartarpur corridor on their sides of the border. Unfortunately, the goodwill generated by it could not be channelised into building trust and end the lock-jam in bilateral ties. Closer towards the end of 2019, India passed the controversial Citizenship law, giving ammunition to Pakistan which launched a fresh assault on India and warned of a looming refugee crisis in South Asia due to the steps taken by the BJP-led Indian government.

The year 2020 with several lows in Indo-Pak ties solidify the fact that the mistrust between the two countries is deeper than perceived.

Nepal

India and Nepal initiated their relationship with the 1950 Indo-Nepal Treaty of Peace and Friendship that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian territory. The 1950 treaty stated that "neither government shall tolerate any threat to the security of the other by a foreign aggressor" and obligated both sides "to inform each other of any serious friction or misunderstanding with any neighboring state likely to cause any breach in the friendly relations subsisting between the two governments." These accords cemented a "special relationship" between India and Nepal. The treaty also granted Nepalese the same economic and educational opportunities as Indian citizens in India, while accounting for preferential treatment to Indian citizens and businesses compared to other nationalities in Nepal. The Indo-Nepal border is open; Nepalese and Indian nationals may move freely across the border without passports or visas and may live and work in either country.

Despite the close linguistic, religious and cultural ties at people-to-people level between Indians and Nepalese, since late 2015 political issues and border disputes have strained relations between the two countries with anti-Indian sentiment growing amongst the government and people of Nepal. Further because of border disputes between the two countries, a boundary agreement hasn't yet been ratified by either government.

The healthy relationship had taken a turn when a new constitution was announced in Nepal. The new constitution had adversely affected the Madhesi people of the Terai region in Nepal. The Madhesis have familial connections in India in states of UP and Bihar. They have been suppressed and denied a lot of equal rights. The Constitution in 2007 of Nepal had addressed some of their issues but the Constitution of 2015 of Nepal rolled back a lot of those provisions resulting in unrest.

The Madhesi people protested and stopped the supplies of essentials that were coming from India which resulted in a humanitarian crisis. Nepal had blamed India for this economic blockade and to balance the power of India that it had over Nepal by playing the 'China card'. The situation got a lot worse in May 2016 when Nepal crossed their limits and cancelled the visit of Bidhya Devi(President of Nepal) to India and also called off their ambassador in New Delhi. This had turned a healthy relationship into a frosty one. Recently, the left coalition has clinched the parliamentary elections and this is supposed to bring several challenges for India.

The leverage that India had over Nepal in the internal politics has gone down a notch because of the rise of opinion makers and politicians in Nepal. There was a rise in these diplomats due to the conflicting priorities and inconsistent policies. China is willing to fill the void. Nepal has even signed the BRI (Belt and Road initiative) plan that would enhance the communications between Nepal and China. Nepal is preferring China's economic engagement instead of India's neighborhood-first policy. Therefore there is dire need to resolve all the issues that exist between India and Nepal so that the relationship between these nations stays healthy.

Maldives

Maldives has a strategic location in the region of the Indian Ocean and hence it plays a major role in the security of India's maritime architecture. India also has the SAARC bilateral relationship with Maldives and hence it is important for the neighbourhood-first policy of India.

Diplomatic relations with Maldives were established in 1972. Maldives and India do not have a Free Trade Agreement. However Maldives and China entered into Free Trade Agreement. Maldives growing "closeness" with China: Both China and Pakistan stepping up their strategic inroads into the Maldives.

Maldives' first democratically elected president from 2008 to 2012 Mohammed Nasheed, was arrested on 22 February 2015 on terror charges. India and the US expressed concern over Nasheed's arrest and manhandling. Indian PM Modi was to also visit Maldives in the second week of March as a part four nation visit to Indian Ocean neighbours. But, he later omitted Maldives from his tour. During the COVID-19 crisis of 2020, India extended help to Maldives in the form of financial, material and logistical support. In April 2020, India provided $150 million currency swap support to help Maldives mitigate the financial impact of COVID-19. Also in April, at the request of the Maldivian government, the Indian Air Force airlifted 6.2 tonnes of essential medicines and hospital consumables to Maldives, as part of 'Operation Sanjeevani'. India had also earlier despatched a medical team with essential medicines to help Maldives fight the COVID outbreak as well as supplied essential food grains and edibles despite logistical challenges in wake of lockdown

The relation between India and Maldives has been affected due to China's footprint on this island. In 2011, China had opened an embassy at the capital of Maldives, Male. Until 2011, the embassy of China that was in Columbo had taken care of the affairs with the Maldives. Maldives and China had signed an FTA (Free Trade Agreement) which did not have any opposition. This was China's second FTA with a South-Asian country (after Pakistan) and Maldives' first FTA with any country ever. In this FTA agreement, Yameen of Maldives had pledged to China that it would back China's MSR (Maritime Silk Road) that is a part of the BRI. The agreement between China and Maldives has impacted India's strategic backyard and aroused a lot of concerns for India.

Sri Lanka

India and Sri Lanka had faced some stagnation despite being primary neighbours that were due to the growing Chinese influence in Sri Lanka and the large scale civilian casualties that took place in the civil war of the north of that country that is Tamil dominated. One of the major concerns of India is the extreme Chinese engagement with the country such as the military presence in the strategically located ports of the country. In November 2014, Sri Lanka had allowed the Chinese nuclear-powered submarine to dock at the Colombo

Port of Sri Lanka even though India expressed concerns regarding this issue. The same kind of incident took place in September 2014 when the People's Liberation Army of China had coincided with the Indian army at the Chumar sector of the Himalayas. After these incidents, both China and Sri Lanka had clarified that these incidents were just the crew refreshment and refuelling of the submarine and nothing major.

The matter took a turn in 2015 when Rajapaksa was defeated in the presidential elections by Maithripala Srisena who had become the President of Sri Lanka in 2015. Maithripala Srisena's appointment as the President was expected to balance the leaning of Sri Lanka towards China as in February 2015, he chose India to be the first country for a foreign visit to start fresh bilateral relations. During this visit, there was a signing of a civil nuclear agreement between the two nations that would send a strong message to China. Three more agreements were signed during this visit that included tripartite maritime cooperation that also involved Maldives.

India-Sri Lanka relations get refreshed every time there is a change in the government in Sri Lanka. The new Sri Lanka Padajuna Peramuna (SLPP)dispensation in Sri Lanka, dominated by the Rajapaksas, which came to power after the presidential elections in 2019 and further consolidated its authority after scoring a resounding victory in the Parliamentary elections in August 2020 is now emphasizing its 'India-First policy' in response to India's 'Neighbourhood First' policy. This is apparently to indicate its willingness to factor in Indian sensitivities in its foreign and security policies. However, it requires deeper analysis to understand the reasons for which the Rajapaksas, known for their leaning towards China and apathy towards India, have sought to warm up to India even after winning the elections so convincingly.

India should not be complacent with the policy announcement from Colombo and must insist that India's concerns and interests should be taken due care of.

Bhutan

India and Bhutan have a relationship of mutual confidence, respect, and trust for the national interest of one another. Bhutan is strategically located between China and India and hence holds a lot of importance. It is the only country with which India has had friendly relations since our Independence. Modi chose Bhutan as the first neighbouring country to visit after he started his term in the office.

A bilateral treaty was signed between India and Bhutan in 1949 called the Treaty of Friendship, to which Bhutan wanted some changes. These changes were readily accepted by India and a new Treaty was signed in 2007 that addressed the concerns that Bhutan had with the old Treaty. This new Treaty states that neither of the countries are allowed to use its territory for any kind of harmful activity that would disrupt the interest and security of the other nation.

India has been Bhutan's primary economic as well as a development partner. Modi had visited Bhutan in 2014 after he had been invited by Tobgay and King Jigme Khesar Namgyel Wangchuck. He made a Supreme Court Complex and promised to provide assistance to Bhutan on matters concerning IT and digital sectors. He also made some business ties such as inaugurating the Supreme Court of Bhutan and making a hydro-electric deal. Modi said that Bhutan was the first foreign country he visited because it was his natural choice and the relationship India and Bhutan have is special and unique.

Bangladesh

India has benefited a lot from the neighbourhood-first policy. In particular, Bangladesh has provided India with excellent strategic opportunities that would help to change the geopolitical situation of South Asia. India and Bangladesh had accepted the judgment that was given by the International Tribunal for Law of the Sea in July 2014 and these countries had settled a maritime dispute that was going on for a long time. Modi visited Bangladesh in June 2015 where India and Bangladesh exchanged instruments of ratification regarding the agreement on the historic land boundary. In April 2017, Sheikh Hasina, the Prime Minister of Bangladesh had visited India where she announced a new credit line that would be of $4.5 billion and an additional $500 million to purchase the defense hardware of Bangladesh.

Bangladesh is considered to be the bright spot in the neighbourhood-first policy and this relationship between the two nations has not derailed despite the efforts of ISI-sponsored elements and the pro-Pakistan groups, in fact, Bangladesh is at the forefront of India's strategy of counterterrorism. Bangladesh has played an important role in the sub-regional initiatives that had taken place such as the BBIN initiative(Bangladesh-Bhutan-India-Nepal) and the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. S. Jishankar, India's Foreign Secretary has said that the neighbourhood-first policy has shown good results in Bangladesh as these nations have had a healthy relationship.

The development of Bangladesh-China relations – which some observers claim comes at an expense to Bangladesh-India ties– can only make sense if we look at how relations between the countries are unfolding from a larger perspective. What is happening in the region is a logical change based on national interests and geopolitical necessities. What Bangladesh would need to do is maximize its national interest and economic growth for which it will continue to hold meaningful relations with different countries regardless of regions. However, there is also a clear indication that New Delhi has been overprotective of its relations with Bangladesh in the recent months. Amid India-China tensions in eastern Ladakh — which resulted in a skirmish with the Chinese military in the middle of June, resulting in the deaths of 20 Indian soldiers — as well as growing tensions with Nepal, India has found itself isolated from its neighbors in part thanks to increasing Chinese influence in the region. Having both commercial and political stakes in Bangladesh, New Delhi expected Dhaka's support in the ongoing conflict with China. But to New Delhi's surprise, Dhaka did not take a side. Instead, it took a neutral stance and called for peaceful settlement of contentious issues. It is not an issue of India losing out to any other country, it is just the organic need of the developing countries with which Indian economy and foreign policy have to synchronize.

Myanmar

As one of only two Southeast Asian countries invited to attend the swearing-in of Indian Prime Minister Narendra Modi after he won re-election in May 2019, Myanmar's relations with India have been thrust into the spotlight. Myanmar is an important member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a minilateral sub-regional organization that is committed to fostering bilateral or regional cooperation among Bay of Bengal countries. Myanmar is geopolitically significant to India as it stands at the center of the India-Southeast Asia geography. Myanmar is the only Southeast Asian country that shares a land border with northeastern India, stretching some 1,624 kilometers. The neighbors also share a 725-km maritime boundary in the Bay of Bengal. Infrastructure projects are underway, such as the India-Myanmar-Thailand Trilateral Highway and Kaladan Multi-Modal Transit Transport (KMMTT), which aims to connect the eastern Indian seaport of Kolkata with the Sittwe deep-water port in Myanmar's Rakhine state by sea. As part of its policy for the Indian Ocean called Security and Growth for All in the Region (SAGAR), central to which is "port-led development," India developed the Sittwe port in Myanmar's Rakhine state. This port, which sits on the Bay of Bengal, serves as a critical node of the KMMTT initiative to connect southwestern Myanmar to northeastern India by creating a multi-modal trinary of sea, river and road transport corridor to boost interconnectivity.

The Indian and Myanmar armies have carried out two joint military operations, codenamed Operation Sunshine 1 and 2, to fight militants along the borders of Myanmar's Rakhine state, which borders the northeastern Indian states of Arunachal Pradesh, Nagaland, Manipur, and Mizoram. Greater impetus was given to these operations after Modi visited Myanmar in 2018.

Seeing that Myanmar is critical to its national security interests, India provides military training and conducts joint military exercises with the Myanmar Army like the India-Myanmar Bilateral Military Exercise (IMBAX-2017 and IMBEX 2018-19), by which India had trained the Myanmar Army to be able to participate in UN Peacekeeping Operations.

Myanmar's geostrategic importance to India has meant that Delhi did not take a hardline approach on Naypyidaw vis-à-vis the Rohingya issue, even keeping its distance when Myanmar was hauled into the International Court of Justice over accusations of Rohingya genocide.

But because of geopolitical considerations and mindful of international public opinion, India, which has a Hindu majority, will need to perform a balancing act between Muslim-majority Bangladesh and Buddhist-majority Myanmar as far as the Rohingya issue is concerned. India has therefore played it safe by providing humanitarian relief even while deporting Rohingya refugees from India for security reasons, provoking the UN's ire.

China's Growth

China has developed a series of infrastructure projects that have led a lot of experts to believe that this might regionally isolate India. The national security of India is at risk because of the strengthening ties between Pakistan and China, as Pakistan is India's arch-nemesis. China has also laid its ground in Nepal and Maldives that has emerged as a widespread concern for India. China had also tried to lay its hand on the strategically located Bhutan but had failed to do so, but this shows China's aggressive posturing of which India should take concern.

The neighbourhood-first policy initiative that was launched has seen a lot of engagements with the neighbouring nations that have proved to be a high point of foreign policy for India in the recent era.

Achievements

- PM Modi invited all the SAARC leaders to his swearing-in ceremony and he held bilateral talk with all of them individually
- South Asia Satellite launched by India is intended to support the whole of South Asia. The launch of the South Asia satellite represents a wonderful integration of India's neighborhood-first strategy.
- India and Bangladesh have signed pact to operationalise the historic Land Boundary Agreement (LBA). India pledging a $2 billion Line of Credit for Bangladesh, the largest single LOC for any country committed by India.
- India is planning to build Trincomalee Port in Sri Lanka. The port is envisioned as an Indian counterweight to Chinese developments at Hambantota Port.
- India and Nepal have signed MoU to build strategic railway line connecting Raxaul city in Bihar, India to Kathmandu, capital of Nepal.

Shortfalls

- India's increasing tendency to interfere in the domestic affairs of its smaller neighbours. Example India interfered in Nepal's internal matters when its constitution was amended which created anti-India sentiments.
- The last year witnessed serious ceasefire violations along the Line of Control with 200% increase in number of violations. Pakistan shows no sign of altering its anti-India trajectory.
- China has embarked on a series of infrastructure development projects in the region, can leave India isolated regionally and encircled by Chinese allies.

- Anti-India sentiments are slowly getting rooted in the minds of people of Bhutan due to India's big brother attitude and its economic dependence on India.
- Demonetization rattled countries like Nepal, Bangladesh, Bhutan, Sri Lanka, and Myanmar which encouraged the use of the Indian currency (rupee) as a parallel currency within their borders.

Conclusion

India's neighborhood -first policy has yielded positive results as India has extended assistance to its neighbours whenever such kind of assistance was required. There is nothing particular in the neighbourhood-first policy as it is just maintaining a positive relationship with its neighbour nations. However, the shortfalls call attention to a much more nuanced approach to the policy as a whole in the face of the growing influence of an aggressive China in the region.

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7. Can electric cars succeed in India

Can electric cars succeed in India?

- An electric car is an automobile that is propelled by one or more electric motors, using electrical energy stored in rechargeable batteries.
- Electric cars were popular in the late 19th century and early 20th century, until advances in internal combustion engines, electric starters in particular, and mass production of cheaper gasoline vehicles led to a decline in the use of electric drive vehicles. In 1897, electric cars found their first commercial use in the USA. New York City taxis were electric, and they were manufactured by the Philadelphian Electric Carriage and Wagon Company.
- Today, the global electric vehicle market is witnessing a rapid expansion. The total number of electric cars has reached three million units globally. Around one million new electric cars were sold in 2017 alone, representing growth of 54% as compared with 2016. The total number of electric buses increased to 370,000 units and electric two-wheelers reached 250 million by 2017.
- Today, the top countries/regions in cumulative sale of Electric cars in 2016 December are: China, Europe, USA, Japan, Norway, Netherlands, France, UK, and Germany

Leading companies in the field of electric cars -

- Tesla
- BMW
- Nissan
- Chevrolet
- Ford
- Volkswagen
- Kia In India

Electric vehicle manufacturers in India/ manufacturers of electric vehicles launched in India are:

- Mahindra e2oPlus
- Mahindra e-Verito.
- Tata Tigor Electric

Below are some of the hybrid cars available in India:

- Toyota Prius
- Toyota Camry Hybrid
- BMW i8

– Mahindra Scorpio MicroHybrid
– Maruti Suzuki Ciaz Diesel SHVS
– Maruti Suzuki Ertiga Diesel SHVS

Why?

- Air Quality Indices related to India indicate that the air in many cities of India is no longer healthy. Automobile related pollution has been one of the causes for this. Transportation accounts for about 11 per cent of India's carbon emissions and is a major source of air pollution in several cities nationwide. According to a 2018 World Health Organization (WHO) report as many as 14 of the world's top 20 most-polluted cities are in India.
- There is a need to reduce dependency on a fossil-fuel based economy. India's crude oil imports for 2014-15 was 112 billion dollars (approximately 7,00,000 crore rupees). For comparison, the allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme, in budget 2017-18, is 48,000 crore rupees.
- People living in some of the Indian cities are being affected by noise pollution. Some of the Indian cities have the worst noise pollution levels in the world. Electric vehicles may also contribute to a reduction in noise pollution levels in the cities.
- Energy efficiency and emission reduction has improved in automobiles. Yet, the growth in total number of vehicles on road, and the resulting total pollution and total energy consumption removed all gains made by betterment in energy efficiency and emission reduction by automobiles. Energy efficiency measures and pollution control measures did not keep pace with the sales growth in vehicles. The total number of vehicles registered in India has been 5.4 million, 11 million, 33 million, 40 million and 210 million in the years 1981, 1986, 1996, 2000 and 2015. This indicates a 3500+ percentage growth in the total number of vehicles between 1981 and 2015. The total number of vehicles sold in India increased between 1,54,81,381 in 2010-11 and 2,04,69,385 in 2015-16 indicating a 30+ percentage growth in this five year period.

Electric vehicle industry in India:

- Aspects related to global warming needs a shift to automobile solutions that reduce, or do not produce greenhouse gas emissions.
- The electric vehicle market is gaining momentum in India due to the ambitious plans and initiatives of the government. Public authorities in India have made a number of electric vehicle-related policy announcements over the past few years showing strong commitment, concrete action, and significant ambition for the deployment of electric vehicles in the country.
- India unveiled 'National Electric Mobility Mission Plan (NEMMP) 2020' in 2013 by then Prime Minister Manmohan Singh to address the issues of National energy

security, vehicular pollution and growth of domestic manufacturing capabilities. Its target was to achieve sales of 5-6 million electric and hybrid vehicles by 2020 which is much higher than the current number of these vehicles.

- Under the NEMMP 2020, an incentive scheme, Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME), was launched in 2015 to reduce the upfront purchase price of hybrid and electric vehicles and to stimulate their early adoption.
- May 2017, the National Institution for Transforming India outlined a vision for the transformation of mobility in the country, proposing a set of actionable and specific solutions to accelerate India's leadership in advanced mobility.
- In early 2018, the Ministry of Power launched the new National Electric Mobility Programme to focus on creating the charging infrastructure and a policy framework to set a target of more than 30% electric vehicles by 2030. The program is being implemented by Energy Efficiency Services Limited (EESL), which facilitates demand creation for electric vehicles in India by promoting public procurement.
- In 2017, India sold about 900,000 EVs, 4 per cent of the volume of diesel and petrol vehicles sold.
- Currently, the government's electric vehicle fleet consists of the Mahindra e-Verito and the Tata Tigor EV. Various other automobile manufacturers have started working extensively toward electrifying or introducing electric vehicles in their portfolio. Hyundai has confirmed that its electric vehicle will debut in India by 2019. Maruti Suzuki has also announced that it will launch its first electric vehicle in India by 2020.
- Setting up charging stations for electric vehicles does not need a separate licence under the Electricity Act of 2003, the government has said, giving a big boost to ambitious EV plans. Though, a distribution licence is required to distribute power from respective state electricity regulatory commissions (SERCs).
- Consequently, many companies have started setting up charging stations in their captive facilities or in public places. Tata Power has set up three fast charging electric vehicle stations at the Hyderabad campus of the information technology firm Cognizant. This was followed by the launch of Mumbai's first electric vehicle charging infrastructure, with nine charging stations across significant locations. Finnish state-owned company Fortum has set up two electric vehicle charging stations at Indian Oil outlets for the general public in Hyderabad.
- In 2017, Nagpur became the first Indian city to get an electric vehicle charging station. The charging station was opened at one of Indian Oil's stations in collaboration with cab aggregator Ola for the first stage of its pilot project in Nagpur launching 200 electric vehicles including buses, auto and cars. The solar power developer ACME Group provided Ola with EcoCharge battery swapping and charging stations.
- India is also a member of the Electric Vehicles Initiative (EVI) multi-governmental policy forum. The EVI forum was established in 2009 to accelerate the deployment of electric vehicles worldwide and facilitate exchanges between policymakers and

various stakeholders. Countries currently active in the EVI include Canada, China, Finland, France, Germany, India, Japan, Mexico, the Netherlands, Norway, Sweden, the UK and the US.

Challenges –

- They are far less polluting, but pose a challenge to Indian driving practices
- Noiseless operation and instant torque and quick acceleration of electric vehicles will demand change in driving habits.
- India does not have enough lithium reserves for manufacturing lithium-ion batteries. This could lead to a substantial change in the country's energy security priorities, with securing lithium supplies, a key raw material for EV batteries, becoming as important as buying oil and gas fields overseas.
- India also needs to have a solution ready for these vehicles after their battery life is depleted.
- The country should work on establishing an effective charging infrastructure as well as necessary regulations around creating the ecosystem for electrical vehicles to operate smoothly.
- Another issue is whether to go for AC (alternating current) or DC (direct current) chargers. While an AC charger takes around six hours to charge an EV, DC chargers are faster and take around 40 minutes to one hour to fully charge a vehicle.

Conclusion

Electric cars present a unique opportunity for Indian drivers. Instead of tamping down the technology, we can instead change our habits - be mindful of lanes, wait our turn, be polite and respectful of others and their needs, and make our driving smoother, as well as make best use of regenerative braking. Perhaps there will be a spin-off to this. Driving the electric car may make us more orderly while standing in queues, and even consider inviting others to go ahead of us.

Despite the ambitious plans and initiatives of the government, the lack of consistency among visions and achievements at different times and by different sectors suggest that India needs to ensure greater coordination in the deployment of electric vehicles as it moves forward. There is no plan for the government to develop a nationwide charging infrastructure. Instead, it hopes that by promoting the uptake of electric vehicles, it will create the ecosystem by which charging networks will become a necessity, and thereby presenting opportunities for commercial operators to open charging stations. Keeping India's Electric vehicle fleet moving will require a significant growth in the country's electric vehicle charging infrastructure. Currently, India has nearly 56,000 traditional fuel stations compared with 222 community EV charging stations.

8. Is it time for a Universal Basic Income programme in India?

The Universal Basic Income (UBI) is a concept which entitles a payment of a predetermined amount of money from the government to every adult citizen of the country on a regular basis.

Most government welfare programmes either require some work from the beneficiaries (such as MGNREGA) or certain qualifications such as being from the underprivileged background. However, the idea of UBI is that it is truly 'Universal' in nature or it requires no qualification for the receipt of payment nor does it require any service from the beneficiaries. The idea of UBI is that every adult citizen of the country is entitled for payment just for 'being alive'.

The proponents of UBI advocate the following reasons for their support to the idea:

1. Due to changes in the economy taking pace at unprecedented pace due to computerization and Artificial Intelligence (in the coming years), several traditional jobs are getting rendered redundant. The lower strata of the society is the hardest hit due to these changes. If the people receive regular payment, that will help them at least to survive and give enough breathing space to learn new skills suitable for the new economy.
2. Sometimes certain developments take place without any warning and have the potential to disrupt the entire economic activity. For example, COVID-19 pandemic and the subsequent lock-down in 2020 bears testimony to that. At such times, not only the poor but also several middle class people also have to bear the brunt. Any regular inflow of income will ensure survival of the people in such trying times.
3. Many aspiring entrepreneurs have good business ideas but they cannot take the plunge out of the concern that they would not have a steady source of income till the time the business is established. If every individual is paid UBI, that will assure the aspiring entrepreneurs much needed back-up to enable them to take the plunge.

An important point to realize is that the UBI is expected to replace all the existing welfare schemes of the government. The government runs several welfare schemes for the citizens in the form of various subsidies, MGNREGA, Mid day meal scheme, etc. There is a valid concern that huge government bureaucracy is required to run these programmes with large amounts of expenses. Moreover, proper targeting of beneficiaries is often not achieved with a significant number of needy people ending up not receiving the support from the government. The idea often advocated is to replace all the existing government welfare schemes with one UBI payment.

Historic Background of UBI

The idea of UBI was first mooted back in late 1790s by American Philosopher Thomas Paine. He advocated the payment of a certain amount to all young Americans financed by taxing the heritage. American Civil Rights leader Martin Luther King also supported the idea of UBI in his book titled 'Where do we go from here? Chaos or community?', written in 1967. Democratic party candidate in the 1972 US Presidential election George McGovern (who lost to President Richard Nixon in the election) called for the payment of $1000 per month to every American. Since the early 1980s, the state of Alaska in the US has been paying the people of the state about $1600 per year from the revenues collected from the sale of oil and natural gas resources of the state.

In the Economic Survey for the financial year 2017-18 in India, the Ministry of Finance recommended to the government to explore the idea of unconditional cash payments to all citizens. Similarly, the election manifesto of Indian National Congress for 2019 parliamentary elections promised Rs. 6000 per month to all people below the poverty line under the scheme named 'Nyay'. This scheme can be called a variant of the idea of UBI. However, it is to be noted that Nyay scheme advocated by Indian National Congress did not call for replacement of all the government sponsored welfare schemes with one UBI. It was promised as one more welfare scheme.

A few other variants to UBI have been suggested from time to time. For example, Nobel Laureate Milton Friedman mooted the idea of 'Negative Income Tax' with certain caveats, which can be called a variant of UBI.

In this write-up, we will discuss the tenability or otherwise of the UBI as well as the economic aspects of the UBI. We will also discuss the alternatives to UBI, if any.

Discussion of the Pros and Cons of UBI

1. Although it is expected that UBI would replace all the existing welfare schemes of the government, it may not be feasible for politicians to dismantle the existing welfare schemes.

   As on March 2016, as many as 28 Crore Indians were registered under MGNREGA scheme, out of which 9.8 Crore were active workers (https://www.business-standard.com/article/specials/how-52-million-indians-may-depend-on-mgnrega-for-20-years-116030200317_1.html)

   This is a huge number and it may not be politically feasible for the ruling party to stop the scheme and replace it with one UBI.

   Even if all the government subsidies and welfare schemes are replaced with one UBI for now, nothing stops the politicians from bringing new schemes in the future in order to win votes.

2. It is difficult to come up with an objective measure of the amount to be paid under UBI. For example, the amount of welfare received by different people under existing schemes varies from person to person. If everyone is to be paid some average amount, some beneficiaries will receive less support than that in the existing schemes. Such individuals will be worse off under UBI than under existing schemes.
3. Can we come up with an objective measure to account for the differences in cost of living at different places for UBI payment? For example, if the same amount is paid to people in Mumbai as the people living in say rural Uttar Pradesh, the poor people living in Mumbai will be worse off because of the higher cost of living in Mumbai.
4. UBI will have to keep pace with inflation in order to be effective. If it does not increase as much as inflation, beneficiaries will be worse off. On the other hand, if UBI increases at a rate higher than inflation over the years, it will add to overall money supply in the economy, which will further increase the prices. Also, if UBI increases at say 8% in one year due to high inflation, it would be politically infeasible to reduce the increase to anything less than 8% even in low-inflation years.
5. Ruling party may try to influence the voters by increasing UBI disproportionately higher in election years.
6. Another important consideration is that even if all other concerns about UBI are taken care of, receiving payment on a platter just for being alive will take away the incentive to work from the poor people. It is not good for the future of the economy and the country to disincentivize substantial population from working.

In general, the idea of UBI is extremely vulnerable to being misused as a ploy by politicians.

Before we examine the possible alternatives to UBI, we will discuss certain economic aspects of UBI in case UBI does not replace the existing welfare schemes but ends up being one more welfare scheme and an exercise of distributing money.

Basic principles of Economics

The world of Economics is guided by certain basic inviolable principles. We can overlook those principles only to our detriment. We will discuss the relevant principles of Economics here.

1. Scarcity
2. The nature of money
3. The law of demand and supply

<u>Scarcity</u>: Scarcity has been ingrained in nature. All of us desire almost infinite things but we cannot have it all. While all of us agree that the lower strata of the society should

earn enough money to be able to survive, we cannot escape scarcity. Good intentions do not make scarcity miraculously disappear. What scarcity are we talking about here? Is it scarcity of money or something else? This brings us to the next important basic principle of Economics regarding nature or money.

The nature of money: It is important to realize that money is just a standard (albeit a very convenient standard) to measure the goods and services. Money by itself is worthless. Its worth is derived from what we can purchase using money. If we increase the money supply while keeping the output unchanged, we will have a situation of 'too much money chasing too few goods', which eventually leads to inflation. The basic scarcity concerning us is that of goods and services and not of money. Just because money supply in the economy increases, the amount of goods and services produced does not miraculously increase.

The law of demand and supply: To put in simple terms, the law of demand and supply states that given everything else is unchanged, prices increase if demand is higher than supply.

If we combine these three basic principles of Economics, we will understand why distributing money among the poor cannot solve the problem of poverty. Imagine that every person in India is given Rs. 1 Crore in his/her bank account. For a while, everyone will get a feel of being rich. Out of 130 Crore Indians, say 50 Crore people would want to buy a car. The demand for cars in the country will suddenly increase manifold, which supply cannot keep pace with. According to the law of demand and supply, the only result will be an increase in the prices of cars. Earlier, most people did not have too much money and they could not afford to buy a car priced Rs. 5 Lakhs now most people would have a lot of money and they will not be able to afford a car now priced at say Rs. 50 Lakhs. Now extrapolate this idea to UBI. If UBI just turns out an exercise in distributing money just for being alive, can we expect any outcome other than inflation?

Negative Income Tax: Possible alternative to UBI

Nobel Laureate Milton Friedman suggested the idea of 'Negative Income Tax' (NIT) in 1962 in the book 'Capitalism and Freedom' that he wrote jointly with his wife, Rose Friedman. The Friedmans strictly suggested replacing all the then existing government welfare schemes with NIT. In fact, when the idea of implementing NIT was suggested during the tenure of President Richard Nixon, the same Milton Friedman opposed the idea because he was not convinced that politicians would ever completely dismantle the then existing welfare state regime and feared that NIT would end up being one more welfare programme.

The idea of NIT is that the government should fund 50% of the difference between the amount earned by an individual and the minimum amount needed for survival. For example, if the minimum amount required for survival is $10,000 per year, someone earning nothing should get $5000 from the government (50% of the difference 10000 - 0), someone earning $8000 per year should get $1000 from the government (50% of 10000 - 8000) and so on. Friedman strictly advocated against paying the entire difference as he feared that doing so would take away all the incentive to work.

Overall the idea of Negative Income Tax is one step improvement over UBI because it does not kill the incentive of the poor people to work. However, it also suffers from many of the same drawbacks as UBI. For example, nothing stops the ruling party from hiking the payment (from say 50% to 60%) in order to win votes.

Verdict

The concept of UBI is extremely vulnerable to misuse by politicians. Any such misuse by politicians can potentially have detrimental long-term consequences to the economy. Moreover, it is not possible to introduce any safeguards against any such misuse.

A number of experiments at various local places in the US, Canada, Kenya have been performed on the implementation of UBI. However, these experiments have been performed with limited sample size for a limited time period. Moreover, since these experiments have been essentially local in nature, their impact on the economy as a whole could not be ascertained.

The Negative Income Tax seems an improvement over UBI. However, in a country like India with a significant presence of an informal economy, it is difficult to accurately ascertain the income levels of the people. Therefore, NIT is also not a practical idea in a country like India.

In conclusion, the verdict is against the implementation of UBI or NIT in India.

9. National Education Policy - Will it revolutionize the Archaic Indian education system?

The article is divided into two parts.
Part 1 : The Archaic Indian Education system
And
Part 2 : The National Education Policy 2020
Let's look at the emergence of Education in India before we get to the NEP 2020.To say that the Education system has undergone a radical change would be an understatement. I have chronicled vital events that have happened since ancient times till the suggestion of the NEP 2020.

PART 1 : THE ARCHAIC INDIAN EDUCATION SYSTEM

EARLY HISTORY

Early education in India commenced under the supervision of a guru. Initially, education was open to all and seen as one of the methods to achieve Moksha in those days, or enlightenment. As time progressed, due to a decentralised social structure, the education was imparted on the basis of varna and the related duties that one had to perform as a member of a specific caste.

The Brahmans,for instance, learned about scriptures and religion while the Kshatriyas were educated in the various aspects of warfare. The Vaishya caste learned commerce and other specific vocational courses. The other caste Shudras, were men of working class and they were trained on skills to carry out these jobs.

The earliest venues of education in India were often secluded from the main population. Students were expected to follow strict monastic guidelines prescribed by the guru and stay away from cities in ashrams.

However, as the population increased under the Gupta empire centres of urban learning became increasingly common and Cities such as Varanasi and the Buddhist centre at Nalanda became increasingly visible. Education in India saw the first signs of getting secular.

Education in India was closely related to religion. Among the Heterodox schools of belief were the Jain and Buddhist schools. Heterodox Buddhist education was more inclusive and aside of the monastic orders the Buddhist education centres were urban institutes of learning such as Taxila and Nalanda where grammar, medicine, philosophy, logic, metaphysics, arts and crafts etc. were also taught. Early secular Buddhist institutions of higher learning like Taxila and Nalanda continued to function well into the common era and were attended by students from even as far off as China and Central Asia.

EARLY COMMON ERA TO THE HIGH MIDDLE AGES

Chinese scholars such as Xuanzang and Yi Jing arrived in Indian institutions of learning to survey Buddhist texts. However, the Buddhist institutions of learning were slowly giving way to a resurgent tradition of Brahmanism during that era. Scholars from India also journeyed to China to translate Buddhist texts. During the 10th century a monk named Dharmadeva from Nalanda journeyed to China and translated a number of texts. Another centre at Vikramshila maintained close relations with Tibet. The Buddhist teacher Atisa was the head monk in Vikramshila before his journey to Tibet.

Examples of royal patronage include construction of buildings under the Rastrakuta dynasty in 945 CE. The institutions arranged for multiple residences for educators as well as state sponsored education and arrangements for students and scholars. Similar arrangements were made by the Chola dynasty in 1024 CE, which provided state support to selected students in educational establishments. Temple schools from 12–13th centuries included the school at the Nataraja temple situated at Chidambaram which employed 20 librarians, out of whom 8 were copiers of manuscripts and 2 were employed for verification of the copied manuscripts. The remaining staff conducted other duties, including preservation and maintained of reference material.

LATE MIDDLE AGES-EARLY MODERN ERA

With the advent of Islam in India the traditional methods of education, that developed so far, increasingly came under Islamic influence. Pre-Mughal rulers such as Qutb-ud-din Aybak and other Muslim rulers initiated institutions which imparted religious knowledge. Many muslim Scholars became prominent educators and established Islamic monasteries. Students from Bukhara and Afghanistan visited India to study humanities and science.

Islamic institution of education in India included traditional madrassas and maktabs which taught grammar, philosophy, mathematics, and law influenced by the Greek traditions inherited by Persia and the Middle East before Islam spread from these regions into India. A feature of this traditional Islamic education was its emphasis on the connection between science and humanities.

The education system under the rule of Akbar adopted an inclusive approach with the monarch favoring additional courses: medicine, agriculture, geography, and texts from other languages and religions, such as Patanjali's work in Sanskrit. The traditional science in this period was influenced by the ideas of Aristotle, Bhāskara II, Charaka and Ibn Sina. This inclusive approach was not uncommon in Mughal India.

The Middle Ages also saw the rise of private tuition in India as the state failed to invest in a public education system. A tutor, or riyazi, was an educated professional who could earn a suitable living by performing tasks such as creating calendars or generating revenue estimates for nobility. Another trend in this era is the mobility among professions, exemplified by Qaim Khan, a prince famous for his mastery in crafting leather shoes and forging cannons.

Traditional schools

Male education in India commenced under the supervision of a guru in traditional schools called gurukuls. The gurukuls were supported by public donation and were one of the earliest forms of public school offices. However these Gurukuls catered only to the Upper castes of the Indian society and the overwhelming masses were denied any formal education.

THE COLONIAL ERA

The Jesuits introduced India to both the European college system of Education and the printing of books, through founding Saint Paul's College, Goa in 1542. The French traveler François Pyrard de Laval, who visited Goa in 1608, described the College of St Paul, praising the variety of the subjects taught there free of charge. Like many other European travelers who visited the college, he recorded that at this time it had 3,000 students, from all the missions of Asia. Its library was one of the biggest in Asia, and the first printing press was mounted there.

British India

Literacy in India grew very slowly until independence in 1947. As a result of decades of lobbying by the likes of William Wilberforce, and Charles Grant, the 1813 renewal of East India Company's charter carried a duty to educate, and assist previously excluded

Christian missionaries to educate the population, in addition to the Company's corporate activities. Macaulay called for an educational system - now known as Macaulayism - that would create a class of anglicised Indians who would serve as cultural intermediaries between the British and the Indians.

Reform

British education became solidified into India as missionary schools were established during the 1820s.

Macaulay succeeded in replacing Persian with English, as the administrative language, the use of English as the medium of instruction, and the training of English-speaking Indians as teachers, through the English Education Act 1835. He was inspired by utilitarian ideas and called for "useful learning."

Universities

India established a dense educational network (very largely for males) with a Western curriculum based on instruction in English. To further advance their careers many ambitious upper-class men with money, including Gandhi, Nehru and Muhammad Ali Jinnah went to England, especially to obtain a legal education at the Inns of Court.

The Raj, often working with local philanthropists, opened 186 colleges and universities. Starting with 600 students scattered across 4 universities and 67 colleges in 1882, the system expanded rapidly. More exactly, there never was a "system" under the Raj, as each state acted independently and funded schools for Indians from mostly private sources. By 1901 there were 5 universities and 145 colleges, with 18,000 students (almost all male). The curriculum was Western. By 1922 most schools were under the control of elected provincial authorities, with little role for the national government. In 1922 there were 14 universities and 167 colleges, with 46,000 students.In 1947 , 21 universities and 496 colleges were in operation. Universities at first did no teaching or research; they only conducted examinations and gave out degrees.

The Madras Medical College opened in 1835, and admitted women so that they could treat the female population who traditionally shied away from medical treatments under qualified male professionals. The concept of educated women among medical professionals gained popularity during the late 19th century and by 1894, the Women's Christian Medical College, an exclusive medical school for women, was established in Ludhiana in Punjab.

The British established the Government College University in Lahore, of present-day Pakistan in 1864. The institution was initially affiliated with the University of Calcutta for examination. The prestigious University of the Punjab, also in Lahore, was the fourth university established by the colonials in South Asia, in the year 1882.

Amongst the Universities founded in the period are the:

University of Bombay 1857,

University of Calcutta 1857,

University of Madras 1857,

University of the Punjab 1882,

Allahabad University 1887,

University of Mysore 1916,

Patna University 1917,

Osmania University 1918,

Rangoon University 1920,

University of Lucknow 1921,

University of Dhaka 1921,

University of Delhi 1922,

Nagpur University 1923,

Andhra University 1926,

Agra University 1927,

Annamalai University 1929,

University of Kerala 1937,

Utkal University 1943,

Panjab University 1947,

University of Rajputana 1947

Engineering

The East India Company in 1806 set up Haileybury College in England to train administrators. In India, there were four colleges of civil engineering; the first was Thomason College (Now IIT Roorkee), founded in 1847. The second was Bengal Engineering College (now Indian Institute of Engineering, Science and Technology, IIEST). Their role was to provide civil engineers for the Indian Public Works Department.

Both in Britain and in India, the administration and management of science, technical and engineering education was undertaken by officers from the Royal Engineers and the Indian Army equivalent, (commonly referred to as sapper officers). This trend in civil/ military relationships continued with the establishment of the Royal Indian Engineering College (also known as Cooper's Hill College) in 1870, specifically to train civil engineers in England for duties with the Indian Public Works Department. The Indian Public Works Department, although technically a civilian organisation, relied on military engineers until 1947 and after.

Growing awareness for the need of technical education in India gave rise to establishment of institutions such as the Indian Institute of Science, established by philanthropist Jamshetji Tata in 1909. By the 1930s India had 10 institutions offering engineering courses. However, with the advent of the Second World War in 1939 the "War Technicians Training Scheme" under Ernest Bevin was initiated, thereby laying the foundation of modern technical education in India. Later, planned development of scientific education under Ardeshir Dalal was initiated in 1944.

Science

Till 1899 only the University of Bombay offered a separate degree in sciences. In 1899 B.Sc and M.Sc. courses were also supported by the University of Calcutta. By the late 19th century India had lagged behind in Western science and technology and related education. However, the nobility and aristocracy in India largely continued to encourage the development of sciences and technical education, both traditional and western.

While some science related subjects were not allowed in the government curriculum in the 1850s the private institutions could also not follow science courses due to lack of funds required to establish laboratories etc. The fees for scientific education under the British rule were also high. The salary that one would get in the colonial administration was meager and made the prospect of attaining higher education bleak since the native population was not employed for high positions in the colonial setup. Even the natives who did manage to attain higher education faced issues of discrimination in terms of wages and privileges. The general consensus was that the British detachment towards the study of Western science in India is that England itself was gradually outpaced in science and technology by European rival Germany and a fast-growing United States so the prospects of the British Raj adopting a world class science policy towards its colonies increasingly decreased. However, Deepak Kumar notes the British turn to professional education during the 1860s and the French initiatives at raising awareness on science and technology in French colonies.

Native states

In 1906, the Maharaja of Baroda State introduced measures to implement compulsory primary education in his territory, for both sexes. Schools were built, and parents fined, and occasionally imprisoned for non-attendance, where schools existed. This program tripled the kingdom's literacy, from 9% to 27%, in the 1906-1939 period, and resulted in primary school provision for approximately 80% of the target population, by the end of the period.

Post-independence

India

The first Indian Institutes of Technology were established in the 1950s to promote technical education in India. Now, there are 23 IITs in India considered to be the premier engineering universities of the country. The Sarva Shikhsha Abhiyan is aimed to free and compulsory education a fundamental right to children between the ages of 6 and 14. The Right to Education Act was passed in 2009.

Now coming to the crux of the matter.

PART 2 : THE NATIONAL EDUCATIONAL POLICY 2020 (NEP 2020).

The National Education Policy 2020 (NEP 2020), which was approved by the Union Cabinet of India on 29 July 2020, outlines the vision of India's new education system. The new policy replaces the previous National Policy on Education, 1986. The policy is a comprehensive framework for elementary education to higher education as well as vocational training in both rural and urban India. The policy aims to transform India's education system by 2021.

Shortly after the release of the policy, the government clarified that no one will be forced to study any particular language and that the medium of instruction will not be shifted from English to any regional language. The language policy in NEP is a broad *guideline* and *advisory* in nature; and it is up to the states, institutions, and schools to decide on the implementation.

Background

The NEP 2020 replaces the National Policy on Education of 1986. In January 2015, a committee under former Cabinet Secretary T. S. R. Subramanian started the consultation process for the New Education Policy. Based on the committee report, in June 2017, the draft NEP was submitted in 2019 by a panel led by former Indian Space Research Organisation (ISRO) chief Krishnaswamy Kasturirangan. The Draft New Education Policy (DNEP) 2019, was later released by Ministry of Human Resource Development, followed by a number of public consultations. The Draft NEP was 484 pages. The Ministry undertook a rigorous consultation process in formulating the draft policy: "Over two lakh suggestions from 2.5 lakh gram panchayats, 6,600 blocks, 6,000 Urban Local Bodies (ULBs), 676 districts were received."

Vision

The vision of the National Education Policy is:

National Education Policy 2020 envisions an India-centric education system that contributes directly to transforming our nation sustainably into an equitable and vibrant knowledge society by providing high-quality education to all.

Provisions

The NEP 2020 enacts numerous changes in India's education policy. It aims to increase state expenditure on education from around 4% to 6% of the GDP as soon as possible.

The changes and objectives are:

Languages

The policy raises the importance of mother tongue and regional languages; medium of instruction until class 5 and preferably beyond should be in these languages. *Sanskrit and foreign* ***languages will also be given emphasis***. The policy also states that no language will be imposed on the students.

Shortly after the release of the policy, the government clarified that the language policy in NEP is a broad guideline; and that it was up to the states, institutions and schools to decide the implementation. A more detailed language strategy would be released in the National Curriculum Framework in 2021.Note was also made that there were already institutions which had implemented this language policy 60 years ago such as Sardar Patel Vidyalaya. Both the Education Policy of 1986 and the Right to Education Act, 2009 promoted usage of the mother tongue too as an advisory guideline.

School education

- The "10 + 2" structure will be replaced with "5+3+3+4" model. This will be implemented as follows:

  Foundational Stage: This is further subdivided into two parts: 3 years of preschool or ***anganwadi***, followed by classes 1 and 2 in primary school. This will cover children of ages 3-8 years. The focus of studies will be in activity-based learning.

  Preparatory Stage: Classes 3 to 5, which will cover the ages of 8-11 years. It will gradually introduce subjects like speaking, reading, writing, physical education, languages, art, science and mathematics.

  Middle Stage: Classes 6 to 8, covering children between ages 11 and 14. It will introduce students to the more abstract concepts in subjects of mathematics, sciences, social sciences, arts and humanities.

  Secondary Stage: Classes 9 to 12, covering the ages of 14-19 years. It is again subdivided into two parts: classes 9 and 10 covering the first phase while classes 11 and 12 covering the second phase. These 4 years of study are intended to inculcate multidisciplinary study, coupled with depth and critical thinking. Multiple options of subjects will be provided.

- Instead of exams being held every academic year, school students will only attend three exams, in classes 3, 5 and 8.
- Board exams will be continued to be held for classes 10 and 12 but will be redesigned. Standards for this will be established by an assessment body, ***PARAKH***. To make them easier, these exams would be conducted twice a year, with students being offered up to two attempts. The exam itself would have two parts, namely the objective and the descriptive.
- This policy aims at reducing the curriculum load of students and allowing them to be more "inter-disciplinary" and "multi-lingual". One example given was "If a student wants to pursue fashion studies with physics, or if one wants to learn bakery with chemistry, they'll
- be allowed to do so." Report cards will be "holistic", offering information about the student's skills.
- Coding will be introduced from class 6 and experiential learning will be adopted
- The Midday Meal Scheme will be extended to include breakfasts. More focus will be given to students' health, particularly mental health, through the deployment of counsellors and social workers.

HIGHER EDUCATION AND OTHER AUTHORISING BODIES

- It proposes a 4-year multi-disciplinary bachelor's degree in an undergraduate programme with multiple exit options. These will include professional and vocational areas and will be implemented as follows:

  A certificate after completing 1 year of study

  A diploma after completing 2 years of study

  A Bachelor's degree after completion of a 3-year programme

  A 4-year multidisciplinary Bachelor's degree (the preferred option)

- MPhil (Masters of Philosophy) courses are to be discontinued to align degree education with how it is in Western models.
- A Higher Education Council of India (HECI) will be set up to regulate higher education. The council's goal will be to increase gross enrollment ratio. The HECI will have 4 verticals:

  National Higher Education Regulatory Council (NHERC), to regulate higher education, including teacher education, while excluding medical and legal education.

  National Accreditation Council (NAC), will serve as a "meta-accrediting body".

  Higher Education Grants Council (HEGC), for funding and financing of universities and colleges. This will replace the existing National Council for Teacher Education, All India Council for Technical Education and the University Grants Commission.

  General Education Council (GEC), to frame "graduate attributes", namely the learning outcomes expected. It will also be responsible in framing a National Higher Education Qualification Framework (NHEQF).The National Council for Teacher Education will come under the GEC, as a professional standard setting body (PSSB).

- Other PSSBs will include professional councils such as Veterinary Council of India, Council of Architecture, Indian Council of Agricultural Research and National Council for Vocational Education and Training.
- The National Testing Agency will now be given the additional responsibility of conducting entrance examinations for admissions to universities across the country, in addition to the JEE Main and NEET.
- The policy proposes that higher education institutes like the IITs make changes with regard to the diversity of learning.
- The policy proposes to internationalize education in India. Foreign universities can now set up campuses in India.
- The fees of both private and public universities will be fixed.

TEACHER EDUCATION

The NEP 2020 puts forward many policy changes when it comes to teachers and teacher education.To become a teacher, a 4-year Bachelor of Education will be the minimum requirement needed by 2030. The teacher recruitment process will also be strengthened and made transparent. The National Council for Teacher Education will frame a National Curriculum Framework for Teacher Education by 2021 and a National Professional Standards for Teachers by 2022. The policy aims to ensure that all students at all levels of school education are taught by passionate, motivated, highly qualified, professionally trained, and well equipped teachers.

OTHER CHANGES

Under NEP 2020, numerous new educational institutes, bodies and concepts have been given legislative permission to be formed. These include:

- National Education Commission, headed by the Prime Minister of India
- Academic Bank of Credit, a digital storage of credits earned to help resume education by utilising credits for further education
- National Research Foundation, to improve research and innovation
- Special Education Zones, to focus on the education of underrepresented group in disadvantaged regions
- Gender Inclusion Fund, for assisting the nation in the education of female and transgender children
- National Educational Technology Forum, a platform to facilitate exchange of ideas on technology usage to improve learning

The policy proposes new language institutions such as the Indian Institute of Translation and Interpretation and the National Institute/ Institutes for Pali, Persian and Prakrit. Other bodies proposed include the National Mission for Mentoring, National Book Promotion Policy, National Mission on Foundational Literacy and Numeracy.

KEY PEOPLE AND THEIR OPINIONS

Krishnaswamy Kasturirangan, chairperson of the National Education Policy (NEP) drafting panel, commented "No language is being imposed. Multi-lingual flexibility is still the basis for the new NEP 2020".The UGC has asked that awareness about the policy should be spread among students and teachers. The Prime Minister of India, Narendra Modi, stated that the policy focuses on 'how to think' rather than 'what to think'.

DP Sharma, Indian International Professor and Member, International Research Advisory Commission appreciated the current initiative of end to end transformation of Indian education system but expressed his concerns about the implementation with care and honesty. Prior to this policy draft, Sharma advised the inclusion of critical thinking from the school level to higher education level and advised to align with the modernized, localized, and globalized technology-enabled transformations in the educational systems of developing countries like India.

He advised involving professionals from different disciplines, like industry, research, and sometimes social or spiritual disciplines who can help in the educational transformation process during the implementation phase. Sharma introduced a four-dimensional model for alleviating the current challenges faced by educational institutions and industries of India. The model he suggested states that the industries can be involved in the admission process, to evaluate the students' knowledge, interest, hobby, and aptitude 'then and there' to sponsor for vocational education with prospective scholarships. He clearly stated that " India needs to think, analyze, diagnose, synthesize, and design the educational delivery frameworks, as per the industry trends, patterns, and needs". DP Sharma advocated the technology-enabled education delivery system frameworks as an alternative to make the education transformation a mega-success. He said that project-oriented research and research-oriented projects should be included in the education system for futuristic innovations. DP Sharma, connected the self dependent India mission with education transformation.

The IIT Kanpur Director, Abhay Karandikar, supported the new policy, while the IIT Delhi director, V. Ramgopal Rao, compared the new education policy with the Morrill Land-Grant Acts of United States and called it a "Morril Moment" for India.The chancellor of Jawaharlal Nehru University (JNU), M. Jagadesh Kumar, as well as the vice-chancellor of JNU called the policy a "positive step forward" while Najma Akhtar, the vice-chancellor of Jamia Millia Islamia, called the policy "ground-breaking".Former Delhi University vice-chancellor Dinesh Singh, said "the policy lays down the road map pretty nicely".Venkaiah Naidu, the Vice President of India, welcomed the policy's flexibility and appreciated its "loftier" goal of bringing out-of-school children into the school system and reducing dropouts.

Lok Sabha MP and Congress leader Shashi Tharoor welcomed the decision but stated his concerns about the implementation of the new policy. A report by the Observer Research Foundation stated the same.

Dhiraj Kumar Nite from Ambedkar University Delhi stated that the removal of the MPhil course was not in harmony with the principles of the NEP, since multiple exit points were offered at the undergraduate level but those interested in a Ph.D. would have no quick exit point, which the MPhil provided.

The JNU Students' Union (JNUSU) and Delhi University Teachers' Association criticized the government for approving the policy amidst the COVID-19 pandemic in India, stating that they had opposed the policy since its draft stage . CPI(M) leader Sitaram Yechury alleged that suggestions made by academicians were not taken into account, while the politburo of the party condemned the commercialization encouraged by the policy. Kumkum Roy of the Centre for Historical Studies, JNU, stated that the subjects on the studies of Gender Studies, Media, Environment and Development, Culture, Dalit, Discrimination and Exclusion, and Media have not been mentioned for development. In the study of the Constitution, Fundamental Rights have been left out. President of the DMK, M. K. Stalin, stated that the policy was passed without a discussion in the Parliament and would undermine the Tamil language, due to its "compulsory" option of Sanskrit at every level of education.

Aishe Ghosh of the JNUSU tweeted that internships under the policy would lead to child labour which received sharp criticism on the platform, using the hashtag #RejectNEP2020. The hashtag #RejectNEP trended on Twitter on 30 July 2020.

The Draft NEP of 2019 was criticized for multiple reasons. A social media campaign protested over the inclusion of Hindi in schools in the south Indian states. The Students' Federation of India stated that it threatened the federal character of the educational structure, commercialised education and undermined independent research activity. Madhu Prasad of ***Frontline*** pointed out how the draft's "merit-based" college admissions criteria did not take into account reservations and the caste-based discrimination and oppression faced by many in the country.

FIRST PHASE OF NEP 2020 IMPLEMENTATION TO BE COMPLETED BY APRIL 2022.

The government is planning the first phase of implementation of the National Education Policy (NEP) 2020. The initial phase will be completed by April 2022. It will involve reforms in school education.

Reforms in school curriculum to allow vocational skill training, preparation of holistic report card and local language as medium of instruction will be part of the initial reforms, sources said.

Discussions have been going on with education experts and state government officials over the past few weeks. The time is ripe to kick-start the first phase, and, by FY22-end, the first set of reforms will be in place," said an official.

The Cabinet had given the nod to NEP 2020 on July 29/2020. Consequently, the Human Resource Development Ministry has been renamed as the Ministry of Education.

We will have to wait and see the effectiveness of the changes as and when they are implemented. The changes seem to envisage radical changes in the Education System. This is the moment to act and collectively embrace the changes without prejudice.

10. Atmanirbhar Bharat Abhiyan

Atmanirbhar Bharat, which translates to 'self-reliant India' or 'self-sufficient India', is a policy formulated by the Prime Minister of India, Narendra Modi for making India "a bigger and more important part of the global economy", pursuing policies that are efficient, competitive and resilient, and being self-sustaining and self-generating. Atmanirbhar Bharat does not mean "self-containment", "isolating away from the world" or being "protectionist". The first mention of this came in the form of the 'Atmanirbhar Bharat Abhiyan' or 'Self-Reliant India Mission' during the announcement of India's COVID–19 pandemic related economic package on 12 May 2020, when the Prime Minister, Mr. Narendra Modi, announced a special economic package of Rs 20 lakh crore (equivalent to 10% of India's GDP) with the aim of making the country independent against the tough competition in the global supply chain and to help in empowering the poor, labourers, migrants who have been adversely affected by COVID. Following this announcement, the Finance Minister, Ms. Nirmala Sitharaman, through five press conferences, announced the detailed measures under the economic package. This note summarises the key measures proposed under the economic package.

PM Modi's Key Announcements in 5 Minutes: https://www.youtube.com/watch?v=l941czYZU-0&feature=youtu.be

The Five pillars of Atmanirbhar Bharat focus on:

- Economy
- Infrastructure
- System
- Vibrant Demography and
- Demand

The Five phases of Atmanirbhar Bharat are:

Phase-I: Businesses including MSMEs

Financial Highlights

- **Collateral free loans for businesses:** All businesses (including MSMEs) will be provided with collateral free automatic loans of up to three lakh crore rupees. MSMEs can borrow up to 20% of their entire outstanding credit as on February 29, 2020 from banks and Non-Banking Financial Companies (NBFCs). Borrowers with up to Rs 25 crore outstanding and Rs 100 crore turnover will be eligible for such loans and can avail the scheme till October 31, 2020. Interest on the loan will be capped and 100% credit guarantee on principal and interest will be given to banks and NBFCs.

- **Corpus for MSMEs:** A fund of funds with a corpus of Rs 10,000 crore will be set up for MSMEs. This will provide equity funding for MSMEs with growth potential and viability. Rs 50,000 crore is expected to be leveraged through this fund structure.

- **Subordinate debt for MSMEs:** This scheme aims to support to stressed MSMEs which have Non-Performing Assets (NPAs). Under the scheme, promoters of MSMEs will be given debt from banks, which will be infused into the MSMEs as equity. The government will facilitate Rs 20,000 crore of subordinate debt to MSMEs. For this purpose, it will provide Rs 4,000 crore to the Credit Guarantee Fund Trust for Micro and Small Enterprises, which will provide partial credit guarantee support to banks providing credit under the scheme.

- **Schemes for NBFCs:** A Special Liquidity Scheme was announced under which Rs 30,000 crore of investment will be made by the government in both primary and secondary market transactions in investment grade debt paper of Non-Banking Financial Companies (NBFCs)/Housing Finance Companies (HFCs)/Micro Finance Institutions (MFIs). The central government will provide 100% guarantee for these securities. The existing Partial Credit Guarantee Scheme (PCGS) will be extended to partially safeguard NBFCs against borrowings of such entities (such as primary issuance of bonds or commercial papers (liability side of balance sheets)). The first 20% of loss will be borne by the central government. The PCGS scheme will facilitate liquidity worth Rs 45,000 crores for NBFCs.

- **Employee Provident Fund (EPF):** Under the PM Garib Kalyan Yojana, the government paid 12% of employer and 12% of employee contribution into the EPF accounts of eligible establishments for the months of March, April and May. This will be continued for three more months (June, July and August). This is estimated to provide liquidity relief of Rs 2,500 crore to businesses and workers.

- **Statutory PF contribution:** Statutory PF contribution of both the employer and employee will be reduced from 12% to 10% each for all establishments covered by EPFO for the next three months. This scheme will apply to workers who are not eligible for the 24% EPF support under PM Garib Kalyan Package and its extension. However, Central Public Sector Enterprises (CPSEs) and State Public Sector Units (PSUs) will continue to contribute 12% as employer contribution.

- **Street vendors:** A special scheme will be launched within a month to facilitate easy access to credit for street vendors. Under this scheme, bank credit will be provided to each vendor for an initial working capital of up to Rs 10,000. This is estimated to generate liquidity of Rs 5,000 crore.

Policy Highlights

- **Expediting payment of dues to MSMEs:** Payments due to MSMEs from the government and CPSEs will be released within 45 days.

- **Insolvency resolution:** A special insolvency resolution framework for MSMEs under the Insolvency and Bankruptcy Code, 2016 will be notified.

- **Disallowing global tenders:** To protect Indian MSMEs from competition from foreign companies, global tenders of up to Rs 200 crore will not be allowed in government procurement tenders.

- **Reduction in TDS and TCS rates:** The rates of Tax Deduction at Source (TDS) for the non-salaried specified payments made to residents and Tax Collected at Source (TCS) will be reduced by 25% from the existing rates. This reduction will apply from May 14, 2020 to March 31, 2021. This is estimated to provide liquidity of Rs 50,000 crore.

- **Ease of doing business for corporates:** Direct listing of securities by Indian public companies in permissible foreign jurisdictions will be allowed. Private companies which list Non-Convertible Debentures (NCDs) on stock exchanges will not be considered listed companies. NCDs are debt instruments with a fixed tenure issued by companies to raise money for business purposes. Unlike convertible debentures, NCDs cannot be converted into equity shares of the issuing company at a future date.

Legislative Highlights

- **Definition of MSME:** The definition of MSMEs will be changed by amending the Micro, Small and Medium Enterprises Development Act, 2006. As per the proposed definition, the investment limit will be increased from Rs 25 lakh to Rs 1 crore for micro enterprises, from Rs 5 crore to Rs 10 crore for small enterprises, and from Rs 10 crore to Rs 20 crore for medium enterprises. A new criteria of annual turnover will be introduced. The turnover limit for Micro, Small and Medium enterprises will be Rs 5 crore, Rs 50 crore, and Rs 100 crore, respectively. The current distinction between manufacturing and services MSMEs (to provide different investment limits for each category) will be removed.

- **Initiation of insolvency proceedings:** The Insolvency and Bankruptcy Code, 2016 will be amended to provide for the following: (i) minimum threshold to initiate insolvency proceedings will be increased from one lakh rupees to one crore rupees; (ii) suspension of fresh initiation of insolvency proceedings up to one year, depending upon the pandemic situation; (iii) COVID-19 related debt will be excluded from the definition of 'default' under the Code for triggering insolvency proceedings.

- **Amendments to Companies Act, 2013:** The Companies Act, 2013 will be amended to provide for the following:

I. Certain offences under the Companies Act, 2013 will be decriminalised. These include minor technical and procedural defaults such as shortcomings in CSR reporting, inadequacies in Board report, filing defaults, delay in holding of AGM. Several compoundable offences will be shifted to internal adjudication mechanism.

II. Currently, certain provisions from the Companies Act, 1956 continue to apply to producer companies. These provisions will be included in Companies Act, 2013. The National Company Law Appellate Tribunal (NCLAT) will be granted powers to create additional/specialised benches. All defaults by small companies, one-person companies, producer companies, and start-ups will be subject to lower penalties.

Phase-II: Poor, including migrants and farmers

Policy Highlights

- **One Nation One Card:** Migrant workers will be able to access the Public Distribution System (Ration) from any Fair Price Shop in India by March 2021 under the scheme of One Nation One Card. The scheme will introduce the inter-state portability of access to ration for migrant labourers. By August 2020 the scheme is estimated to cover 67 crore beneficiaries in 23 states (83% of PDS population). All states/union territories are required to complete full automation of fair price shops by March 2021 for achieving 100% national portability.

- **Free food grain Supply to migrants:** Migrant workers who are not beneficiaries under the National Food Security Act ration card or state card will be provided 5 kg of grains per person and 1 kg of chana per family per month for two months. Rs 3,500 crore will be spent on this scheme, and eight crore migrants are estimated to benefit under it.

- **Affordable Rental Housing Complexes (ARHC) for Migrant Workers / Urban Poor:** The migrant labour/urban poor will be provided living facilities at affordable rent under Pradhan Mantri Awas Yojana (PMAY).2 This will be achieved by: (i) converting government funded housing in the cities into ARHCs through PPPs, and (ii) incentivising manufacturing units, industries, institutions, associations to develop ARHCs on their private land and operate them.

Financial Highlights

- **Concessional Credit Boost to farmers:** Farmers will be provided institutional credit facilities at concessional rates through Kisan Credit Cards. This scheme will cover 2.5 crore farmers with concessional credit worth two lakh crore rupees.

- **Emergency working capital for farmers:** An additional fund of Rs 30,000 crore will be released as emergency working capital for farmers. This fund will be disbursed through NABARD to Rural Cooperative Banks (RCBs) and Regional Rural Banks (RRBs) for meeting their crop loans requirements. This fund is expected to benefit three crore small and marginal farmers. This is in addition to the financial support of Rs 90,000 crore that will be provided by NABARD to RCBs and RRBs to meet the crop loan demand this year.

- **Support to fishermen:** The Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be launched for integrated, sustainable, and inclusive development of marine and inland fisheries. Under this scheme, Rs 11,000 crore will be spent on activities in Marine, Inland fisheries and Aquaculture and Rs 9,000 crore will be spent for developing infrastructure (such as fishing harbours, cold chain, markets).

Phase-III: Agriculture

Financial Highlights

- **Agri Infrastructure Fund:** A fund of one lakh crore rupees will be created for development of agriculture infrastructure projects at farm-gate and aggregation points (such as cooperative societies and Farmer Producer Organizations). Farm gate refers to the market where buyers can buy products directly from the farmers.

- **Animal Husbandry infrastructure development:** An Animal Husbandry Infrastructure Development Fund of Rs 15,000 crore will be set up, with the aim of supporting private investment in dairy processing, value addition, and cattle feed infrastructure. Incentives will be given for establishing plants for export of niche dairy products.

- **Employment push using CAMPA funds:** The government will approve plans worth Rs 6,000 crore under the Compensatory Afforestation Management and Planning Authority (CAMPA) to facilitate job creation for tribals/adivasis.2 Funds under CAMPA will be used for: (i) afforestation and plantation works, including in urban areas, (ii) artificial regeneration, assisted natural regeneration, (iii) forest management, soil and moisture conservation works, (iv) forest protection, forest and wildlife related infrastructure development, and wildlife protection and management. Note that the CAMPA funds are currently used for protection of forest and wildlife management.

Legislative Highlights

- **Amendments to the Essential Commodities Act:** The Essential Commodities Act, 1955 empowers the central and state governments control the production, supply and distribution of certain commodities to avoid scarcity in the country. Commodities covered under the Act include edible oil and seeds, pulses, sugarcane and its products, and rice paddy. The Act will be amended to deregulate food items including cereals, edible oils, oilseeds, pulses, onions and potato. This is expected to allow better price realisation for farmers by attracting investments and enabling competition in the sector. Stock limit will be imposed under very exceptional circumstances such as national calamities and famines with surge in prices. Further, no such stock limit will apply to processors or value chain participant, subject to their installed capacity, or to any exporter subject to the export demand.

- **Agriculture marketing reforms:** A central law will be formulated to provide: (i) adequate choices to farmers to sell their produce at remunerative prices, (ii) barrier free inter-state trade, and (iii) a framework for e trading of agriculture produce. Currently, farmers are bound to sell their produce only to the licensees in Agricultural Produce Market Committees (APMCs). The proposed amendments seek to enable free flow of agricultural produce and establish a smooth supply chain providing options of better price realisation to farmers.

- **Agriculture Produce Pricing and Quality Assurance:** A facilitative legal framework will be created to enable farmers to engage with processors, aggregators, large retailers, and exporters in a fair and transparent manner. Risk mitigation for farmers, assured returns, and quality standardisation will form an integral part of the framework. This is aimed at enabling farmers to predict the price of crops at the time of sowing and will also increase private sector investment in the sector.

Phase-IV: New Horizons of Growth

Civil Aviation

Policy Highlights

- **Efficient airspace management:** Restrictions on utilisation of the Indian Air Space will be eased so that civilian flying becomes more efficient. This is estimated to allow optimal utilisation of airspace, reduction in fuel use, and time, and save about Rs 1,000 crore per year for the aviation sector.

- **Public Private Partnership (PPP) model for airports:** World-class airports will be built through the PPP model. In the first round, the Airport Authority of India (AAI) has awarded three airports (Ahmedabad, Lucknow and Mangaluru) out of six bid for operation and maintenance on PPP basis. Six more airports have been identified for 2nd and 3rd round of bidding process each. The private sector investment in these 12 airports is expected to be around Rs 13,000 crore.

Defence

Policy Highlights

- FDI limit in defence manufacturing under automatic route will be increased from 49% to 74%.

- Make in India initiative will be promoted in the defence sector aiming to make the country independent in terms of production. A list of weapons/platforms will be released which will be banned for import based on a year wise timeline. Further, the government has planned to improve the autonomy, accountability and efficiency in Ordnance Supplies by corporatisation of Ordnance Factory Board.

Energy

Financial Highlights

- **Liquidity support for distribution companies (DISCOMs):** A liquidity support of Rs 90,000 crore will be provided to power discoms. These will be in the form of funds from Power Finance Corporation and Rural Electrification Corporation. DISCOMs will also be provided with state government guaranteed loans exclusively for discharging their liabilities to power generation companies.

- **Coal evacuation:** Rs 50,000 crore will be spent on infrastructure development for evacuation of coal. This includes Rs 18,000 crore worth of investment in mechanised transfer of coal (conveyor belts) from mines to railway sidings.

Policy Highlights

- **Safeguarding consumer rights:** Inefficiencies of DISCOMs will not be passed on to the consumers. Standards of Service and associated penalties for DISCOMs will be defined prompting DISCOMs to ensure adequate power and avoiding load-shedding.

- **Regulatory assets:** Regulatory assets in the power sector will be eliminated. Regulatory asset is the fund which belongs to DISCOM due to the approved tariff hike. This is not realised in revenue as it not passed on to the consumers to avoid instability among them. The DISCOMs are allowed to recover this fund at a later stage from state governments or from consumers in form of an approved surcharge. As of now, significant capital is held in form of regulatory assets across different states which could be used by DISCOMs of the respective states as liquidity.

- **Privatisation of power distribution:** Power departments/utilities in union territories will be privatised.

- **Commercial coal mining:** In March 2020, the Mineral Laws (Amendment) Bill was passed, which opened up the coal sector for commercial mining. Auctions will be conducted for allocation of coal mines. Any party can bid for a coal block and sell in the open market. Entry norms will be liberalised and nearly 50 blocks will be offered immediately.

Legislative Highlights

- Reduction in cross-subsidy: The Electricity Act, 2003 will be amended to ensure a progressive reduction in cross-subsidies in the sector.5 Direct Benefit Transfer (DBT) is being planned for providing subsidy to eligible consumers.

Housing

Financial Highlights

- **Credit Linked Subsidy Scheme for Middle Income Group (MIG):** The Credit Linked Subsidy Scheme for Middle Income Group (annual income between Rs 6 lakh and Rs 18 lakh) will be extended by one year up to March 2021. The government has estimated that this will lead to an investment of over Rs 70,000 crore in the housing sector.

Policy Highlights

- Support to real estate sector: COVID 19 will be treated as an event of "Force Majeure" under Real Estate Regulatory Authority (RERA) by states/union territories and their Regulatory Authorities. An extension of six months will be given on registration and completion dates of all registered projects expiring on or after March 25, 2020 without individual applications, which can be further increased by three more months at the discretion of the Regulatory Authorities. Partial bank guarantees will also be released by government agencies to ease cash flows.

Social Sector

Policy Highlights

- **Public health:** The investment in public health will be increased along with investment in grass root health institutions of urban and rural areas.3 The lab networks are being strengthened in districts and block levels for efficient management of the pandemic. The National Digital Health Blueprint will be implemented, which aims at creating an ecosystem to support universal health coverage in an efficient, inclusive, safe and timely manner using digital technology.

- **Allocation for MGNREGS:** To help boost rural economy, an additional Rs 40,000 crore will be allocated under MGNREGS. This increases the Union Budget allocation for MGNREGS from Rs 61,500 crore to Rs 1,01,500 crore (65% increase) for 2020-21.

- **Viability Gap Funding:** Viability Gap Funding (VGF) for social infrastructure projects will be increased by up to 30% of the total project cost. The total expense for developing the social infrastructure is estimated be Rs 8,100 crore.

- **Technology driven education:** PM eVidya will be launched for multi-mode access to digital/online education. This program will include facilities to support school education in states/UTs under the DIKSHA scheme (one nation, one digital platform). National Foundational Literacy and Numeracy Mission will be launched by December 2020 to ensure that every child attains learning level and outcomes in grade 5 by 2025.

Phase-V: Government Reforms and Enablers

Policy Highlights

- **Increase in borrowing limits:** The borrowing limits of state governments will be increased from 3% to 5% of Gross State Domestic Product (GSDP) for the year 2020-21. This is estimated to give states extra resources of Rs 4.28 lakh crore. There will be unconditional increase of up to 3.5% of GSDP followed by 0.25% increase linked to reforms on - universalisation of 'One Nation One Ration card', Ease of Doing Business, power distribution and Urban Local Body revenues. Further, there will be an increase of 0.5% if three out of four reforms are achieved.

- **Privatisation of Public Sector Enterprise (PSEs):** A new PSE policy has been announced with plans to privatise PSEs, except the ones functioning in certain strategic sectors which will be notified by the government. In strategic sectors, at least one PSE will remain, but private sector will also be allowed. To minimise wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatised/ merged/ brought under holding companies.

Key Measures Taken by Reserve Bank of India (RBI)

The overall financial package that has been announced also includes the liquidity generated by measures announced by RBI. Some of these measures include:

- Cash Reserve Ratio (CRR) was reduced which resulted in liquidity support of Rs 1,37,000 crore.
- Banks' limits for borrowing under the marginal standing facility (MSF) were increased. This allowed banks to avail additional Rs 1,37,000 crore of liquidity at reduced MSF rate.
- Total Rs 1,50,050 crore of Targeted Long Term Repo Operations (TLTRO) has been planned for investment in investment grade bonds, commercial paper, non-convertible debentures including those of NBFCs and MFIs.

- Special Liquidity Facility (SLF) of Rs 50,000 crore was announced for mutual funds to provide liquidity support.
- Special refinance facilities worth Rs 50,000 crore were announced for NABARD, SIDBI and NHB at policy repo rate.
- A moratorium of three months has been provided on payment of installments and interest on working capital facilities for all types of loans.

Break-up of the Aatma Nirbhar Bharat Abhiyaan economy package

The table below shows measure components of the entire special economic package:

Item	Amount (in Rs crore)
Stimulus from earlier measures	1,92,800
Stimulus provided by announcements in Part 1	5,94,550
Stimulus provided by announcements in Part 2	3,10,000
Stimulus provided by announcements in Part 3	1,50,000
Stimulus provided by announcements in Part 4 and Part 5	48,100
Sub Total	**1,295,400**
RBI Measures (Actual)	8,01,603
Grand Total	**20,97,053**

Hurdles in India becoming a 'global power'

India's share in global GDP

"It is imperative for India to become an industrial power in order to be a global power, Nisha Biswal, president of the US-India Business Council (USIBC) at the US Chamber of Commerce had told The Print. No nation can become a global power without contributing at least 5% or more to global GDP. The United States of America, with a GDP of about $21 trillion, has almost a quarter of global GDP. China, with a GDP of about $15 trillion, has 15% share of global GDP. Japan, with a population of less than 10% of India's population, contributes 6% to global GDP. Germany's share in global GDP is 4.56% while its population is only 1% of global population.

India shares just 2% of world's land and 3% of global GDP, but is home to 16% of world population. India has posted a GDP of $2.94 trillion in 2019 and the same is expected to shrink by about 10% in 2020, thanks to the pandemic and lockdowns.

Limited Growth in the Pre-covid Period

Prime Minister Narendra Modi called for making India a $5 trillion economy by 2024, soon after he resumed his second term in May 2019. Even if India achieves a $5 trillion GDP by 2024, its share in global GDP will still remain at about 4 to 5%.

For India to become a $5 trillion economy, Amitabh Kant, CEO, Niti Aayog, says that "the economy needs to grow (at) 8%-plus year after year, to nearly double from its current $2.9 trillion". India was growing at 5% even during the pre-Covid period. After the pandemic, GDP contracted by 23.9% in Q1 and by 7.5% in Q2. India has now technically entered a recession.

Rather than having an ambition of $5 trillion economy (which seems impossible by 2024), it is important to build back the economy and take it out from the situation that it is in.

Atmanirbhar Bharat provides a vision of India's plans to become a $5 trillion economy by promoting 'Make in India - Make for World' and this will happen through an integration with the global economy, a senior official of the Ministry of External Affairs. MEA Secretary (CPV&OIA) Sanjay Bhattacharyya, recently said in his address to the Indian Chamber of Commerce (ICC) at India e-biz Expo 2020.

Non-Inclusive Growth Pattern

India's growth pattern is also skewed with benefits being distributed disproportionately among the population. Oxfam reports suggest that during last year, "wealth of top 1% in India increased by 39% whereas the wealth of the bottom 50% increased at a dismal 3%."

Due to the non-inclusive growth pattern, the growth in the per capita incomes of lower and lower-middle class people may be well below the national average GDP growth rate.

Decline in Credit Growth

The phrase 'Aatmanirbhar Bharat Abhiyan' was first coined by the Prime Minister Narendra Modi in his national address on May 12, 2020. By now its scope and meaning has expanded so far and wide, that it subsumes every economic policy, reform and stimulus package in it.

The Centre announced an Aatmanirbhar Bharat Abhiyan package (1.0) in mid-May, which amounted to 10.3% of GDP, to stimulate the economy. While the direct fiscal stimulus component was less than 1.3% of the GDP, more than 7.8% of GDP was about providing easy credit to the Micro, Small and Medium Enterprises (MSMEs), traders, farmers etc and liquidity infusion measures by the Reserve Bank of India (RBI). If the aggregate demand for credit does not rise, clearly, 75% of the Aatmanirbhar Bharat Abhiyan package would simply fail to stimulate the economy.

The RBI has now released Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (SCBs) on November 25. Bank credit growth (Year-on-Year) decelerated to 5.8% in September 2020 from 8.9% a year ago.

The aggregate demand for credit would increase only if the aggregate investment demand rises, which in turn, depends on the consumption demand.

Consumption Demand

The aggregate consumption demand for goods and services again is dependent on the income and purchasing power of people, which has come down drastically, due to the Covid-19 lockdown and the resultant unemployment and under-employment. 'Make in India - Make for World' has also not taken-off in any significant manner.

Economist Amartya Sen once said that India can't become a global economic power with an uneducated, unhealthy workforce. A quantum jump in investment in the education and health sectors are needed to lay foundations for a high-productive economy. Skilling of the youth is a must if India has to really reap the demographic dividend.

Wrong Priorities

China no longer considers India as a competitor, because its economy and military capabilities lag far behind China's. But Beijing does see India as a possible future rival. Therefore, it wants to create hurdles for India's evolution as a future competitor, say 30 years from now, a story published by Asia Times says. So, China wants India to stray from its economic priorities and hence forced India into a long-haul border stand-off. India will have to defend the border by pouring enormous financial resources into the Himalayas. China wants to prevent India from setting priorities for economic growth and wants to divert India's national energies and effort.

Hopefully, India will focus its energies on economic growth, employment, health and education and defeat China's game plans diplomatically.

Recommended Reading

https://indianexpress.com/article/explained/atmanirbhar-bharat-abhiyan-india-international-trade-6459157/

https://www.livemint.com/

https://www.thehindu.com/news/national/india-has-entered-into-recession-due-to-pm-modis-policies-rahul-gandhi/article33081835.ece

https://indianexpress.com/article/explained/explainspeaking-atmanirbhar-bharat-a-brief-and-not-so-affectionate-history-6556627/

11. The Supreme Court – the New Caged Parrot

Legislature, executive, judiciary and media are considered the 4 pillars of democracy. India being the largest democracy in the world is expected to practice "good governance", and "good governance" must mean free and sensible functioning of these four pillars with complete accountability to the citizens of the land.

The Union Government is mainly composed of the executive, the legislature, and the judiciary, in which all powers are vested by the constitution in the Prime minister (PM), Parliament (bicameral in nature) and the Supreme Court (SC). The President of India is the head of state whilst the elected PM acts as the head of the executive, and is responsible for running the Union Government.

India's independent union judicial system began under the British. The judiciary systematically contains an apex SC (with the power of constitutional review), 25 high courts, and several district courts, all inferior to the SC. The SC of India consists of the Chief Justice of India (CJI) and 30 associate justices, all appointed by the President on the advice of the CJI (at present, there are 34 judges in the SC including the CJI.

Unlike in England, the Parliament is not supreme in India - it is the Constitution, which is supreme. The Indian Parliament draws all its powers from the Constitution, and in that sense, it is not a sovereign body. SC settles disputes between various governments in the country. It also may take cognizance of matters on its own (or *'suo moto'*). The law declared by the SC becomes binding on all courts within India and also by the union and state governments. It is the duty of the President to enforce the decrees of the SC. In addition, Article 32 of the constitution gives an extensive original jurisdiction to the SC in regard to enforcing fundamental rights. The SC, of late, has started entertaining matters in which interest of the public at large is involved. This may be done by any individual or group of persons either by filing a writ petition at the filing counter of the court, or by addressing a letter to the CJI, highlighting the question of public importance for redress.

Although the Constitution of India does not provide strictly for the separation of powers, these articles provide a general guideline:

1. Article 50[i]: The State or the Government concerned will take appropriate steps to ensure that the judicial branch is separated from the functioning and working of the executive branch.
2. Article 121[ii] & 211[iii]: This article states that the conduct of justice or the way a judge discharges his duties of any Court cannot be discussed in the legislature (state or union).
3. Article 122[iv] & 212[v]: This article is aimed at keeping the judiciary (the law interpreting body) and the legislature (the law-making body) separated. It does so by stripping the judiciary of any power to review and question the validity of proceed-

ings that take in a legislature or the Parliament.

4. Article 361[vi]: This article separates the judiciary and the executive. It states that the President or any governor of any state is not answerable to any court in the country for actions and activities are taken in performance/exercise of the powers and duties of their office.

Thus, Separation of powers refers to the division of government responsibilities into distinct branches to limit any one branch from exercising the core functions of another. The intent is to prevent the concentration of power and provide for checks and balances.

Independence of Judiciary

The Constitution has many provisions to ensure the judiciary's independence. They are:

Security of tenure: The judges of the SC are given security of tenure. Once appointed, they will retain their office until the age of 65 years [Article 368].

Salaries and allowances: The judges of the SC enjoy good salaries and allowances and these cannot be decreased except in the case of a financial emergency.

Powers and Jurisdiction: The SC's powers and jurisdiction can only be added by the Parliament and not be curtailed.

The conduct of any judge of the SC in the discharge of his/her duties cannot be discussed in the legislature.

The SC has the power to punish any person for its contempt, as per Article 129.

Separation of the Judiciary from the Executive: A Directive Principle of State Policy says that the state shall take steps to separate the judiciary from the executive in the public services of the state.

The Constitution states that the Supreme Court is a federal court, guardian of the Constitution, and the highest court of appeal. India's commitment to law is created in the Constitution which constituted India into a Sovereign Democratic Republic, containing a federal system with Parliamentary form of Government. Thus, ultimately SC plays the role of the guardian of every Indian citizen and keeps an eye on the proceedings of the institutional bodies who either frame the laws, enforce them, or are responsible for extending the benefits of good governance to every Indian. The people who drafted the Indian Constitution, the supreme law of India, could envisage the importance of independence of judiciary, and accordingly created provision for the same (Article 131 – 144).

Unfortunately, in the post independence era, many government agencies could not work freely as it was supposed to do. Deliberate interference from people in power made them behave like a "caged parrot". In spite of provisions made for independent operation, SC has been found losing its credibility in the eyes of the former CJIs, judges and senior lawyers of the apex court, media and public at large. There are certain events which took place in the recent past where the apex body abdicated from their constitutional duty. We can cite certain examples where it is seen that the power of Judicial Review assigned with the judiciary has not been exercised. It either resulted in Judicial Underreach where the system remained surprisingly silent or Judicial Overreach where the system became unexpectedly overenthusiastic.

The Supreme Court is expected to exercise Judicial Activism where the institution is supposed to spend time on picking up cases suo moto where the case is of highest importance from human-rights perspective or in the best interest of the people of the country. Unfortunately, the apex court has always been influenced by the ruling political party and has the chance of being used as one more instrument of exercising political vendetta.

Example-1: A PIL jointly filed by civil liberties activists Harsh Mander and Anjali Bharadwaj

On 7th April 2020 (Tuesday), the court was dealing with a PIL jointly filed by civil liberties activists Harsh Mander and Anjali Bharadwaj seeking payment of wages to migrant labourers and daily wage earners who had been left with no avenues of income owing to the coronavirus-induced lockdown.

As solicitor-general Mehta intervened to say that Centre was taking all measures to ameliorate the hardships faced by the migrant labourers, Chief Justice S.A. Bobde, who was heading a bench, asked advocate Prashant Bhushan during a brief hearing that "If they are being provided meals, then why do they need money for meals?".

"They don't just need food in the shelter homes…. We need to give them money to send to their families back home. They (family members) are not in shelter homes," Bhushan replied.

The CJI was as if advocating on behalf of the ruling government and could not do justice to the principle of right to life acknowledged in Article 21 of the Constitution.

Example-2: Famous case of contempt of Court by Prashant Bhusan

In one case, a Supreme Court bench headed by Justice Arun Mishra, held Bhushan guilty of criminal contempt on August 14 and ordered him to either pay Re 1 as fine or spend three months in jail. This case against Bhushan was based on two tweets from June. The Supreme Court initiated suo moto criminal contempt proceedings against Advocate Prashant Bhushan and Twitter India, on the basis of two tweets posted by Bhushan on the social media platform.

On 29 June 2020, advocate Prashant Bhushan published a tweet about the Chief Justice of India, accompanied by a picture of CJI Bobde on a motorcycle.

Mahek Maheshwari, represented by advocate Anuj Saxena, filed a petition against Bhushan and Twitter India on 2 July, requesting the court to initiate contempt proceedings for the tweet. On 21 July, the SC took suo moto cognizance of the petition and initiated contempt proceedings against both Bhushan and Twitter India

On 5 August the Court heard arguments and on 14 August, the Court held Bhushan guilty of criminal contempt. The Court was slated to hear Bhushan's arguments before sentencing on 20 August.

Expressing "dismay" over the conviction of advocate Prashant Bhushan by the Supreme Court in a contempt of court case, over 1,500 lawyers from across the country, including senior members of the Bar, urged the top court on 18th August to "take corrective steps to prevent miscarriage of justice".

On 31 August, the Court fined Bhushan INR 1. He is required to pay this before 15

September 2020. Further, in the event of non-compliance Bhushan would be punished with 3 months imprisonment and debarred from practicing law for 3 years.

Example-3: Show-case of patriotism by enforcing National Anthem in Cinema Halls

On November 30, 2016, a Supreme Court Bench led by Justice Dipak Misra, before he became Chief Justice of India, had directed that "all cinema halls in India shall play the National Anthem before the feature film starts and all present in the hall are obliged to stand up to show respect to the National Anthem."

The court had justified that the playing of the anthem cinema halls is to be conceived as an opportunity for the public to express their "love for the motherland." The Bench had observed that said the protocol of showing respect and honour to the anthem was rooted in "our national identity, national integrity and constitutional patriotism."

But the November 2016 order had found resonating criticism from within the highest judiciary itself. Supreme Court judge, Justice D.Y. Chandrachud, in October 2017, lashed out at the logic behind the order, saying there was no need for an Indian to "wear his patriotism on his sleeves." "... where do we stop this moral policing?"

Following this, the apex court left it to the government to "take a call". The government told the Supreme Court to restore the position as it stood before the November 30, 2016 order making it mandatory for playing the Anthem in cinema halls.

Example-4: The Unlawful Activities (Prevention) Amendment Act, 2019 (UAPA, 2019)

The Unlawful Activities (Prevention) Act 1967 (UAPA) was developed as an anti-terrorism law to prevent such unlawful activities association and maintain the sovereignty and integrity of India. The UAPA has been amended on multiple occasions to incorporate the changing techniques of terrorism. The most recent amendment that came was the Unlawful Activities (Prevention) Amendment Act, 2019 (UAPA, 2019) which dealt with expanding the definition of "terrorist" to include individuals under Section 35 and 36 of Chapter VI of the Act. The outcome is removal of all the chances of any institutional mechanism for judicial review.

The primary objections to the Amendment are –

i) Under Section 35, in addition to the categorization of organizations as terrorist organizations, extended the power to include within its scope the categorization of individuals as terrorists as well.

ii) Secondly, the new Amendment is contrary to the principle of 'innocent until proven guilty' and also violates the International Covenant on Civil and Political Rights, 1967 which recognizes the mentioned principle as a universal human right.

iii) Thirdly, it is being used to repress rather than combat terrorism since the amendment provides that designation of an individual as a terrorist would not lead to any conviction or penalties.

iv) Fourthly, no objective criterion has been laid for categorization, and the government has been provided with "unfettered powers" to declare an individual as a terrorist.

The government has time and again used draconian laws such as sedition and criminal defamation laws to silence dissent. These laws are vaguely worded and overly broad and have been used as political tools against critics showing a movement towards "thought-crimes." The legislature in realizing the purpose of this Act has eroded human rights. The Amendment also violates the mandate of Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. The above arguments have pointed out how the amendment puts fundamental rights of its citizens in peril and threatens the mere existence of opposition. Under the guise of such laws, the government has booked journalists doing their jobs and citizens fighting for their rights and justice.

Role of the Supreme Court: When such horrendous legislation violates and takes away the rights of citizens, it becomes the duty of the Supreme Court to step in and restore faith in democracy. This Amendment reflects the intention with which laws were made under the colonial regime in order to curb several freedom movements under the veil of ensuring public order. The Act mainly criminalizes acts on the basis of 'ideology' and 'association'. Thus, it can be seen that the above are the signs of moving from democracy to autocracy.

Example-5: Increase in Sedition cases

Sedition law was originally drafted in British India in 1837 and later Section 124A was inserted in 1870. It was incorporated into the code in the 1870s, as a response to the rising Wahabi movement. The first case was filed against great freedom fighter Bal Gangadhar Tilak in 1897 for criticizing British Government for poor treatment of Plague outbreak in his newspaper 'Kesari'. After independence, there have been vehement debates over the law. When Article 19 (1) (a) finally came into being, "sedition" was not among the permissible restrictions under Article 19 (2). In 1951, Prime Minister Jawarhar Lal Nehru called this law obnoxious and objectionable, but it was not abolished. British, who created this draconian law, abolished this law in their country in 2010. According to the Indian Penal Code, if a person with his spoken, written, words or signs or visual representation expresses hatred, contempt or disaffection against the government then it will come under sedition. It is an open-ended law where the government in power can misuse it to stop any social or political movement against it in the name of sedition.

In many previous judgments on sedition, Courts ruled that casually chanting slogans would not account to sedition until it does not incite violence or social disorder in the country. The Supreme Court had said in a 1995 ruling that casual raising of slogans, once or twice by two individuals alone, cannot be said to be aimed at exciting or attempt to excite hatred or disaffection towards the government as established by law in India and, hence, Section 124A pertaining to sedition would not be attracted. While giving the Kedarnath judgment, the court said that there is a need to provide some parameters on the unrestricted use of sedition by the government as it may result in encroachment of personal liberty. In the Balwant Singh vs State of Punjab (1995) case, the Supreme Court had clarified that merely shouting slogans, in this case "Khalistan Zindabad" does not amount to sedition. Evidently, the sedition law is being both misunderstood and misused to muzzle dissent.

Sedition Cases in India: What Data Says?

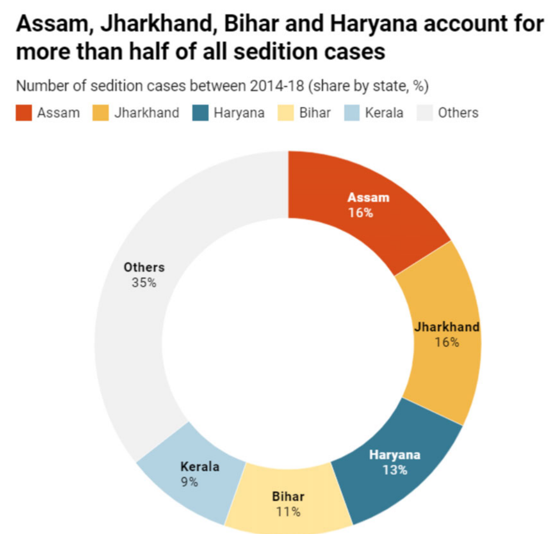
In October 2019, **FIR lodged against 49 celebrities who wrote open letter to PM Modi on mob lynching.** The police said the FIR was lodged under sections of the Indian Penal Code, including those relating to sedition, public nuisance, hurting religious feelings and insulting with an intent to provoke breach of peace.

'Sedition' for School Play on CAA: Student's Dialogue 'Insult to PM'; Parent, Official Arrested. An attempt by a school in Karnataka to allow students a deeper understanding into the countrywide unrest against the Citizenship Amendment Act (CAA) has led to a sedition charge against the authorities and the parent of a student. The Bidar New Town police station on January 30 arrested two persons: Fareeda, the in-charge of the school's primary section and Nagma, the mother of a Class 6 student.

10,000 people charged with sedition in one Jharkhand district. What does democracy mean here?

[July, 2019] The Jharkhand Police have charged 30,000 unnamed people (mostly Adivasis) under several serious sections of the Indian Penal Code (IPC), including ***Sedition***, for resorting to 'Pathalgarhi' – a tribal tradition of erecting stone slabs to demarcate the area of their villages' jurisdiction, declaring their autonomy and self-rule in areas under the Fifth Schedule of the Constitution. As many as 20 people, including activists, writers and journalists, have been charged with sedition "only because they had raised questions, on social media, on the government's actions in Pathalgadi villages and attack on Adivasi rights".

In February, 2020, a 14-year girl stood up on a stage in Bangalore and began a speech with the words "Pakistan Zindabad". She was promptly arrested. Earlier this month, in Kashmir, three students were arrested for raising pro-Pakistan slogans. In both these cases and other similar cases, the police have made arrests on the grounds of sedition and reignited the debate around India's sedition law. And the latest data suggest that this law remains as relevant as ever with sedition arrests increasing in recent years.



Violence erupted in parts of North East Delhi on February 23 this year soon after BJP leader Kapil Mishra made a short speech calling for forcefully removing anti-Citizenship Amendment Act protesters at Jafrabad. However, when some activists asked for FIR against politician Kapil Sharma for his hate speech in Delhi in February, 2020, those activists were arrested under sedition charges.

In the past 5 years trial has been completed in only 43 cases of all and only in 4 of these cases the judgment led to conviction. It reflects the evidence of misuse of sedition charges rampantly by the ruling governments across the state. The Apex Court of India in 2016 cautioned the police against misuse of the sedition law and directed them to follow its earlier Kedar Nath judgment. The Supreme Court clearly directed that authorities across the country would be bound by the Kedar Nath judgment of the apex court, which limits the scope of filing sedition cases under the provisions of Indian Penal Code. Unfortunately, the government pays no heed to it and the Supreme Court has failed to play its Role of Judicial Activism.

Example-6: Citizenship Amendments Act

The Citizenship (Amendment) Act, 2019 was passed by both houses of Parliament on 11th December 2019. It amended the Citizenship Act, 1955 by providing a pathway to Indian citizenship for refugees from Afghanistan, Bangladesh and Pakistan who are Hindus, Sikhs, Buddhists, Jains, Parsis or Christians, and arrived in India before the end of December 2014. The law does not grant such eligibility to Muslims. The Act was the first time that religion had been overtly used as a criterion for citizenship under Indian law.

This law can be perceived to be the reincarnation of the "Two-nation Theory", which was opposed by most of the freedom fighters including both nationalist Muslims and Hindus. CAA tries to develop a law whose basis is not secular but religion of the individual. The Act fosters the concept of 'Hindu Rashtra' supported by Hindu Mahasava. In essence, this Act is a direct denial of the Article 14 of the Constitution of India which states that "The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India." It also violates the underlying principles of Article 25 and 21 of Indian Constitution. Thus, the secular nature of Indian Constitution and the nation is at stake.

There is severe protest from north-eastern states as the region has seen enough influx of refugees after 1947 and 1971, despite being known for being an economically deprived region. The Central Government can foresee the possible scale-up of intense protest from the region and want to suppress it by force.

India's external spy agency Research and Analysis Wing (R&AW) had expressed "great concern" over the possibility of intelligence agencies like Pakistan's ISI exploiting the legal framework provided by the Citizenship (Amendment) Bill to push their "own people" into the country.

The government could have used the concept of "Persecuted Minorities" instead of selective religious identities to frame this Act. But they did not do so for petty vote-bank politics.

CAA & Role of Supreme Court

The Supreme Court bench on 22nd January, 2020 stated that there will be no stay on the Citizenship Amendment Act (CAA) until the Centre is heard on the matter. This can be deemed to be a big relief for the central government. The three-judge bench comprising Chief Justice of India SA Bobde, Justice S Abdul Nazeer and Justice Sanjiv Khanna, was hearing 144 petitions challenging the amended Citizenship act. Most of the petitions challenge the constitutional validity of CAA. SC said that they are open to referring this case to a larger bench - preferably to a constitutional bench consists of 5-judge bench. SC categorises 144 CAA pleas - Assam & Tripura cases to be considered separately - separate order will be given on these petitions. A notice has been given by the SC to the Centre on all pending issues, and has asked to reply on all petitions within 4 weeks time. It has barred all the High Courts from hearing all the CAA cases and that is exactly what the Central government wanted.

SC also directed that once the government's reply was filed, the challenge be listed in five weeks from then. In the meantime, it directed that issues involved in the challenge would not be taken up by any High Court. As per the court's order, the challenge should have come up for hearing around March 25. However, the government filed a reply in March, almost a month later than directed. Even so, calculating five weeks from then, the challenge should have been heard by late April. Post April, the court continues to issue notices in related petitions, tagging these petitions with the principal challenge, but it is yet to start hearing the challenge.

Example-7: Electoral Bond

The Electoral Bonds Scheme was introduced in the Finance Bill, 2017, and was notified on January 2, 2018. The Election Commission described the scheme as a "retrograde step" that would compromise transparency in political funding.

The challenge to the scheme was filed in the Supreme Court on September 4, 2017. The issue remains undecided. On January 20, the court adjourned the challenge by two weeks for the Election Commission to file its reply and directed that it be listed thereafter. The Commission filed its reply on March 27. The challenge has still not been listed since the last hearing in January.

More than three years have passed. Meanwhile, India has witnessed assembly elections in 16 states and the general election in 2019. Between March 2018 to January 2020, 12,452 electoral bonds worth Rs. 6,210 crores were sold.

Example-8: Supreme Court and its role as Master of Roster

The Supreme Court of India holds that the Chief Justice in his individual capacity is the Master of Roster. Thus, it is his prerogative to constitute the Benches and allocate the subjects which would be dealt with by the respective Benches.

The moral responsibility the CJI owes to his colleagues and the public at large while flexing his powers as 'Master of Roster' to allocate cases. Chief Justice of India Dipak Misra and some of his predecessors were criticised by four of his senior-most judges led by Justice Chelameswar for allocating cases of national importance to select judges. "Erosion of the credibility of the judiciary is the greatest threat... what is required of judges is changing... judges walk the tightrope of independence," Justice Sikri sent a message across to his brethren.

On 12th January, 2018 four Supreme Court Justices - Justice J. Chelameswar, Justice Ranjan Gogoi, Justice Madan B. Lokur and Justice Kurian Joseph - held a press conference to register their differences with the Chief Justice of India in matters related to court administration. Later, a letter they have written to the Chief Justice was made available to the media. One of the key issues raised in the letter revolves around the term 'master of the roster.'

What does 'master of the roster' mean? 'Master of the Roster' refers to the privilege of the Chief Justice to constitute Benches to hear cases. This privilege was emphasised in November last year, when a Constitution Bench, led by the Chief Justice of India Dipak Misra, declared that "the Chief Justice is the master of the roster and he alone has the prerogative to constitute the Benches of the Court and allocate cases to the Benches so constituted." It further said that "no Judge can take up the matter on this own, unless allocated by the Chief Justice of India, as he is the master of the roster."

In their letter, the four judges have also written that there are "well-settled and time honoured conventions guiding the Chief Justice" in the determination of the roster, including those about the strength of the Bench to deal with a particular case. Of late, they write, these rules haven't been strictly adhered to.

"There have been instances where cases having far-reaching consequences for the nation and the institution had been assigned by the Chief Justice of this Court selectively to the Benches "of their preferences" without any rational basis for such assignment."

Example-9: Favor from CJI in high-profile cases including Justice Loya Death Case

Former CJI Dipak Misra has many times been blamed to be a 'bench-fixer'. He assigns cases to benches selectively to provide benefit to the party in power. It is Justice Dipak Misra who decided that no investigation is necessary in the case of Justice Loya's death. Opposition party in centre has questioned SC's rationale in rejecting the plea for a probe into justice Loya's death and sought to know how it could conclude that there was no foul play without conducting an investigation. After this incident, many political parties together started the process of impeachment of CJI but the process was rejected by Vice-President, who himself is an ex-BJP member.

On 12th January, 2018, for the first time in our country's history a Supreme Court judge came in front of the media for a press conference, which has never happened till date. Four senior most judges of SC - Justice Gogoi, Justice Lokur, Justice Joseph & Justice Chelameshwar – these four judges claimed that country's democracy is in danger since Judiciary is an independent pillar of democracy and attempts are being made to pitch and seize it. They have accused CJI Dipak Misra of bench fixing, i.e. whichever politically controversial case comes under them, he selectively passes them to such judges repeatedly who shall give favorable judgment. This has happened multiple times and not once. According to the 4 judges, Justice Loya's case was the tipping point. Earlier, they tried to communicate with CJI in this matter, but all their efforts were in vain. Left with no other choice they had to call the press meet.

The list of cases where CJI Dipak Misra has been accused of favouring the party in power is –

1. Death of Justice Loya in which Amit Shah is accused, is a very high profile case. Gujarat minister and Narendra Modi's close aide Amit Shah was arrested on 25th July, 2010 in Sohrabuddin Sheikh fake encounter case and after which he got bail. In 2014, a hearing for the same matter was pending in the CBI court. First judge into the matter was transferred, the second judge was Justice Loya. Accused Amit Shah was given multiple dates to appear in front of the court but he did not. Finally Justice Loya put up a date on 20th December, 2014 for which Amit Shah had to definitely come. But incidentally, Justice Loya died on 30th November, 2014 in a sudden heart attack. Very surprisingly Justice Loya had no family history of heart disease and he himself was in good health condition. Thus, a sudden heart attack raised plenty of questions. The third judge who took charge of the proceedings declared Amit Shah

free from all charges within the next 1 month.

In November 2017 in an interview published in CARAVAN Magazine, Loya's family clearly said that they do not believe that the death was natural. Dr. Anuradha Biyani, sister of Justice Loya, disclosed the fact that her brother was offered Rs.100 Cr. bribe in return for favorable judgment. Once the CARAVAN story was published, Tehseen Poonawalla filed a petition in SC for investigation on Loya's death and SC was supposed to take decision on the same on 12th January, 2018. Deliberately, the case was assigned to a bench of much lower order and Justice Arun Mishra, who is infamous for his loyalty towards the political party in power, was a member of the bench. On 13th January, senior advocate Dushyant Dave alleged that justice Arun Mishra, who was assigned to hear the Justice Loya death case, has close relation with BJP and top politicians.

2. Another high profile case was Sahara Birla Diaries which directly accused Prime Minister Narendra Modi of corruption charges. Narendra Modi was charged of taking bribes of crores of rupees personally from Sahara Birla when he was the chief minister of Gujarat. Senior advocate Prashant Bhushan filed an appeal in this matter for conduct of investigation. CJI Dipak Misra assigned the case to Justice Arun Mishra where he said that no investigation is needed since we do not feel it to be worthy (11th January 2017).
3. Another case (14th November, 2017) in which CJI himself was accused for inquiry. The Supreme Court held that even when a petition levels accusations against the Chief Justice of India, it is still the CJI who will decide which bench in the Supreme Court should hear the case. This case was also assigned to Justice Arun Mishra where he dismissed the petition seeking inquiry into the allegations.

Justice Dipak Misra has been criticized by many for making the national anthem mandatory in cinema halls. He is also known for declaring *Criminal Defamation* as constitutionally valid. There are plenty of cases of misuse of criminal defamation where a person is charged with defamation suits of Rs.100+ Cr. for writing or talking against big politicians.

Example-10: Supreme Court Judges Appointment (Collegium vs NJAC)

The Government tried to interfere with the independence of the Supreme Court through influencing the system of appointment of judges. This new move by the Government not only forced the supreme court lawyers to express their concern but also the retired CJI Shri R.M. Lodha said – "Govt. has struck at the very heart of judicial freedom". [27th April, 2018].

The Chief Justice of India and the Judges of the Supreme Court are appointed by the President under clause (2) of Article 124 of the Constitution. It says that - "Every Judge of the Supreme Court shall be appointed by the President ... *after consultation with* ... the chief Justice of India". Now, the question arises is whether this consultation with the CJI is binding on the President of India or not. What will happen if the President of India and CJI do not agree regarding the appointment of judges? India faced this problem in 1981 and in the *First Judges Case (1981)*, the apex court held (4-3) that in the appointment of a judge of the Supreme Court or the High Court, the word "consultation" in Article 124(2) and 217(1) of the Constitution does not mean "concurrence".

In the event of a disagreement, the "ultimate power" would rest with the Union Government and not the CJI, the SC ruled. *The First Judges Case*, therefore, was an instance where the apex court acted against its own interests. 12 years later, the court would change its stance.

In 1993, hearing petitions regarding court vacancies, the First Judges Case was referred again to a nine-judge Bench. In the *Second Judges Case (1993)*, the court (7-2) overruled the First Judges Case, holding that in the event of conflict between the President and the CJI with regard to appointments of Judges, it was the Chief Justice of India whose opinion would not only have primacy, but would be determinative in the matter.

The 1993 verdict also gave birth to the ***Collegium*** System. This was the collection of the CJI and the two most senior judges of the SC. What this did was in effect "moderate" the CJI's powers when it came to the appointment of judges.

Finally, in the Third Judges Case (1998), the SC reaffirmed its 1993 judgment and expanded the Collegium to include the CJI and the four most-senior judges of the court after the CJI. It also included the condition that at least two senior most judges among the four must agree with the CJI.

Why is the Collegium system being criticised?

The Central government has criticized it saying it has created an *imperium in imperio* (empire within an empire) within the Supreme Court. The Supreme Court Bar Association has blamed it for creating a "give-and-take" culture, creating a rift between the haves and have-nots. "While politicians and actors get instant relief from courts, the common man struggles for years for justice."

The most pronounced attempt at reforming the Collegium System was probably the ***National Judicial Appointments Commission (NJAC)***. The NJAC was a body that would have been composed of the CJI, two senior judges, the Law Minister and "two eminent personalities" appointed by the Prime Minister, Leader of Opposition and CJI. It was passed by Parliament in 2014 as the 99th Constitutional Amendment Act.

If politicians are involved, what about judicial independence?

In the new NJAC there is a high chance that half of the members involved may be politically influenced. The judiciary representatives in the NJAC – the Chief Justice and two senior-most judges , can veto any name proposed for appointment to a judicial post if they do not approve of it. Once a proposal is vetoed, it cannot be revived. At the same time, the judges require the support of other members of the commission to get a name through.

Ultimately, in Fourth Judges Case (2015), SC Bench strikes down NJAC Act as ‘unconstitutional and void’. Declaring that the judiciary cannot risk being caught in a “web of indebtedness” towards the government, the Supreme Court on Friday (16th October, 2015) rejected the National Judicial Appointments Commission (NJAC) Act and the 99th Constitutional Amendment which sought to give politicians and civil society a final say in the appointment of judges to the highest courts.

The Bench in a majority of 4:1 rejected the NJAC Act and the Constitutional Amendment as “unconstitutional and void.” It held that the collegium system, as it existed before the NJAC, would again become “operative.”

Interference by Central Government in the recruitment of SC Judges – 2018

Early in 2018, the collegium recommended the name of Justice K.M. Joseph and Justice Indu Malhotra. The file was sent to the Law ministry who did not respond in the first three months. Then, they forwarded the file of Malhotra to the President’s office but rejected the file of K.M. Joseph and returned it to collegium without any official reason.

Justice Joseph was the Chief Justice of Uttarakhand High Court when the Modi-led Central Government brought Uttarakhand under President’s rule (27th March, 2016) citing a constitutional breakdown in the wake of a rebellion in the ruling Congress, which slammed the decision calling it a “murder of democracy” and a “black” day. Later the Division Bench comprising Chief Justice KM Joseph and Justice VK Bisht had quashed the order of the Central Govt. that had put the State under President’s Rule on March 27, 2016, and ordered former Chief Minister Harish Rawat for floor test on April 29. Prior to the judgment, the Bench slammed the Centre for planning to attempt the revocation of President’s Rule before the Court’s verdict.

Thus, it was a clear case of political vendetta exercised by Modi Govt. The central government’s move has failed to garner a favourable response from two former Chief Justices - former CJIs RM Lodha and TS Thakur. According to them, Centre’s decision is unfortunate, and amounts to interference.

On April 26, 2018, 100 top Supreme Court lawyers called for an extraordinary meeting of the Supreme Court Bar Association (SCBA) to protest. Four former Chief Justices of India and four former judges of the Supreme Court too have questioned CJI Dipak Misra over the government’s role in segregating the recommendations of the Supreme Court collegium that recommended Justice Joseph. More than 100 eminent lawyers have written a letter to CJI and President as - “ ... we express our deep anguish for non-inclusion of Justice KM Joseph and selective processing of files contrary to the recommendation of the SC collegium. We strongly condemn the selective approach of the Executive and call upon the Hon’ble SC to take appropriate steps to restore independence of the judiciary”.

SUPREME COURT’S PRIORITIES

The Supreme Court's own words and its prompt handling of Bhushan's case reveals its current priorities. "Access to justice would, therefore, be a constitutional value of any significance and utility only if the delivery of justice to the citizen is speedy, for otherwise, the right to access to justice is no more than a hollow slogan of no use or inspiration for the citizen," it said.

From available evidence, it is clear that the court has increasingly exercised discretion to prioritise certain cases, such as Bhushan's, while not dealing with many (CAA & Electoral Bond) with the same sense of urgency. The constant adjournment and not listing of these cases by the court appears to be an abdication of responsibility. As the judiciary abdicates responsibility, it cedes space for the executive to assume that responsibility, creating an imbalance in a democratic system.

By adjourning justice, the SC is denying justice.

12. China India Relations

CURRENT DEVELOPMENTS IN SINO-INDIA RELATIONS

Almost as a wink seventy years have passed since India formally opened a diplomatic dialogue with China. The relationship that we have jointly enjoyed is a curious mix of bitter rivalry and cautious friendship. This should go down in history as the most enigmatic relationship that two neighboring countries have enjoyed. To chronicle all the events, in a single article, is not only close to impossible but will also be beyond the scope of this essay. I have cited crucial events that have happened over the last seventy years and then viewed the current scenario in that background.

There is a flirting feeling in me that the Sino-India relations that we currently find ourselves in is in a way influenced by the US-China trade embargo. There is this culture of trade dominance that has gripped global world players. The lack of community wellness, as advocated by Raghuram Rajan in his book 'The Third Pillar' has paved the way for greed and dominance mindless of what happens to the community. This culture has spilt over into other areas of our existence including national security. Whatever, the reason there is a compelling need to address and resolve issues peacefully as both nations have a lot at stake. We could instinctively call for a war. However, in the wake of the Coronavirus pandemic and dipping Global GDP it is far wiser to open a dialogue, one that seeks a conducive atmosphere for co-existence in the subcontinent. It is easier said than accomplished considering the myriad parameters that strategists need to take into account while devising a definite plan that will work and more importantly one that would withstand the tremors for years to come. And, not to forget, China is a communist country and India is a democracy. These are two large countries that have do not have many things in common.

Incidentally, this year, 2020, marks the 70th anniversary of the establishment of diplomatic relations between India and China. It was meant to be a year of celebration. But first the COVID-19 pandemic and then the bloody showdown in Galwan where 20 Indian Army personnel lost their lives have exposed the tragic irony of those plans. What was to be an *annus mirabilis* (fortunate) in bilateral relations has been replaced by an *annus horribilis* (disaster).

Around 6th/7th July 2020, post Galwan, brought news of a conversation between the two special representatives on the India-China boundary question, Indian National Security Advisor Ajit Doval and Chinese foreign minister Wang Yi. The fact that the two spoke is a positive development. They seem to have had a substantive and in-depth conversation. One can only hope this conversation widens the way to a durable reduction of tensions between India and China. This is the only sensible way forward.

The Chinese Foreign Office's statement after the conversation speaks of the current situation in bilateral relations being complex and of the need to work "together to overcome and turn it around as soon as possible". The need to "guide public opinion in the right direction "is also mentioned. The need to jointly uphold the "big picture" in bilateral relations is emphasized. Very importantly citizens of both countries need to know the status quo.

The Indian government statement issued after the conversation focuses more on the need to complete the disengagement process expeditiously, "strictly respect and observe the LAC [Line of Actual Control] " and not to take unilateral action to alter the status quo. There is no talk of the "big picture" in bilateral relations. The focus is entirely on the LAC situation. The tone of both statements is temperate and restrained, however.

While these announcements are therefore salutary and hopefully a complete disengagement process along the disturbed areas of the LAC in Ladakh will take place as a result, however, there is no guarantee that all will be well in India-China relations. The relationship has suffered a serious blow as a result of the tragic events in the Galwan Valley. Mutual trust and confidence are at their lowest level and will not be restored easily. We have miles to go.

The recent Chinese actions in Ladakh amounted to significant ingress across the LAC and were aimed at gaining tactical advantage and strategic depth against Indian forces in the area. There are a number of pockets across the LAC so much so that the definition of where the line should lie is perceived differently by India and China. These disputes have become increasingly difficult to contain in recent years. An exercise to clarify the LAC by the two countries ran aground in the early 2000s.

The sector of contention/lack of agreement in this regard was the Western Sector of the border/LAC where each other's maps were seen informally by each side and then returned. The exercise was not resumed after that because of Chinese opposition.

Chinese language media reports, in the wake of the Galwan incident , have accused the Indian side of having been consistently provocative in the border areas. These also saw the 2017 stand-off in the Doklam plateau in Bhutan as a "crisis" which was an inflection point that tilted the balance in relations towards the "negative", necessitating a total review of approaches to India.

The aggressive and offensive pushback by China appeared to be aimed against India's strengthening its infrastructure and access to areas along the LAC. Going by Chinese analysts whose views have been carried in the Chinese-language media within China, there is an impression on the Chinese side that India's moves to consolidate and improve defences on her side of the LAC are "provocative" and that India is a country that makes "trouble" for China in the region (for eg, resisting China on the BRI [Belt and Road Initiative], the CPEC [China-

Pakistan Economic Corridor], obstructing China's development of relations with other South Asian countries, teaming up with the US and other partners like Japan to contain China in the Indo-Pacific), and that it is time to firmly resist and offer a "fierce response" to India whatever the consequences may be for the bilateral relationship.

These may not be universal views held by Chinese commentators, but they definitely command salience given the rising tide of nationalism within the country, a PLA [People's Liberation Army of China] that has been traditionally hostile to India and the 'China first' sinocentrism of Xi Jinping. Despite the understanding that may have been reached for disengagement in Ladakh, these views will not be erased or mitigated.

China's transgressions across the LAC in the Western Sector have gone up steadily in the recent years. Chinese plans to secure more 'defensive' depth along LAC have been operational for some years now. But the aggressiveness, bellicosity and pronounced hostility of their border troops are new phenomena and were most certainly the factors that caused the violent and brutal attack on our patrol in Galwan. China, despite its power and global reach today, remains a deeply insecure and psychologically challenged nation. Her basic intent is to 'check' India, diminish its stature and weight in the Great (regional and global) Game to confirm China's position as the paramount power.

The Indian defence forces are undoubtedly capable of defending India's security and national interest against any offensive intent of China. China needs to be firmly reminded that 2020 is not 1962. We are capable of giving more than a befitting reply.Our forces are battle-hardened and fighting fit. The Chinese PLA despite superior infrastructure, logistics and firepower, and the reforms introduced by Xi Jinping to reorganise and tighten command structures, have not been tested in battle for more than a generation, since the war with Vietnam in the late 1970s. However, neither side can benefit from a conflict that will destroy, or at least put back the prospects of a peaceful settlement of outstanding problems for years to come, apart from the fall-out of such a conflict on all spheres of national life.

India has to guard against the possibility of China opening other fronts in the event of any escalation of tensions. In Arunachal Pradesh, just as India has a claim to the Aksai Chin, the Chinese claim 90,000 square km of Indian territory and have their eyes on the monastery town of Tawang, the birthplace of the Sixth Dalai Lama. This is a territorial 'claim' which is differentiated from a dispute over the LAC.

The Chinese PLA have always regretted their withdrawal from areas south of the McMahon Line after the 1962 conflict. Many Chinese feel that India may have lost the war but gained a 'state' whereas China won the battle but 'lost' territory. They regard this territory as the sector of the 'largest dispute' as far as the boundary problem with India is concerned .

Bilateral diplomacy must however work hard to ensure the implementation of the consensus between the two militaries to achieve disengagement in areas where the LAC in Ladakh is subject to overlapping interpretations. Sober choices have to be made by both countries and there is definitely a need to focus on the "big picture" of bilateral relations.

The challenge of India and China rubbing up against each other, as Nehru said long ago, is one that runs across the spine of Asia. A conflict between India and China has implications that go far beyond our borders. It is unfortunate that in this 70th year of the establishment of diplomatic relations between them, peaceful coexistence has been replaced by armed coexistence.

Lets's now consider other dimensions to this very enigmatic relationship between the two Asia's giants. First their History.

HISTORY OF THE SINO-INDIAN RELATIONSHIP

What clearly started off as friendly co-existence ended up as rivalry because of short sightedness from both sides and ultimately paved the way for bitterness that has extrapolated into one of the most hostile and dangerous war zones in the world. This has led to troops from both sides guarding severely inhospitable regions. Again The third pillar

'our community' comes to my mind. If only we think beyond selfish concerns and put our community first, we will forever cease to find a lasting and peaceful solution to this ancient crisis.

The tension in the air is palpable. With troops on both sides heavily armed and sending vicious signals across to the other side, the signals are more than worrisome. This is the moment to act if we are to avoid a catastrophe.

China–India relations, also called **Sino-Indian relations or Indian–Chinese relations**, refers to the bilateral relationship between China and India. The tone of the relationship has varied over time; the two nations have sought economic cooperation with each other, while frequent border disputes and economic nationalism in both countries are a major point of contention. The modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China (Taiwan) and recognize the People's Republic of China as the legitimate government of Mainland China. China and India are two major regional powers in Asia, and are the two most populous countries and among the fastest growing major economies in the world. Growth in diplomatic and economic influence has increased the significance of their bilateral relationship.

Relations between contemporary China and India have been characterised by border disputes, resulting in three military conflicts – the Sino-Indian War of 1962, the Chola incident in 1967, and the 1987 Sino-Indian skirmish. In early 2017, the two countries clashed at the Doklam plateau along the disputed Sino-Bhutanese border. However, since the late 1980s, both countries have successfully rebuilt diplomatic and economic ties. In 2008, China became India's largest trading partner and the two countries have also extended their strategic and military relations.

Despite growing economic and strategic ties, there are a lot of hurdles for India and the PRC [People's Republic of China] to overcome. India faces trade imbalance heavily in favour of China. The two countries failed to resolve their border dispute and Indian media outlets have repeatedly reported Chinese military incursions into Indian territory. Both countries have steadily established military infrastructure along border areas including amidst the 2020 China–India skirmishes. Additionally, India remains wary about China's strong strategic bilateral relations with Pakistan, and China's funding to the separatist groups in Northeast India, while China has expressed concerns about Indian military and economic activities in the disputed South China Sea.

Geographical overview

[Note that there will be chunks of historical facts presented in this section. It will help if you have a map of the Indo-China region at hand. You will be able to relate to the scenes as and when they unfold.]

The Dispute in a nutshell.

China and India are separated by the Himalayas. China and India today share a border with Nepal and Bhutan acting as buffer states. Parts of the disputed Kashmir and Ladakh region claimed by India are claimed and administered by either Pakistan (Azad Kashmir and Gilgit and Baltistan) or by the PRC (Aksai Chin). The Government of Pakistan on its maps shows the Aksai Chin area as mostly within China and labels the boundary "Frontier Undefined" while India holds that Aksai Chin is illegally occupied by the PRC. China and India also dispute most of Arunachal Pradesh.

British Raj

After independence On the first of October 1949 the People's Liberation Army defeated the Kuomintang (Nationalist Party). At around the same time, on the 15th of August 1947, India became a federal, democratic republic after its constitution came into effect on the 26th of January 1950.

Nehru the then Prime Minister, of India, based his vision of "resurgent Asia" on the friendship between the two largest states of Asia; his vision of an internationalist foreign policy governed by the ethics of the Panchsheel (Five Principles of Peaceful Coexistence), which he initially believed was shared by China. Notably, Bhimrao Ambedkar was surprised that Nehru took the Panchsheel seriously, while Acharya Kriplani had said the Panchsheel was "born in sin". Nehru was disappointed when it became clear that the two countries had a conflict of interest in Tibet, which had traditionally served as a buffer zone.

Key Events in the 1950s

India established diplomatic relations with the PRC on 1 April 1950, the first non-communist/ socialist nation in Asia to do so.

Chinese Communist Party Chairman Mao Zedong viewed Tibet as an integral part of the People's Republic of China. The preceding government of the Republic of China under Chiang Kaishek also claimed Tibet as Chinese territory, however was unable to re-assert control.

Chairman Mao saw the Indian concern over Tibet as a manifestation of interference in the internal affairs of the PRC. The PRC reasserted control over Tibet and to end Tibetan Buddhism and feudalism, which it did by force of arms in 1950. To avoid antagonizing the PRC, Nehru informed Chinese leaders that India had no political ambitions or territorial ambitions and did not seek special privileges in Tibet but that traditional trading rights must continue. With Indian support, Tibetan delegates signed an agreement in May 1951 recognizing PRC sovereignty but guaranteeing that the existing political and social system of Tibet would continue.

Founding of the Sino-Indian Friendship Association on 16 May 1952 in Beijing.

In April 1954, India and the PRC signed an eight-year agreement on Tibet that became the Five Principles of Peaceful Coexistence (or *Panchsheel*).

In October 1954, both the countries signed a trade agreement, which, according to experts, heavily favored China.

In March 1959, the Dalai Lama, spiritual and temporal head of the Tibet, sought sanctuary in Dharmsala, Himachal Pradesh where he established the Tibetan government-in-exile. Thousands of Tibetan refugees settled in northwestern India. The PRC accused India of expansionism and imperialism in Tibet and throughout the Himalayan region. China claimed huge swaths of territory over which India's maps showed clear sovereignty, and demanded "rectification" of the entire border.To summarise in the 1950s clearly Tibet was a note of contention along with some bourgeoning Border disputes.

Key Events in the 1960s

The Border disputes that emerged in the 1950s resulted in a short border war between the People's Republic of China and India on 20

October 1962.The border clash resulted in a overall defeat of India as the PRC pushed the Indian forces to within 48 km of the Assam plains in the northeast

Relations between the PRC and India deteriorated during the rest of the 1960s and the early 1970s while the China–Pakistan relations improved and Sino-Soviet relations worsened. The PRC backed Pakistan in its 1965 war with India. In late 1967, there were two more conflicts between Indian and Chinese forces at their contested border, in Sikkim, known as the Nathu La and Cho La clashes. Both sides suffered heavy casualties but India was at better position than PRC.

Between 1967 and 1971, an all-weather road was built across the territory claimed by India, linking PRC's Xinjiang Uyghur Autonomous Region with Pakistan; India could do no more than protest.

Chinese demonstrations against Indian "reactionary factions" in Beijing in 1967.

The PRC continued an active propaganda campaign against India and supplied ideological, financial and other assistance to dissident groups, especially to tribes in northeastern India. The PRC accused India of assisting the Khampa rebels in Tibet.

Thus the !960s were marked by wars intended to extend their respective country's borders. Both countries lost lives and the era set the tone for bitterness.

Key Events in the 1970s

In August 1971, India signed its Treaty of Peace, Friendship, and Co-operation with the Soviet Union. The PRC sided with Pakistan in its December 1971 war with India. Although China strongly condemned India, it did not carry out its veiled threat to intervene on Pakistan's behalf.

India and the PRC renewed efforts to improve relations after Indian Prime Minister Indira Gandhi's Congress party lost the 1977 elections to Morarji Desai's Janata Party. In 1978, the Indian Minister of External Affairs Atal Bihari Vajpayee made a landmark visit to Beijing, and both countries officially re-established diplomatic relations in 1979.

The 1970s saw the emergence of a new government , the Janata Party, a replacement to the Congress Party. Border disputes continued. It was clear that more than anything Indo-China wars were more due to the greed to expand their territory than anything else.

1980s

In 1981, the Minister of Foreign Affairs of the People's Republic of China, Huang Hua made a landmark visit to New Delhi. PRC Premier Zhao Ziyang concurrently toured Pakistan, Nepal, and Bangladesh.

India and the PRC held eight rounds of border negotiations between December 1981 and November 1987. By the summer of 1987, both sides had backed away from conflict .

A warming trend in relations was facilitated by Rajiv Gandhi's visit to China in December 1988. The two sides issued a joint communiqué that stressed the need to restore friendly relations on the basis of the Panchsheel. India and the People's Republic of China agreed to achieve a “fair and reasonable settlement while seeking a mutually acceptable solution” to the border dispute.

Thus the 1980s marked the re-emergence of the Congress Party and frantic efforts were being take to restore peace at all costs with the then Prime Minister Rajiv Gandhi even paying a visit to China.

Key Events in 1990s…..Events that happened thirty ago.

Top-level dialogue continued with the December 1991 visit of PRC premier Li Peng to India and the May 1992 visit to China of Indian president R. Venkataraman. Six rounds of talks of the Indian-Chinese Joint Working Group on the Border Issue were held between December 1988 and June 1993. Progress was also made in reducing tensions on the border via mutual troop reductions, regular meetings of local military commanders, and advance notification about military exercises. In July 1992, Sharad Pawar visited Beijing, the first Indian Minister of Defence to do so. Consulates reopened in Mumbai and Shanghai in December 1992.

A senior-level Chinese military delegation made a goodwill visit to India in December 1993 aimed at “fostering confidence-building measures between the defence forces of the two countries.” The visit, however, came at a time when China was providing greater military support to Burma. The presence of Chinese radar technicians in Burma’s Coco Islands, which border India’s Andaman and Nicobar Islands caused concern in India.

In 1995, talks by the India-China Expert Group led to an agreement to set up two additional points of contact along the 4,000 km border to facilitate meetings between military personnel. The two sides were reportedly “seriously engaged” in defining the McMahon Line and the line of actual control vis-à-vis military exercises and prevention of air intrusion

There was little notice taken in Beijing of the April 1995 announcement of the opening of the Taipei Economic and Cultural Centre in New Delhi. The Centre serves as the representative office of the Republic of China (ROC Taiwan) and is the counterpart of the India-Taipei Association located in Taiwan. Both institutions share the goal of

improving India-ROC relations, which have been strained since New Delhi’s recognition of Beijing in 1950.

Sino-Indian relations hit a low point in 1998 following India’s nuclear tests. Indian Defence Minister George Fernandes declared that ““in my perception of national security, China is enemy No 1.…and any person who is concerned about India’s security must agree with that fact”, hinting that India developed nuclear weapons in defence against China’s nuclear arsenal. In 1998, China was one of the strongest international critics of India’s nuclear tests and entry into the nuclear club. During the 1999 Kargil War China voiced support for Pakistan, but also counseled Pakistan to withdraw its forces.

It seemed like the 90s were the most promising of all the decades till the moment the nuclear narrative arose.

Key Events in 2000s

Indian and Chinese officers met at Nathu La. Nathu La was re-opened in 2006 following numerous bilateral trade agreements. **Nathu La** is a mountain **pass** in the Himalayas in East Sikkim district. It connects the Indian state of Sikkim with China's Tibet Autonomous Region. The opening of the pass is expected to bolster the economy of the region and play a key role in the growing Sino-Indian trade.

In the South Asian Association for Regional Cooperation (SAARC) Summit in 2005, China was granted an observer status. While other countries in the region are ready to consider China for permanent membership in the SAARC, India seemed reluctant.

In 2005, China and India signed the 'Strategic and Cooperative Partnership for Peace and Prosperity'. However, there has been very little if no strategic convergence between the two countries.

Issues surrounding energy has risen in significance. Both countries have growing energy demand to support economic growth. Both countries

signed an agreement in 2006 to envisage ONGC Videsh Ltd (OVL) and the China National Petroleum Corporation (CNPC) to placing joint bids for promising projects

In 2006, China and India re-opened Nathula pass for trading. Nathula was closed 44 years prior to 2006. Re-opening of border trade will help ease the economic isolation of the region. In November 2006, China and India had a verbal spat over claim of the north-east Indian state of Arunachal Pradesh. India claimed that China occupied 38,000 square kilometres of its territory in Kashmir, while China claimed the whole of Arunachal Pradesh as its own. .

In October 2009, the Asian Development Bank [ADB]formally acknowledging Arunachal Pradesh as part of India, approved a loan to India for a development a project there. Earlier China had exercised pressure on the bank to cease the loan, however India succeeded in securing the loan with the help of the United States and Japan. China expressed displeasure at ADB.

Thus 2000s saw breakthroughs in many areas ,both geographically and Economically, it still remains an enigma whether to view China as a friend or an ally.

2010s

Chinese Premier Wen Jiabao paid an official visit to India from 15 to 17 December 2010 at the invitation of Prime Minister Manmohan Singh. He was accompanied by 400 Chinese business leaders, who wished to sign business deals with Indian companies. During this visit Premier Wen Jiabao said "India and China are two very populous countries with ancient civilisations, friendship between the two countries has a time-honoured history, which can be dated back 2,000 years".

In April 2011, during the BRICS summit in Sanya, Hainan, China the two countries agreed to restore defence co-operation and China had hinted that it may reverse its policy of administering stapled visas to residents of Jammu and Kashmir. This practice was later stopped, and as a result, defence ties were resumed between the two countries and joint military drills were expected.

In the March 2012 BRICS summit in New Delhi, CCP General Secretary and Chinese President Hu Jintao told Indian Prime Minister Manmohan Singh that "it is China's unswerving policy to develop Sino-Indian friendship, deepen strategic cooperation and seek common development". Other topics were discussed, including border dispute problems and a unified BRICS central bank. BRICS is the acronym coined to associate five major emerging national economies: Brazil, Russia, India, China, and South Africa. The BRICS members are known for their significant influence on regional affairs. Since 2009, the BRICS nations have met annually at formal summits.

In April 2012, in response to India's test of an Agni-V missile capable of carrying a nuclear warhead to Beijing, the PRC called for the two countries to "cherish the hard-earned momentum of co-operation"..

2020s…..Current Times.

Tension amidst Covid -19….The last thing that either country wants.

On 10 May 2020, Chinese and Indian troops clashed in Nathu La, Sikkim, leaving 11 soldiers injured. Following the skirmishes in Sikkim, tensions between the two countries grew in Ladakh with a buildup of troops at multiple locations. There were 20 Indian soldiers and an unknown number of PLA soldiers killed on the night of 15/16 June. China reinforced troops near the Indian border with Tibet, Chinese state media reported. Bilateral agreements between India and China prevent the use of guns along the line of actual control; however these skirmishes saw the first shots, warning shots, being fired in decades.

Following the deaths, Prime Minister Modi addressed the nation about the incident, saying that "the sacrifice made by our soldiers will not go in vain", while the Indian foreign minister told the Chinese foreign minister that Chinese actions in Galwan were "pre meditated".

Following the Galwan Valley clash on 15 June 2020, there were renewed calls across India to boycott Chinese goods, however, numerous Indian government officials said that border tensions would have little impact on trade.

On the 29th of June, the Indian government banned 59 widely used Chinese mobile phoneApps and desktop applications in response to the rising tensions and escalating diplomatic dispute between the two nations. On 19 August, the Times of India reported that the ministry of external affairs of India has been told that visas for Chinese businessmen, academics, industry experts, and advocacy groups will need prior security clearance, and the measures are similar to those that have long been employed with Pakistan.

Economics

China and India have developed their own complementary skills following a period in which they had cut themselves off from each other. By 2007, while China excelled at cost-effective manufacturing, India was skilled in cost effective designing and development. In 2007 Tarun Khanna wrote in the Harvard Business Review that "The simplest, and most powerful, way of combining China and India is to focus on hardware in China and on software in India." In the 2009 book "Getting China and India Right", the authors suggest a China plus India strategy so as to strategically benefit from both India's and China's

scale, complementary strengths, and reducing the risk of being unilaterally present.

There are cases when Indian companies have gone to China and done well, such as Mahindra and Mahindra, while Chinese companies such as Huawei have done well in India. Huawei set up its Indian unit in 1999 and by 2007 had 1500 engineers. Huawei's Bangalore unit, already one of Huawei's most important research and development centres, was Capability Maturity Model Level 5 certified in 2003. In the oil sector there is competition and engagement — China's Sinopec and China National Petroleum Corporation and India's Oil and Natural Gas Corporation fight over oil assets in some regions while winning bids as joint ventures in others such as Syria, Colombia, Angola and Venezuela.

Bilateral trade

China is India's largest trading partner.In June 2012, China stated its position that "Sino-Indian ties" could be the most "important bilateral partnership of the century". That month Wen Jiabao, the Premier of China and Manmohan Singh, the Prime Minister of India set a goal to increase bilateral trade between the two countries to US$100 billion by 2015.

Let's look at some recent figures. Bilateral trade between China and India touched US$89.6 billion in 2017–18, with the trade deficit widening to US$62.9 billion in China's favour. This figure excludes bilateral trade between India and Hong Kong which stands at another US$34 billion.

Major commodities exported from India to China were: cotton; gems, precious metals, coins; copper; ores, slag, ash; organic chemicals; salt, sulphur, stone, cement; machines, engines, pumps.

Major commodities imported from China to India were: electronic equipment; machines, engines, pumps; organic chemicals; fertilizers; iron and steel; plastics; iron or steel products; gems, precious metals, coins; ships, boats; medical, technical equipment.

SUMMARY AND WHAT HAPPENS NEXT?

Why Is the Asian Teapot Boiling Again?

On the Indian side, New Delhi has grown tired of Beijing undercutting it repeatedly. Indian Prime Minister Narendra Modi has met Xi Jinping 18 times. He has visited China five times, more than any other prime minister in the past. Modi has personally invested in a good relationship with Xi.

India also sees China's behavior on the LAC as yet another betrayal. Over the years, the Chinese have been developing their infrastructure on the Tibetan Plateau as well as the LAC, expanding their operations and following salami-slicing tactics to claim more territory. In the words of Ashley Tellis, the Chinese have been "singularly mischievous" not only by gobbling up strategic territory on the LAC but also reneging on their commitment to exchange maps that define each country's positions. Since last year, China has also belligerently backed Pakistan in international forums against India's policy in Kashmir — an issue as sensitive for India as Tibet is for China.

There is another matter that irks Indians. All sorts of Chinese goods flood the Indian market, from active pharmaceutical ingredients to cell phones. As a result, China had a significant trade surplus of over $58 billion with India in 2018, accounting for 16% of China's 2018 overall trade surplus. Only the US and the EU account for greater shares of China's trade surplus. Indians feel they have contributed to making China richer only to be maltreated again. All these events have

occurred at a time when the Indian government has adopted more clearly nationalistic policies than at any time since India won its independence.

Partly in response to public sentiment, the Indian government has restricted Chinese investment, and Indian Railways has canceled its contract with a Chinese company. Some say that India's trade war on China was long overdue. Chinese firms had access to cheaper capital, government subsidies and other unfair advantages, dumping its cheap goods on India. While India opened its market for goods where China has an advantage, the Middle Kingdom never reciprocated for services where its southern neighbor is a better choice. The trade war will cut India's trade deficit, force it to focus on manufacturing instead of the opiate of cheap Chinese goods and perhaps emerge with more robust domestic industries.

This argument has some merit but overlooks the pain, even if only short term, that the Indian consumer will experience as a result of higher prices of everyday goods such as cell phones and nail cutters.

Furthermore, it ignores the fact that Chinese investment in Indian startups grew from $381 million in 2016 to $4.6 billion in 2019. India is short on capital, and cutting off a growing source of capital will hurt. Yet China will suffer too because it is the country running a trade surplus and, if China keeps turning the screw militarily, India will keep responding economically.

The Final Count Down : Trade War, War or Peace?

Many believe that the two nuclear-armed neighbors could not possibly go to war. The threat of uncontrollable escalation is appalling. Others

think that India is no match to China. India's GDP is just under $3 trillion and China's has crossed $13 trillion. India's per capita GDP is a little more than $2,000, while China's is a bit under $10,000. When it comes to defense, India's budget this year is about $57 billion while China's is almost $179 billion. In a long war, Chinese economic might, industrial production and defense superiority would guarantee victory.

Indian military men are confident that 2020 is not 1962. India has fought low-intensity conflict for decades. Its infantry is battle-tested, seasoned and hardened. Its officers lead from the front in keeping with their British colonial tradition. With their rural roots, Indian soldiers are tough, hardy and brave. India's all-volunteer army is professional and well trained, which does not suffer from political interference. Also, modern wars between sophisticated militaries may be of higher intensity but shorter duration than past wars, given changes in the technology of weapons and doctrine. That may give India an edge.

In contrast, the PLA suffers from politicization. Loyalty to the CCP is often more important than mastery of warcraft. Many soldiers are conscripts and have little combat experience. Their performance under pressure and the ability to take casualties is untested. Furthermore, conscription and corruption often damage morale. Officers in the PLA tend not to lead from the front.

It is on sea where India commands the most advantage. Its navy has been the most professional of India's three armed forces. Its size is small and the scale of its operations is limited. However, it has one major geographical advantage. The Strait of Malacca lies within striking distance. It is here that India could cause China most pain, severely disrupting its energy supplies. To escalate the decades-old border dispute to the Malacca Straits, however, would have powerful national and global repercussions, and is hard to imagine.

China's aggression on the border demonstrates a staggering lack of understanding of its southern neighbor. This is a classic error in diplomacy. The BJP, India's ruling party, has constantly viewed Pakistan as India's mortal foe. Buried deep in their consciousness is the memory of Islamic invaders sacking temples, seizing women and imposing jizya, the infamous poll tax that Hindus paid their Muslim rulers until the 18th century. The BJP and the RSS have never seen China as a foe. Culturally, they see the Middle Kingdom as a kindred civilization and would prefer trade over war with it. Some even dream of adopting China's Xinjiang policy in Kashmir. The CCP has been unwise in alienating, instead of cultivating, the BJP and the RSS.

From COVID-19 to border transgressions, many Indians now blame China for everything, and a significant number of nationalists want to go to war with it. Ominously, the government has permitted ground commanders to use firearms in "rare" cases. The 1996 agreement not to use firearms or explosives at the LAC stands suspended.

On July 3, Narendra Modi had given a rousing speech to troops on the border. He has declared an end to the era of Chinese expansionism, vowed not to cede an inch of territory and saluted "Mother India" aswell as the mothers of valiant soldiers. Using a Sanskrit phrase, "Veer Bhogya Vasundhara," which literally means "the brave enjoy the earth," Modi declared that India was ready for war.

Despite rising nationalism and angry public sentiment, both countries know that war would be expensive. They would lose blood and treasure. Both have lost face during the recent border tensions. The Chinese have gobbled up territory Indians believe to be theirs. In response, the Indians have given the Chinese a bloody nose in a brutal brawl. Since 1962, tensions have never been higher. Yet peace is still possible. It would involve a quid pro quo of the sort Zhou proposed to Nehru in 1960 in closed rooms over endless cups of tea.

13. 5 G in India : A technology whose time has not yet come

What is 5G?

5G is a new global wireless standard after 1G, 2G, 3G, and 4G networks. 1G was when the first analog cell phones entered the world. New features like SMS and voicemail came to mobile handsets during the 2G phase. The 3G phase witnessed higher data transfer rates which in turn enabled mobile web browsing, image sharing and GPS location-tracking. The current 4G standard delivers deep web functionality to our smartphones.

5G is the fifth generation of wireless technology which promises more than just a faster network. It will help redefine the network, establishing a new global wireless standard for speed and bandwidth. That means quicker downloads, much lower lag and a significant impact on how we live, work and play. Higher multi-Gbps peak data speeds, ultra low latency, more reliability, massive network capacity, increased availability, and a more uniform user experience to more users are advantages that 5G wireless technology will provide. The connectivity benefits of 5G are expected to make businesses more efficient and give consumers access to more information faster than ever before. Connected cars, smart communities, industrial IoT, immersive education - they all will rely on 5G networks. A 5G network builds a bridge to the future.

How fast is 5G?

5G is designed to deliver peak data rates up to 20 Gbps based on IMT-2020 requirements. The fastest current 4G mobile networks offer about 45Mbps (megabits per second) on average, although the industry is still hopeful of achieving 1Gbps (gigabit per second = 1,000Mbps). Chipmaker Qualcomm reckons 5G could achieve browsing and download speeds about 10 to 20 times faster in real-world (as opposed to laboratory) conditions, which means one can download a high-definition film in a minute or so.

How do businesses use 5G?

5G will have a tremendous impact on businesses owing to its high data speeds and superior network reliability. The benefits of 5G will enhance the efficiency of businesses while also giving users faster access to more information.

Depending on the industry, some businesses can make full use of 5G capabilities, especially those needing the high speed, low latency, and network capacity that 5G is designed to provide. For example, smart factories could use 5G to run industrial Ethernet to help them increase operational productivity and precision.

STATUS OF 5G TECHNOLOGY IN INDIA

The Indian government has announced that networks should be 5G enabled by 2020. Spectrum allocation will be at the crux of it, as well as technical and infrastructure upgradation. Earlier, there have been many consumer complaints that though networks promise 3G and 4G speeds, the experience has not kept pace with expectations. 5G promises downloads as fast as 1GB per second, and non-stop video play, calls, etc, without buffering.

In the case of 5G, it is expected that the migration, though the networks claim otherwise, will happen slowly from 4G LTE and eventually 5G as capital intensive replacement of older equipment and technology will take time. TRAI has started allocating spectrum and bandwidth for 5G, though many analysts believe that though 5G may be officially launched next year in India, true realisation of the high speeds expected may take longer.

5G SERVICE PROVIDERS IN THE REPUBLIC OF INDIA

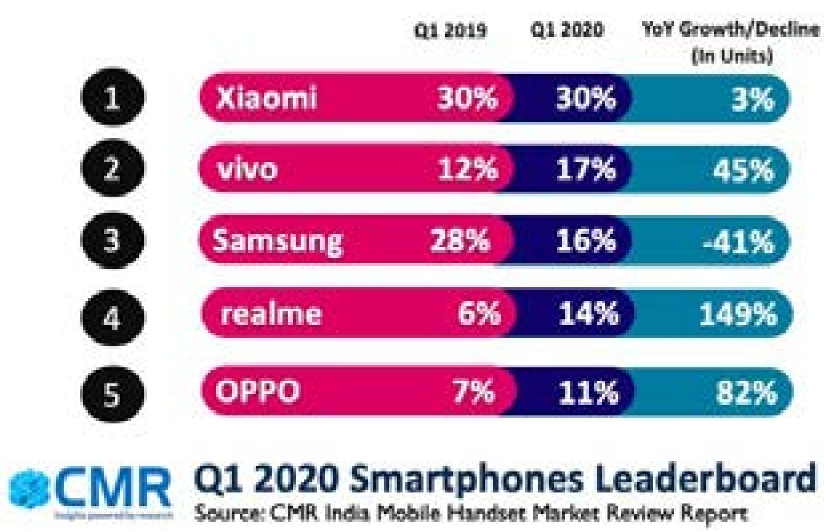
Across the globe, 5G network deployment is swiftly moving from trials to early commercialisation. In India, network operators like Airtel, Vodafone Idea, Reliance Jio, etc, have already partnered with vendors like Ericsson, Huawei and Samsung for planned trials sometime by the end of this year, before the service's forecast commercial rollout in 2020. According to the GSM Association, a trade body that represents the interests of mobile network operators worldwide, the following developments have taken place in India on the 5G front:

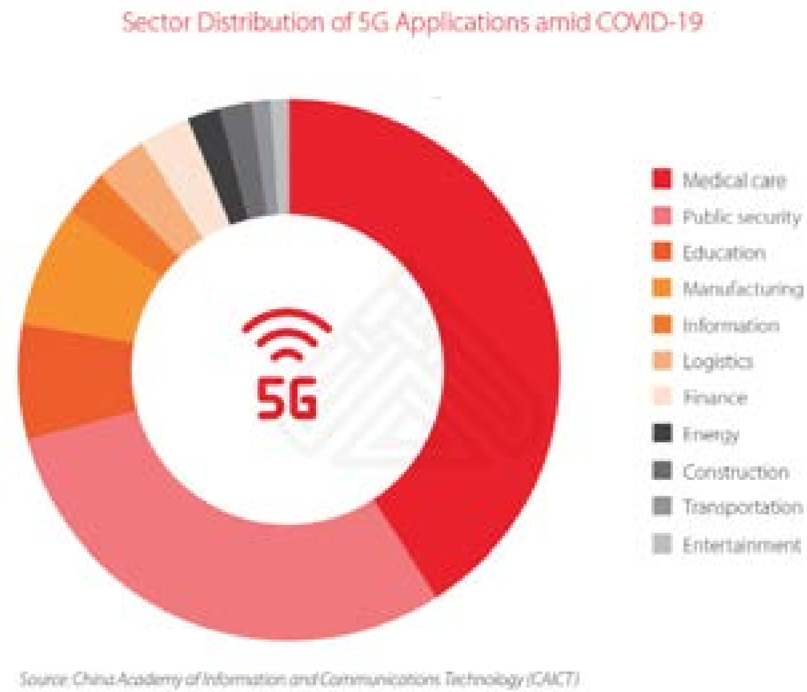
1. Bharti Airtel and Huawei have successfully conducted India's first 5G network trial under a test setup at Airtel's network experience centre in Manesar, Gurgaon, achieving a user throughput of more than 3 Gbps. Bharti Airtel has signed a memorandum of understanding (MoU) with Nokia and Ericsson to support the company in its preparations for 5G rollout.

2. Vodafone Idea has also proposed 5G trials with multiple vendors, including Huawei and Ericsson.

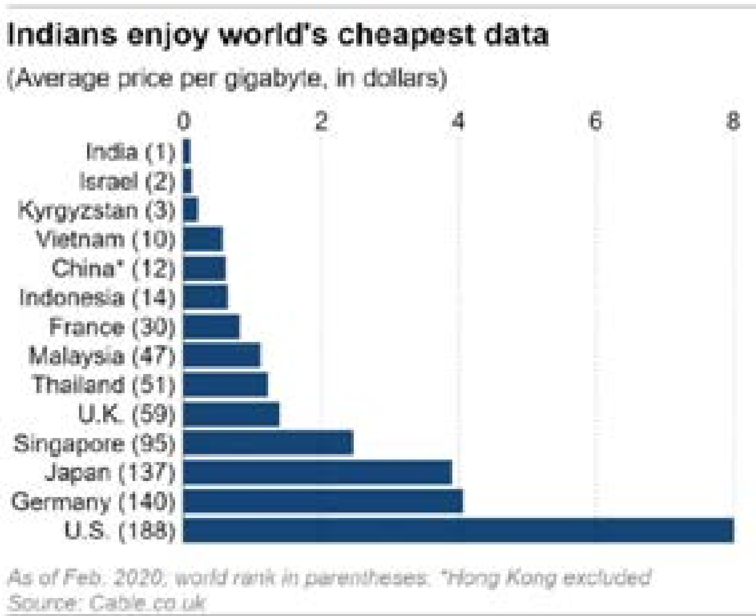
3. Samsung will conduct 5G field trials in New Delhi in 2019, and is working closely with the DoT. The company is also likely to be one of Reliance Jio's partners for its 5G field trials.

4. BSNL has signed an MoU with Ciena to conduct field trials with the goal of a commercial launch by 2020. Ciena and BSNL intend to jointly evaluate fronthaul, midhaul and backhaul transport-based use cases and scenarios to address resilience requirements and latency concerns.





Idea's. Telcos will require an ARPU increase of 10% to 27%, according to Jefferies, which added that rate increases are imminent.



WHY IS THE TIME NOT RIPE FOR REALISATION OF THE DIGITAL DREAM OF 5G IN INDIA?

Exorbitant Spectrum Prices

While the Covid-19 pandemic is seen as a delaying factor for many planned actions in the technology and telecom industries, the major deterrent for the telecom operators in India is the high base price of 5G spectrum in India, marked at Rs 492 crore per unit. As per several reports, after having been pegged back by heavy dues under the 'adjusted gross revenue' provision, Vodafone-Idea, one of the three major telecom players in India and once the biggest by market share, has come close to considering an exit from the Indian telecom industry. While the other two operators, Bharti Airtel and Reliance Jio, are faring considerably better, reports suggest that all three operators consider the base price of 5G spectrum in India exorbitant.

Lack of clarity on the involvement of Chinese electronics giants

A recent report on the telecom sector further suggests that a delay in 5G rollout in India may be further aggravated by the indecision over the involvement of Chinese electronics giants Huawei and ZTE in India's 5G plans. There have been no clear directives on whether the Chinese electronics giants are allowed to participate in helping India build its 5G infrastructure, which would involve upgrading cell towers to support the new, ultra-fast spectrum. While the strained relations between USA and China have caused Huawei to face setbacks in its businesses globally, other nations have had a mixed view over allowing Huawei to provide the core technologies to enable consumer 5G services.

Lesser disposable incomes coupled with COVID-19

Most telecom operators in India already operate on super thin margins due to the highly competitive telecom space. Coupled with the Covid-19 pandemic and lesser disposable incomes during the crunch phases, expensive 5G data plans may not be at the top of shopping lists. Besides, the advantages of 5G predominantly lie in industrial applications, while the advantages are only incremental for mainstream users.

Insufficient Fibre

A higher broadband penetration speeds up the adoption of 5G as fibre optic cables already laid can be used. Bala Malladi, CEO of Atria Convergence Technologies (ACT), which provides cable and broadband services to over 2.5 million homes in India, says, "Even on 5G, the backhaul (which refers to digging trenches and physically laying cables, fronthaul is the connection to your home) is going to be based on fibre connections." At present, India has close to 2.5 million fibre route kilometres, and this is set to increase to 7.5 million route kilometres by 2022, which appears to be an uphill task.

Considering these factors, one needs to wait and watch whether the Department of Telecommunications officially pushes further the 5G rollout by a couple of years.

14. The Retail Battle : Amazon vs Flipkart vs Reliance

Part 1: The Retail Battle in India.

Part 2: Will Reliance do a Jio in Indian Retail.

Introduction:

The Retail industry was expected to reach Rs. 76.87 lakh crore (US$ 1.1 trillion, that's around one-third the GDP of India) by the end of the last quarter 2020. Then India ranked 63 in the World Bank's Doing Business 2020 publication. India ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019.That's some kind of improvement and then the Globe found itself in some unprecedented circumstances in the name of an unknown virus. At the time of writing this essay the dreaded Pandemic is showing signs of receding, nonetheless, we need to pay caution to the medical measures and precautions that have been suggested by the WHO till the time it finds a vaccine.

PART 1 : THE RETAIL BATTLE IN INDIA

The main players in the battle are Amazon , Flipkart and Reliance, though there are countless other players.

Before we get to the battle , let us understand a few vital aspects of Retail Trade.

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn profit. Retailers satisfy demand identified through a supply chain. The term "retailer" is typically applied where a service provider fills the small orders of many individuals, who are end-users, rather than large orders of a small number of wholesale, corporate or government clientele. Shopping generally refers to the act of buying products. Sometimes this is done to obtain final goods, including necessities such as food and clothing; sometimes it takes place as a recreational activity. Recreational shopping often involves window shopping and browsing: it does not always result in a purchase.

Retail markets and shops have a very ancient history, dating back to antiquity. Some of the earliest retailers were itinerant peddlers. Over the centuries, retail shops were transformed from little more than "rude booths" to the sophisticated shopping malls of the modern era.

Most modern retailers typically make a variety of strategic level decisions including the type of store, the market to be served, the optimal product assortment, customer service, supporting services and the store's overall market positioning. Once the strategic retail plan is in place, retailers devise the retail mix which includes product, price, place, promotion, personnel, and presentation. In the digital age, an increasing number of retailers are seeking to reach broader markets by selling through multiple channels, including both bricks and mortar and online retailing. Digital technologies are also changing the way consumers pay for goods bought and services acquired. Retailing support services may also include the provision of credit, delivery services, advisory services, stylist services and a range of other supporting services.

Retail shops occur in a diverse range of types and in many different contexts – from shopping centres in residential streets through to large, indoor shopping malls. Shopping streets may restrict traffic to pedestrians only. Sometimes a shopping street has a partial or full roof to create a more comfortable shopping environment – protecting customers from various types of weather conditions such as extreme temperatures, winds or precipitation. Forms of non-shop retailing include online retailing (a type of electronic-commerce used for business-to-consumer (B2C) transactions) and mail order.

In India organised retailing actively started with the entry of retailers like Shoppers Stop, Westside, Pantaloons, Pyramid - Crossroad, all being department store formats in the mid to late 1990s and was absent in most rural and small towns of India till 2010. Supermarkets and similar organized retail accounted for just 4% of the market. However, a spike in GDP growth, improved ease of doing business environment, and better clarity regarding foreign direct investment (FDI) regulations are among the key factors behind how India got tagged as the second most attractive destination for retail investments in the world.

And that's not all. India's retail market is estimated to reach $1.1-1.3 trillion by 2025, from $0.7 trillion in 2019, growing at a compound annual growth rate (CAGR) of 9-11%, driven by socio-demographic and economic factors such as urbanisation, income growth and rise in nuclear families. ... Retail in India, however, continues to be fragmented. A look at the figures enhances this view. For an understanding of the full potential of the wholesale trade, consider the numbers . There are nearly 0.33 million wholesalers in India, 50 per cent of which are semi-retailers.

Organized retailing in India has been largely an urban phenomenon with affluent classes and growing number of double-income households. More successful in cities in the south and west of India. Reasons range from differences in consumer buying behavior to cost of real estate and taxation laws. Total consumption expenditure is expected to reach nearly US$ 3,600 billion by 2020 from US$ 1,824 billion in 2017. It accounts for over 10% of the country's gross domestic product (GDP) and around eight% of the employment. India is the world's fifth-largest global destination in the retail space. At least before the onset of the Pandemic.

There may be many skeptics out there. However, according to Raghuram Rajan, measured and tactical approaches with remedial measures being observed to keep safe from a second corona wave, there could be more than a glimmer of hope that we could turn the tables, albeit after a lot of time. He says no one will ever come to know how the Pandemic could behave. And the world should be ready for some crucial economic landslides if we fail to adhere to some fundamental economic principles in the Retail and Banking sectors alike. Having said that we can still work to see a rosy picture ahead as shops are getting to operate and people are getting back to business. Almost all sectors have opened up except the Educational Institutes for obvious reasons.

Across India, in terms of their contribution to FMCG sales, the share of traditional trade—still the largest—dropped from 88.5% in the first quarter of 2019, to 86.3% in the first quarter 2020, shrinking by 2.2% in the span of a year. Whereas the share of modern trade moved up from 9.6% in Q1'19 to 10.9% in Q1'20.

THE HISTORY OF AMAZON

Amazon is an American internet sales company. The company was founded as a result of what Jeff Bezos called his "regret minimization framework", which described his efforts to fend off any regrets for not participating sooner in the Internet business boom during that time. In 1994, Bezos left his employment as vice-president of D. E. Shaw & Co., a Wall Street firm, and moved to Seattle, Washington, where he began to work on a business plan for what would become Amazon.com.

In its early days, the company was operated out of the garage of Bezos's house on Northeast 28th Street in Bellevue, Washington. Bezos selected the name Amazon by looking through a dictionary; he settled on "Amazon" because it was a place that was "exotic and different", just as he had envisioned for his Internet enterprise. The Amazon River, he noted, was the biggest river in the world, and he planned to make his store the biggest bookstore in the world. Additionally, a name that began with "A" was preferred because it would probably be at the top of an alphabetized list. Bezos placed a premium on his head start in building a brand and told a reporter, "There's nothing about our model that can't be copied over time. But you know, McDonald's got copied. And it's still built a huge, multibillion-dollar company. A lot of it comes down to the brand name. Brand names are more important online than they are in the physical world."

"There's no guarantee that Amazon.com can be a successful company. What we're trying to do is very complicated," said Jeff Bezos in 1999, just five years after launching the online firm.That the firm's founder was so uncertain of its future seems surprising.Today, 25 years on from when it started, Amazon is one of the most valuable public companies in the world, with Mr Bezos now the world's richest man, thanks to his invention.

What started as an online book retailer has become a global giant, with membership subscriptions, physical stores, groceries for sale, its own smart devices and a delivery system which can get things to customers in just an hour.

AMAZON'S STAKE IN INDIA

First Choice: As per a recent survey was done among more than 2000 online consumers Amazon is the first choice for online shopping in India as compared to its competitors Flipkart and Snapdeal. The main reason behind it is their Prime service and strong logistics. According to the survey, 80% of Indian online consumers prefer Amazon over any other e-commerce website. Shipping cost, shipping time, product review-ratings, low price guarantee and retailer's return policy are the key factors for customers while picking an online retailer. From last many years, Amazon has been rated very high at customer satisfaction and consistently increasing the categories of products to purchase which is helping Amazon to remain people's favorite.

Amazon's Journey in India:

After its start in India in 2013 Amazon has come a long way and continue to become the first choice of the consumers. Here are the few Highlights of Amazon journey in India.

Since the launch in India Amazon has Invested 5 Billion US dollars in India.

Amazon is covering every serviceable pin codes in India for delivery of their products.

Amazon has largest storage capacity in India with 41 fulfillment centers across 13 states.

There are more than 20,000 Indian sellers on Amazon marketing their product worldwide.

Undeterred by its rivals' ramp-up, Amazon has pledged to continue investment in India. Amazon has a $5 billion commitment to India, declaring its intent to win in the second-biggest potential market after

being shut out of China by Alibaba Group and other local competitors. Amazon founder and CEO Jeff Bezos has spoken enthusiastically about India; after meeting with Prime Minister Narendra Modi, he tweeted: "Always impressed, energized by optimism and invention in India. Excited to keep investing and growing."

The Indian e-commerce market is at an inflection point, thanks in large part to the disruption of the telecom landscape, with dramatic reduction in data rates and rapid adoption of 4-G smartphones and feature phones. With a reliance on mobile technology and a need for more bandwidth, networks in India have tested 5G capabilities that will be deployed by 2020.

Amazon's Strategies to Win in India

Deep customer understanding: Amazon has invested time, energy, and resources to understand the nuances of India's consumer market. For example, Amazon realized that Indian consumers are not comfortable buying online or they may lack the education to read online product reviews. So it has established kiosks in small local retail locations that set up entrepreneurs to offer an "assisted buying" service for consumers.

Accommodating bandwidth challenges: Amazon realized that over 500 million Indian consumers still use feature phones with slow network connections. So it has designed a slimmed down version of its app to adjust to slower network speeds. The modified app still allows for a decent browsing experience, while accommodating the reality of network constraints.

Using Artificial Intelligence to find addresses: Residential addresses in India are often only best guestimates of location, which makes delivery a challenge. Amazon is using machine learning and artificial intelligence (AI) to bring better precision to delivery, including a 0-to-100 confidence score for an address.

Ferreting out fake products and fraud. E-commerce in India has been plagued by a plethora of fake reviews, which has made buyers wary. Amazon is working to improve trust among buyers and sellers by combating fraud and fake reviews for third-party products on its site, while promoting safer products. Amazon's Indian team has designed algorithms to detect fake reviews, fraudulent transactions, and fake products.

Expanding logistics and fulfillment: Amazon is expanding its network of fulfillment centers in India by five, raising the total to 67. Amazon understands the importance of expanding its infrastructure and delivery network to improve the customer experience and enable tens of thousands of small and medium businesses to fulfill orders more efficiently.

Onboarding assistance for third-party sellers: In addition to carrying products from major sellers, such as Samsung with promotions for the local market, Amazon is facilitating e-commerce for smaller retailers that offer unique products. Amazon has created an innovative initiative called "Tatkal" (which means "instantaneous" in Hindi) to demonstrate how a small seller can be ready to sell on Amazon's site within 60 minutes. Amazon uses vans that visit smaller retailers and suppliers. The vans have a photo studio so Amazon employees can take pictures of products, catalog them, and get sellers ready to sell.

Local R&D: Amazon's largest R&D center outside of Seattle is in Bangalore. This signals its commitment for the long haul to understand the nuances of the market and to create user experience innovations specifically for the Indian market.

Lessons for Global Expansion

Amazon's strategy in India holds lessons for the e-commerce giant in other markets, as well as for U.S. companies aiming to expand their international reach. The key is to act "glocally" – combining global scale and resources with a deep and granular understanding of each market, while empowering the R&D and customer-service teams to tailor solutions and systematically solve problems.

Given its increasing strength in India, I would expect Amazon to set its sights on new global market opportunities such as Indonesia, which is the most populous in the ASEAN region and has an estimated 88 million middle-class consumers. In addition, its "act local" expansion strategy could work well in Brazil, the Arab region, and Eastern Europe.

For now, the place to watch is India, where Amazon is in it to win it, despite mounting competition.

The key to Amazon's strategy in India is its ability to think globally but act locally – leveraging its massive scale, logistics capabilities and balance sheet while creating customized local offerings developed ground-up for the Indian market. This "Glocal" strategy is in sharp contrast with other U.S. companies such as ride-sharing startup Uber, which has rolled out its U.S. business model internationally, only to encounter stiff competition from nimble homegrown startups.

HISTORY OF FLIPKART

Flipkart was founded in October 2007 by Sachin Bansal and Binny Bansal, who were both alumni of the Indian Institute of Technology Delhi and formerly worked for Amazon. The company initially focused on online book sales with country-wide shipping. Following its launch, Flipkart slowly grew in prominence; by 2008, it was receiving 100 orders per day. In 2010, Flipkart acquired the Bangalore-based social book discovery service WeRead from Lulu.com.

On 4 May 2018, it was reported that the US retail chain Walmart had won a bidding war with Amazon to acquire a majority stake in Flipkart for US$15 billion. On 9 May 2018, Walmart officially announced its intent to acquire a 77% controlling stake in Flipkart for US$16 billion, subject to regulatory approval. Following the proposed purchase, Flipkart co-founder Sachin Bansal left the company, while the remaining management now report to Marc Lore, CEO of Walmart eCommerce US. Walmart president Doug McMillon cited the "attractiveness" of the market, explaining that their purchase "is an opportunity to partner with the company that is leading transformation of eCommerce in the market". Indian traders protested against the deal, considering the deal a threat to domestic business.

Thus the Progress of Flipkart over the next two to three quarters is not too clear to make a viable prediction of events.

PART 2. WILL RELIANCE DO A JIO IN RETAIL.

THE TAKEOVER [The Deal that will seal the forerunner in the Retail Space in India]

For several years, Kishore Biyani, the 59-year-old founder and CEO of the Future Group, would just brush aside the idea that e-commerce was any kind of threat to India's traditional brick-and-mortar retail.

Credited with pioneering organised retail in the country, he was a firm believer in the Indian shopper's preference for the touch-and-feel experience of physical shopping. For years, Biyani seemed to be right, at least going by the scenes at his Big Bazaar stores, where people jostled for space on mega sale days. A three-decade veteran in modern retail, Biyani kept expanding his store count, taking the number to 1,800 across formats, apparel, lifestyle and groceries. Flush with funds from banks, he also acquired as many as six companies in the past seven years to expand his reach. However, this did strain the Future Group's finances, on sales of Rs 26,000 crore, his company's debt ballooned to Rs 13,000 crore. When the pandemic set in and the lockdown abruptly halted business, he was pushed closer to defaulting on his loans. The absence of an e-commerce arm made matters worse.

In some ways, Mukesh Ambani, 63, the chairman of India's largest private sector firm Reliance Industries (RIL), proved to be his white knight. Ambani, who has big ambitions in e-tail but not much of a presence in offline retail beyond electronics, saw in the Future Group the perfect offline complement for his online retail push. Many think that at Rs 24,713 crore, the deal came cheap for Ambani. But Biyani could not really have asked for better. While valuations have soared for domestic e-commerce players, attracting global giants such as Amazon

and Walmart, there are not many takers for brick-and-mortar businesses, especially with the pandemic still raging. Ambani had the ambition and the money, and that mattered. His daughter, Isha Ambani, 28, a director on the board of Reliance Retail, also had a good word to say about Biyani, acknowledging that the Future Group had "played an important role in the evolution of modern retail in India".

The deal is structured in three parts. First, all Future Group businesses will be transferred to Future Enterprises (FEL). RIL will acquire FEL's grocery and apparel retail assets for Rs 24,713 crore.

FEL will retain its FMCG and apparel (private labels) brands, the Future Generali Insurance JV, and some real estate assets, in which RIL will take an additional 13 per cent stake in two tranches, for Rs 2,800 crore.

The move will create a Rs 1.2 lakh crore business (considering Reliance Retail's core business only), four times bigger than its nearest rival, Avenue Supermart, which runs the popular DMart stores.

Reliance Retail has not yet made a dent in the apparel and grocery segments, so the deal helps it develop strong presence in these sectors. Grocery alone comprises close to 60 per cent of the $737 billion (Rs 53 lakh crore) Indian retail segment. The other area that Reliance Retail was looking to strengthen its hand in is the fashion and lifestyle segment, which comprises 20 per cent of its stores and makes up 8 per cent of its annual sales. Future Lifestyle manages about 400 stores across formats such as Central and Brand

Factory and nearly three dozen apparel brands such as Lee Cooper and Indigo Nation. Eventually, RIL will manage over 70 brands, making it a leader in the apparel segment.

A research note from Motilal Oswal Institutional Equities says the deal holds great strategic value for RIL, aiding it in three ways, enhancing its footprint, offering it a good legacy franchise and helping build competitive strength.

Reliance already has a large footprint of around 800 departmental grocery stores, which would increase by 34 per cent after the deal (Future Retail has 270 department stores). Similarly, Future Lifestyle Fashion's apparel business has over 350 stores, which would add 15 per cent to Reliance Retail's total of around 2,400 stores.

On the legacy franchise front, Big Bazaar has been operating for the past two decades. 'It has been a flagship brand for Future Group, [performing very well], with good EBITDA-generating (earnings before interest, taxes, depreciation, and amortisation) assets,' says the note. Similarly, Brand Factory and Central are profitable lifestyle fashion retail chains. 'In the retail business, scale is critical, and achieving sustainable profits proves challenging,' adds the note. 'Therefore, if Reliance Retail can manage integration, this should be [a big] advantage."

The deal will take Reliance Retail's market share in organised grocery retail from 22 per cent to 38 per cent. "The organised grocery market, with the only other [major] player being DMart, has now virtually turned into a duopoly," says Aliasgar Shakir, an analyst with Motilal Oswal. "Reliance targets deep penetration in this space, while DMart focuses on the cluster approach.

With the entry of giants such as Amazon, Flipkart and other online players, the size of the online grocery market has now reached an estimated Rs 20,00025,000 crore." This deal should further aid Reliance in its online venture Jio Mart.This is where Reliance has a realistic chance of doing a Jio in Retail.

Through this, the company aims to create a hub-and-spoke model, using its deep network of stores as inventory sourcing warehouses. While announcing its first quarter results recently, RIL said orders for its e-grocery business soared to more than 400,000 a day, which it said was higher than any of its competitors.

While Covid-19 has badly hit the retail segment, e-commerce has done well. A study by supply chain company Unicommerce says e-commerce in India has not only recovered, it has grown by 17 per cent as compared to pre-lockdown order volumes. A report by Deloitte and the Retailers Association of India said last year that the e-commerce market, worth $24 billion (Rs 1.7 lakh crore) in 2017, will jump to $84 billion (Rs 6.1 lakh crore) by 2021. Ambani will be in the thick of things, going forward. For Biyani, a remarkable stint in retail is as good as over.

THE VERDICT

With the acquisition of Biyani's Big Basket, Reliance is well poised to overtake all existing players in the Retail domain. It appears that Reliance will surely do a Jio in the Indian Retail Space.

15. Indian Banks and NBFCs need better supervision

Banks play a pivotal role in the economy of any country by acting as an intermediary between individuals and institutions that have surplus funds (savers) and those who require funds (borrowers). Banks lend the funds to the borrowers from the amounts deposited by the savers in their bank accounts. Traditionally banking has been one of the most regulated businesses all over the world because of the following reasons:

1. Any failure of a large bank due to reckless lending can potentially lead to trouble in the economy in terms of not having enough funds to lend to other borrowers, in addition to causing loss of savings to depositors. This can have undesirable consequences in terms of affecting GDP growth and unemployment.
2. The funds that banks lend to borrowers mostly belong to somebody else (depositors). It is a human tendency to become slightly lapsed when dealing with somebody else's resources and there is a danger that the bank managers who lend money may not be as careful and diligent while lending as they would have been had they lent their own money. Further, unless bank managers have impeccable integrity, there are opportunities for lending money to not so creditworthy customers in exchange for personal (or professional) favours. The higher up the manager in the hierarchy, the bigger the consequences.

Because of these reasons, operations of banks in all the countries in the world are regulated by the central banks of the respective countries (Reserve Bank of India in India, Bank of England in the UK, the Federal Reserve in the US, Bank of China in China etc.).

In India, the banks fall under the purview of Banking Regulation Act of 1949, while the RBI act of 1934 authorizes the Reserve Bank of India to regulate the operations of the banks. Under the law, the RBI has been granted some special powers for regulating the banking operations. Banks cannot start their operations without a banking license granted by the RBI. Banks cannot open new branches without the approval of the RBI. Further, the RBI lays down rules for lending and conducts scrutiny of loan books of the banks. Depending on the health of the loan book of banks, the RBI can impose restrictions on banks from further lending. If the problem is more deep-rooted, RBI can sack the board of directors of the bank and appoint an administrator in its place to run the bank. At times, RBI can also restrict fund withdrawals from the banks to avoid the situation of a 'bank run', as was seen in recent times in the cases of Laxmi Vilas Bank, Yes Bank and PMC Bank. The government, along with RBI takes the initiative and can force the ailing bank to merge with a bigger bank to avoid the crisis, as recently Laxmi Vilas Bank has been merged with DBS. The RBI has also been empowered to terminate the banking license of the bank in extraordinary circumstances.

It is important to note that every crisis in the banks is unique and crooks find ways to take (dis)advantage of the loopholes in the system before the existence of the shortcomings in the system is even acknowledged, let alone addressed. It is not possible for the watchdog like RBI to foresee all the different ways in which the system could be manipulated and design all the rules and regulations accordingly. Every crisis presents a new challenge. That is why the policies regarding banking regulations have undergone change over the years. Therefore, the answer to the question 'Do Indian banks and NBFCs need better supervision' will always be yes because it is not always possible to foresee the reasons for the next crisis.

On this background, let us take stock of some historic developments.

History of banking supervision by RBI

1. Failure of Palai Central Bank in 1960

Palai Central Bank (PCB) was a small bank established in 1927 in a small town named Palai (now called Pala) near Kottayam, Kerala. Since its modest beginnings, it grew to a fairly large institution by the 1950s. In the decade of the 1950s, the bank was plagued with problems such as giving out loans to the members of board of directors and their kin.

In the case of the failure of PCB, the RBI failed to act decisively. All it did was to issue warnings, which were largely ignored by PCB. When RBI tried to install an administrator to run PCB and barred PCB from declaring dividend, those moves were resisted by PCB, while RBI did little more than issuing less effective dictacts such as banning advertising by the bank. Moreover, even while the RBI was aware of the financial position of the bank, it permitted PCB to open a new branch in Madurai. Finally by 1960, when it was found that about 60% of the loan book of the bank was NPA, the RBI finally ordered liquidation of the bank. This case for liquidation of the bank dragged on for 27 long years in the courts and eventually very little out of the dues was recovered.

Actions of the RBI came in for heavy criticism. Both the Finance Minister Morarji Desai and the Prime Minister Jawaharlal Nehru expressed their disapproval of the actions of RBI.

In the wake of the failure of Palai Central Bank, the RBI instituted a number of important reforms. Firstly, the deposit insurance scheme was first enacted in 1961 to protect the depositors in case of bank failure. Secondly, the RBI decided to first impose a moratorium on fund withdrawals from the bank in case a bank was facing trouble in order to prevent run on the bank. Similarly, the RBI also decided to henceforth merge the ailing bank with a larger bank and not liquidate the bank.
(Reference: https://www.bloombergquint.com/opinion/yes-bank-crisis-rbis-trysts-with-large-private-bank-failures)

2. Failure of Karad Bank and Metropolitan Banks

Both Karad Bank and Metropolitan Bank were small banks that ran into trouble in the 1992 share market scam perpetrated by Harshad Mehta and others. Their modus operandi was to borrow large sums of money from banks (including these small banks) by pledging fake Bank Receipts (in lieu of government bonds) and trading in the share market using the amount. The management of these banks participated in the scam by lending the amounts demanded by Harshad despite knowing that the collateral pledged was fake. When the scam was unearthed, the RBI sacked the boards of directors of both banks and forced these banks to merge with Bank of India.

3. Global Trust Bank

Global Trust Bank (GTB) participated in the stock market scam of 2001 by heavily lending to Ketan Parekh, the main protagonist of the scam, who took speculative positions in the stock market. When the stock market tanked, GTB suffered heavy losses. The bank continued to get into trouble because of low quality loan book in 2002-2003 as well. Finally in July 2004, the RBI imposed a moratorium on withdrawing the funds from the bank and later forced the bank to merge with Oriental Bank of Commerce.

During recent times, there have been major troubles at PMC Bank, Yes Bank and Laxmivilas Bank. The genesis of the troubles in all the three banks were different. We will take stock of the factors that led to problems at these banks.

1. Punjab and Maharashtra Cooperative (PMC) Bank

Housing Development and Infrastructure Ltd (HDIL) is a real estate company promoted by Rakesh Wadhwan and Sarang Wadhwan. More than half of the loan book of PMC Bank was concentrated on this one entity- HDIL. This was a gross violation of all the RBI guidelines on loan books but unfortunately RBI was unable to catch this violation in time, partly because the cooperative banks were not as strictly regulated by RBI in the past as other public banks.

The promoters of HDIL laundered money from the entity, most of which was lent by PMC Bank. The promoters of HDIL were fond of luxurious cars. Whenever they wanted to buy a new luxurious car, they would demand a loan from the PMC Bank, which would promptly comply. Since the loan was to be taken for personal use of the promoters, there was no reason for granting the loan to the HDIL company. However, PMC Bank granted multiple loans to the company, from where the promoters laundered the amount for personal use. (Reference: https://timesofindia.indiatimes.com/business/india-business/pmc-bank-scam-ed-slaps-laundering-case-on-wadhawans-seizes-luxury-cars/articleshow/71453001.cms)

Finally in September 2019, the RBI imposed a moratorium on the depositors of the PMC Bank as the bank was unable to get its dues from HDIL. So far the efforts to merge the bank with a bigger bank have not yielded any results and efforts are going on.

Since the trouble with PMC Bank was unearthed, the RBI made the regulation of cooperative banks more stringent. The directors of the bank have been arrested and a criminal case against them is currently underway. The RBI dismissed the entire top management of the Bank and appointed an administrator for the operations of the bank.

2. Yes Bank

The case of Yes Bank is even more shocking than that of PMC Bank. Yes Bank got a banking licence in late 2004. Since it was a new entrant to banking, initially it struggled to attract deposits from the customers. Moreover, its name gave the appearance of a foreign bank, because of which the bank could not become as popular among retail customers as say Kotak Mahindra Bank or Axis Bank. As a result, the bank attracted significant fixed deposits from the corporate on which the bank had to pay higher interests than on the savings account. In order to stay profitable, the bank resorted to lending to not so creditworthy companies that were willing to pay higher interest. The bank also charged a fee up-to 1.5% to 2% for lending, which often was collected upfront.

As years passed by, Yes Bank loan portfolio had the names of all the sour apples that were avoided by most other Indian banks. The bank had significant exposure to Anil Ambani Group as well as not so creditworthy clients such as Lanco group, Cox and King etc. The bank successfully hid the actual level of NPAs from the RBI as well as the whole world by following a process called 'evergreening' of the loan. Under this process, if the borrower faced difficulty meeting the repayment obligations, the bank would lend some amount to a group company of the borrower. This group company would grant an unsecured loan to the borrower, using which the borrower would repay the loan!! Using this tactic, the bank could successfully show both borrowers in the loan book with a good repayment record.

In 2017, the RBI conducted an exercise to determine the actual level of NPAs vis-a-vis the declared NPAs by all the banks in India. It was revealed that the variance between the actual NPAs and declared NPAs was among the highest for Yes Bank among all banks. This was one important reason why the RBI refused to accept the request for one more 3 years term to the CEO, Mr. Rana Kapoor in 2018.

Resorting to aggressive lending in the hope of getting better returns is perhaps not as big a crime as committing a fraud. It was revealed later that Mr. Rana Kapoor did precisely that. Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan (cousins of the promoters of HDIL mentioned above) were the promoters of an NBFC named Dewan Housing Finance

Ltd (DHFL). The business model of DHFL involved borrowing from the banks and other financial institutions by selling bonds and using the amount for granting home loans. Much like their cousins in HDIL, Kapil and Dheeraj Wadhawan also laundered money from the company for their personal use.

Yes Bank lent bonds of DHFL of the order of Rs. 3,700 Crore. As per the chargesheet against Mr. Rana Kapoor filed by Enforcement Directorate, Mr. Kapoor's family received benefits of about Rs. 600 Crore from DHFL as DHFL sanctioned a 'loan' of Rs. 600 Crore to the companies owned by Mr. Rana Kapoor's daughter named Roshini, Radha and Rakhi. (Reference: https://www.livemint.com/news/india/ed-attaches-rs2-500-crore-worth-property-of-wadhawan-brothers-kapoor-family-11594294968779.html) Further, there were also allegations that a few crore rupees were miraculously deposited in the account of Mr. Rana Kapoor's wife, Mrs. Bindu Kapoor.

On the face of it, it seems that this was a case of 'quid pro quo' between the promoters of DHFL and Mr. Rana Kapoor. (reference: https://www.indiatoday.in/india/story/ed-attaches-rana-kapoor-wadhawans-properties-worth-rs-2500-crores-in-yes-bank-case-1698728-2020-07-09) The promoters of DHFL wanted to launder the funds out of the company for their own personal use, while Mr. Rana Kapoor facilitated the crime by lending to DHFL and got his 'cut' for the deal.

In March 2020, the RBI imposed a moratorium on fund withdrawal from Yes Bank accounts and Mr. Rana Kapoor was arrested. In order to help the bank tide over the crisis, the government took initiative and got other banks such as State Bank of India, HDFC Bank, ICICI Bank and Kotak Mahindra Bank as well as individuals such as Rakesh Jhunjhunwala and Radhakrishna Damani to infuse equity in the bank. Further, the state owned large organizations such as ONGC parked their additional idle funds with Yes Bank so that the bank got immediate funds required to pay the depositors. The moratorium on withdrawals was lifted within a week. The RBI appointed Mr. Prashant Kumar the new CEO of Yes Bank and now the bank is out of the woods.

3. Laxmi Vilas Bank

Laxmi Vilas Bank is a mid-sized bank based out of Tamil Nadu. The bank also ran into trouble because of piling NPAs. No foul play in the bank has been detected and the NPAs were accumulated because of downturn in the business cycle. The RBI imposed a moratorium on fund withdrawal in November 2020. However, going by the experience of PMC Bank and Yes Bank, the government swiftly got into action and facilitated the merger of the bank with the Development Bank of Singapore.

Verdict

The crises in PMC Bank, Yes Bank and Laxmi Vilas Bank in recent times indicate that the need for better supervision and regulation of the operations of banks is as strong as it has ever been.

Now that all the large transactions have been digitized, the RBI should make more prudent use of technology and catch the wrongdoings early enough to avoid damage later. All these years, cooperative banks did not undergo as strict scrutiny of the RBI as other banks undergo. There was no reason to have any such restriction. It is only now that the RBI has brought cooperative banks under its complete scrutiny. It is high time that the RBI revisited all the rules and regulations concerning the scrutiny of the banks and remove any such archaic and/or unnecessary restrictions. Further, exemplary punishments should be imposed against the perpetrators of the crime so that other potential wrongdoers might be dissuaded from committing the crime.

Further Reading:

https://www.bloombergquint.com/opinion/from-yes-bank-to-lakshmi-vilas-bank-lessons-from-bank-failures

16. America and the world under President Joe Biden

The election of Joe Biden as President has led to a dramatic shift in America's image around the world. As we already know that throughout Donald Trump's presidency, his policies were criticized and US politics was held in low regard both within the country and around the world. So, when Joe Biden entered office amid the pandemic, economic crisis, and political polarization, the change in the political atmosphere in US was welcomed worldwide. Biden is the 46th President of the United States. Biden, a Democrat from Delaware previously served as Vice President under Barack Obama.

What does the survey shows?

According to a new Pew Research survey looking at 12 nations surveyed both this year and in 2020, a median of 75% express confidence in Biden, compared with 17% for Trump last year. This year, U.S. favorability is up again: Whereas a median of just 34% across 12 nations had a favorable overall opinion of the U.S. last year, a median of 62% now hold this view. In France, for example, just 31% expressed a positive opinion of the U.S. last year, matching the poor ratings from March 2003, at the height of U.S.-France tensions over the Iraq War. This year, 65% see the U.S. positively, approaching the high ratings that characterized the Obama era. Improvements of 25 percentage points or more are also found in Germany, Japan, Italy, the Netherlands and Canada. The survey also showed that in most countries polled, people make a stark distinction between Biden and Trump as world leaders. Nearly eight-in-ten Germans (78%) have confidence in Biden to do the right thing in world affairs; a year ago, just 10% said this about Trump. Similar differences are found in Sweden, Belgium and the Netherlands, and in all nations where a trend is available from 2020 there is a difference of at least 40 percentage points.

Joe Biden's Policies

Rejoined Paris Climate Accord: President Biden has called climate change an existential threat, and says he will act more quickly on curbing emissions by rejoining the Paris Climate Accord, the agreement, which Donald Trump withdrew from, and has committed the US to cutting greenhouse gases up to 28% by 2025, based on 2005 levels.

Investing on Green Technologies: He is proposing a $1.7tn federal investment in green technologies research which is going to be spent over the next 10 years, and wants the US to reach net zero emissions by 2050.

Public Health: President Biden promises to give all Americans the option to enroll in a public health insurance option similar to Medicare, which provides medical benefits to the elderly and to lower the age of eligibility for Medicare itself from 65 to 60 years old. Rejoining the WHO: President Joe Biden's decision to rejoin the World Health Organization (WHO), which the US withdrew from during Trump's presidency, has been welcomed by the scientific community.

On Immigration: Biden has undone the Trump policy on immigration as he wants to take urgent action to undo Trump's damage and reclaim America's values, modernize America's immigration system, welcome immigrants in communities, reassert America's commitment to asylum-seekers and refugees , tackle the root causes of irregular migration , implement effective border screening. Biden's immigration policy document mentions eliminating the per-country limit for employment-based immigrants. Due to per-country limits, an employment-based green card applicant from India can potentially wait decades before gaining permanent residence.

On Education: President Biden offers a more progressive approach to education than President Trump. Biden envisions an educational support system that strengthens social health services at schools and transforms them into community hubs. As president, he plans to increase spending for schools and colleges that serve low-income students, but emphasizes the importance of vocational training and alternative educational pathways over making college free for all.

NATO: Three years ago it was Donald Trump who stunned NATO members at a summit in Brussels, warning that he may be prepared to pull the US out of the western military alliance if its other members did not increase their defence spending, this year President Biden is on a damage control mode as he attended the summit and said America's commitment to the trans-Atlantic alliance is unshakeable. He said the U.S. regards Article 5 of the NATO treaty — which states an attack on one country is an attack on all — as "a sacred commitment."

US-China relations: Let's first talk about the US-China tech war. Will it change under Biden's administration? The answer is a big resounding No! Other than putting a hold on the Trump administration's attempts to ban Chinese platform TikTok and social media app WeChat in the US, Biden has kept up the pressure on China tech and in the case of Huawei, increased it. The five Chinese tech firms, including Huawei, ZTE, Hytera Communications, Hikvision and Dahua, have been designated as "unacceptable risk" to national security. With regard to Huawei, analysts believe Biden may be more effective than Trump in curtailing its global 5G ambitions by taking a friendlier approach towards international partners in Europe and elsewhere. That could be more effective in isolating the Chinese company. He has also pledged to more than double the amount of investment in science and technology as a percentage of GDP, focusing on areas like AI and quantum computing. So, clearly Biden administration will try to slow down China's tech aspirations, as both US and China are tech competitors.

On other aspects, the US Securities and Exchange Commission (SEC) has adopted amendments to finalize the rule implementing the submission and disclosure requirements in the Holding Foreign Companies Accountable Act (HFCAA). According to the SEC chair Gary Gensler, China and Hong Kong are the only two jurisdictions that refuse to allow the inspections. The new rule could imply that more than 200 companies will be kicked off US exchanges and could make some Chinese firms less attractive to investors. The US has placed a dozen more Chinese entities on the Commerce Department's blacklist, known as the Entity List, citing national security and foreign policy concerns. Biden has raised concerns over Xinjiang, Tibet, Hong Kong, and Taiwan. During the final days of the COP26 summit, the US and China made a joint declaration to cooperate on climate issues over the next decade. The US Federal Communications Commission (FCC) terminated China Telecom America's authority to provide telecom services in America. However, all is not bad in the US-China relationship, as the president has also expressed hope that his long-running working relationship with Xi, one that dates back to when he served as Barack Obama's vice president, could pay dividends in the two nations' cooperation on certain critical issues. President Joe Biden said the US would defend Taiwan if China attacked Taiwan. However, this statement in itself is vague as it does not exactly say clearly what US would actually do if China were to attack Taiwan. Well, we just need to wait and watch.

US-Russia relations: Under Biden administration there might be some hope for improvement in the US-Russia relations. Biden's foreign policy centres on growth at home, international stability, managed competition with China, and efforts to address global challenges such as climate change and the pandemic. Russia will have an important role to play in finding solutions to these challenges, which heightens its importance to the US administration. They might even be allies in order to resolve regional conflicts in the Middle East, Africa, and Asia. And the US might want to minimize its confrontation with Russia so that it can focus on China. Moscow and Washington have an interest in dealing with not just traditional security issues such as nuclear and conventional deterrence but also newer ones, particularly cyber. To these ends, they will use diplomatic channels wherever possible.

US-Pakistan relations: Much like the Trump administration, the Biden administration looks at Pakistan through the lens of Afghanistan. But while the Trump administration privileged Pakistan over all other third parties on Afghanistan, the Biden administration hasn't done so. The dilemma is that the U.S. wants more from Pakistan on Afghanistan, including to try to get the Taliban to agree to a ceasefire. In Pakistan, the old perceptions that Republican administrations are better for it than Democratic administrations and that the U.S. favours India at Pakistan's expense are never far from the surface. Biden administration hasn't included Pakistan in the climate change discussion which somehow almost seems as if US is consciously ignoring any engagement with Pakistan.

US-Israel relations: The U.S. and Israel relationship is one of the strongest. The primary topic at the moment between Washington and Jerusalem is how to deal with Iran and its nuclear ambitions. This is definitely on the top of the priority list even over Biden's opposition to a number of Israeli policies, largely related to the Palestinians, including the Israeli government's decision in October to give a green light for the construction of more than 3,000 housing units in Israeli settlements in the West Bank, its labeling of six Palestinian nongovernmental organizations as terrorist groups, and Israel's increasing use of demolitions of Palestinian homes and structures. Israeli officials have also rejected the idea of Biden's promise to reopen the U.S. consulate to the Palestinians in Jerusalem. Biden has held back from pressing hard on any of these issues, prioritizing his intent on bringing the U.S. back into the nuclear deal with Iran that Trump withdrew from in 2018, formally called the Joint Comprehensive Plan of Action (JCPOA).

Conclusion:

Thus, overall since Biden's presidential tenure has begun he is getting much more positive reviews than his predecessor. High levels of confidence in Biden are also tied to favorable views of his policies, several of which have emphasized multilateralism and reversed Trump administration decisions which were more towards isolationism.

As far as the US-India relationship is concerned on a macro level, there won't be that many differences. After all, Biden himself is a long-time friend of India. He helped negotiate the U.S.-India civil nuclear deal, widely believed to be a major milestone for the relationship. The cooperation in the security sphere will continue to gain momentum, just as it did in the Trump era. Generally speaking, the US-India relationship was going to be in a good place no matter who won the 2020 election. And that's because there is strong bipartisan support in Washington for U.S.-India partnership, and there has been for several decades. Biden is likely to take a more nuanced approach to China, seeking avenues to cooperate in an otherwise competitive relationship. This multidimensional approach will create a more difficult geopolitical path for New Delhi, pushing India to once again balance relations with its northern neighbour. While Biden's approach to China will likely be similar to his predecessor's, even slight improvements in U.S.-China ties may impact India's strategic positioning. Moreover, we cannot forget Kamala Harris openly giving her opinion after the Modi government's Article 370 move, "We have to remind the Kashmiris that they are not alone in the world. We are keeping a track on the situation. There is a need to intervene if the situation demands." And, Biden has promised to place a greater emphasis on values. Biden looks at certain matters such as internet shutdowns, arrests of journalists, and police violence suggesting a concerning decline in civil liberties since Modi's reelection as a threat to democratic norms that forms the foundation of U.S.-India relations. While the Trump administration was largely silent on these matters, Biden is expected to take a stand. Differences over values could not only impact the tone and pace of the relationship but, if unchecked, could raise doubts in the Biden administration over India's credibility as a strategic partner in the Indo-Pacific. The Biden administration places a lot of importance on issues such as climate change, cyberwar and so on, so India can expect the Biden administration to focus on these areas bilaterally with India.

17. Time to get serious about global warming and climate change

Let's talk about the elephant in the room, Climate Change and how it has become an immediate threat. For about three decades we have been hearing about the dangers of climate change from environmentalists and scientists but countries listened and discussed but no one really acted upon it strongly enough.

Worldwide Calamities in 2021

Melting glaciers, cyclones and deadly floods are some of the latest events in 2021 that shows the impact of global warming and climate change in India and around the world. In February a remote village in the Indian Himalaya faced a ferocious flash flood that was caused by melting of a massive chunk of glacier. In May, Cyclone Tauktae claimed more than 155 lives in western India and was the fiercest storm to hit the area in several decades. A week later, Yaas hit eastern India with winds the equivalent of a category-two hurricane and hundreds and thousands lost their homes.

Worldwide calamities and abnormal weather have become more intense and frequent. In August 2021 wildfires in Russia's vast Siberia region endangered a dozen villages. In Omaha mud and debris covered the streets after a sudden torrential downpour.

In June, western Canada was caught under a "heat dome", as the country broke its record high temperature several times, finally capping at 49.6 degrees Celsius. Western Europe was hit by devastating floods in July after torrential rains that ravaged entire villages and left at least 209 people dead in Germany and Belgium. Drought triggered the wildfire season in the American West where thousands of firefighters are already dealing with 80 large blazes.

Are we too late in mitigating Global Warming and Climate Change?

According to NASA, "Without major action to reduce emissions, global temperature is on track to rise by 2.5 °C to 4.5 °C (4.5 °F to 8 °F) by 2100."

NASA scientist, Jim Hansen had warned about 15 years ago that we don't have much time left.

If governments take no serious action at all in the coming few decades, then we are likely to wind up at between 3 and 5 degrees Celsius of heating, thus it seems that we are unlikely achieving the particular global temperature target, so yes, there is not much time left to act. But now before we reach the tipping point, us as a collective world civilization need to work together towards clean energy.

What's the difference between Global Warming and Climate Change?

You will often see the two terms 'global warming' and 'climate change' are being used interchangeably, but there is a difference between the two.

Global warming refers to the long-term warming of the planet. Global temperature shows a well-documented rise since the early 20th century and most notably since the late 1970s.

Climate change encompasses global warming, but refers to the broader range of changes that are happening to our planet. These include rising sea levels; shrinking mountain glaciers; accelerating ice melt in Greenland, Antarctica and the Arctic; and shifts in flower/ plant blooming times. These are all consequences of warming, which is caused mainly by people burning fossil fuels.

Impact of Climate Change:

Climate change is intensifying the water cycle. This brings more intense rainfall and associated flooding, as well as more intense drought in many regions.

Climate change is affecting rainfall patterns. In high latitudes, precipitation is likely to increase, while it is projected to decrease over large parts of the subtropics. Changes to monsoon precipitation are expected, which will vary by region.

Coastal areas will see continued sea level rise throughout the 21st century, contributing to more frequent and severe coastal flooding in low-lying areas and coastal erosion. Extreme sea level events that previously occurred once in 100 years could happen every year by the end of this century.

Further warming will amplify permafrost thawing, and the loss of seasonal snow cover, melting of glaciers and ice sheets, and loss of summer Arctic sea ice.

Changes to the ocean, including warming, more frequent marine heatwaves, ocean acidification, and reduced oxygen levels have been clearly linked to human influence. These changes affect both ocean ecosystems and the people that rely on them, and they will continue throughout at least the rest of this century.

For cities, some aspects of climate change may be amplified, including heat (since urban areas are usually warmer than their surroundings), flooding from heavy precipitation events and sea level rise in coastal cities.

According to the Sixth Assessment report of the IPCC Intergovernmental Panel on Climate Change (IPCC) Report: Many of the changes observed in the climate are unprecedented in thousands, if not hundreds of thousands of years, and some of the changes already set in motion—such as continued sea level rise—are irreversible over hundreds to thousands of years. However, strong and sustained reductions in emissions of carbon dioxide (CO2) and other greenhouse gases would limit climate change. While benefits for air quality would come quickly, it could take 20-30 years to see global temperatures stabilize.

What did COP26 achieve?

The Glasgow meeting that started on 31st October and ended on 12th November was the 26th session of the Conference of Parties to the UN Framework Convention on Climate Change, or COP26. These meetings are held every year to construct a global response to climate change. The Kyoto Protocol in 1997 and the Paris Agreement in 2015 were also two treaties that had emerged from COP meets. The main task for COP26 was to finalise the rules and procedures for implementation of the Paris Agreement. Most of these rules had been finalized by 2018, but a few provisions, like the one relating to creation of new carbon markets, had remained unresolved. The primary agenda this year was to push for an agreement that could put the world on a 1.5 degree Celsius pathway, instead of the 2 degree Celsius trajectory which is the main objective of the Paris Agreement.
Achievements from COP26 are as follows:

1. Asked countries to strengthen their 2030 climate action plans, or NDCs (nationally-determined contributions), by next year
2. Established a work programme to urgently scale-up mitigation ambition and implementation
3. Decided to convene an annual meeting of ministers to raise ambition of 2030 climate actions
4. Called for an annual synthesis report on what countries were doing
5. Requested the UN Secretary General to convene a meeting of world leaders in 2023 to scale-up ambition of climate action
6. Asked countries to make efforts to reduce usage of coal as a source of fuel, and abolish “inefficient” subsidies on fossil fuels
7. Has called for a phase-down of coal, and phase-out of fossil fuels. This is the first time that coal has been explicitly mentioned in any COP decision. It also led to big fracas at the end, with a group of countries led by India and China forcing an amendment to the word “phase-out” in relation to coal changed to “phase-down”.

Most of the countries, especially the smaller and poorer ones, and the small island states, consider adaptation to be the most important component of climate action.
The Glasgow Climate Pact has:

1. Asked the developed countries to at least double the money being provided for adaptation by 2025 from the 2019 levels.
2. Created a two-year work programme to define a global goal on adaptation. However, there are no uniform global criteria against which adaptation targets can be set and measured.

To summarize the outcome of COP26:

1. Has expressed “deep regrets” over the failure of the developed countries to deliver on their $100 billion promise.

2. Initiated discussions on setting the new target for climate finance, beyond $100 billion for the post-2025 period
3. Asked the developed countries to provide transparent information about the money they plan to provide

Conclusion:

We must treat Climate Change and Global Warming as an immediate threat. It is not something that is waiting for us in the future, it is here and no one can escape it. The IPCC report says that reducing greenhouse gases will slow down the climate change and improve air quality, it is all connected. Climate change is connected to all the other crisis that the world is facing from the natural calamities to the loss of bio diversity, from increasing pollution levels to food security, these are all inter connected. Thus, it is not the responsibility of one country or few countries, with climate change the stakes are as high as it can be, Life. And all of us are the stakeholders.

18. Privatization of PSUs such as LIC and Air India: Is it the right way?

Finance Minister Nirmala Sitharaman announced in her annual budget speech of 2020 the government's plan to sell part of the government stake in the Life Insurance Corporation of India (LIC). The outbreak of the COVID-19 pandemic and subsequent lock-down and also the disruption caused in the Indian economy in its aftermath have delayed the implementation of the proposed stake sale plan. It is expected to go through in the next financial year i.e. FY 2022-23.

The government also announced its intention to privatize Air India in June 2017. The government made multiple attempts to sell Air India but no private company was willing to purchase the loss-making Air India, which actually had become a 'White Elephant'. Finally, in October 2021, the government approved the bid of Tata Group to acquire Air India. Reportedly the bid submitted by the Tata Group was Rs.18,000 Crore, which was higher than the bid submitted by Spicejet Airlines by Rs. 2,700 Crore. The deal is likely to be completed in December 2021.

The government has also announced its plan to privatize more than 20 PSUs such as Bharat Petroleum Corporation of India (BPCL), Shipping Corporation of India, Container Corporation of India, and others. The Finance Minister also announced the decision of the government to privatize two PSU banks and one General Insurance Company in her budget speech of 2021.

The move of the government to privatize the state-owned PSUs has generated a significant amount of debate in society. In this article, we will discuss both sides of the argument before giving our verdict on the issue. We will discuss the economic as well as the historical aspects of the issue. Any discussion over this topic will be incomplete without studying the historical aspects. Therefore, we will study the historical aspects at length.

Historical Aspects

In the initial years of independence, it was perceived that the private sector of India lacked the means for making the capital investment required for the development of the country. Further, Congress always advocated socialism during the freedom struggle. In a nutshell, socialism means state control of the means of production. Therefore, in the years following independence, the Congress governments headed by Jawaharlal Nehru and Indira Gandhi went full throttle on nationalization of different industries. In case students need some more clarification on the term nationalization, at this stage, it is enough to state that it means takeover (often forcible) of private businesses by the government.

Here, we will deal with the historical perspective of the nationalization of different industries.

Nationalization of the insurance industry: Formation of Life Insurance Corporation (LIC) of India

In December 1955, Feroze Gandhi, who was also the son-in-law of Prime Minister Jawaharlal Nehru raised one important point related to misappropriation of funds in Bharat Insurance Company headed by industrialist Ramkrishna Dalmiya on the floor of Lok Sabha. Apparently, Ramkrishna Dalmiya ran multiple businesses, including the newspaper 'The Times of India'. Bharat Insurance Company was a general insurance company that sold fire insurance. When some of the businesses owned by Dalmiya started facing financial difficulties, he diverted the funds paid by the policyholders to the businesses facing financial difficulties. The technical term of this misappropriation of the funds is called 'money laundering.' As a result of this misappropriation of funds, the legitimate policyholders of Bharat Insurance Company stood to lose their right to get compensation from the company in the event of any mishap because a chunk of the funds earmarked for paying such compensation was diverted away from the company.

In response to this revelation on the floor of Lok Sabha, the government headed by Jawaharlal Nehru took the decision to nationalize all the private insurance companies in the country. With effect from 1 September 1956, the existence of private insurance companies in the country ended and the government-owned 'Life Insurance Corporation of India' (LIC) and 'General Insurance Corporation of India' (GIC) were born.

Nationalization of banks

In the pre-independence period, India had a thriving banking sector. In the pre-independence period, there were a number of well-respected banks established by Indians. These included Punjab National Bank (established in 1894), Bank of India (established in 1906), Bank of Baroda (established in 1908), Syndicate Bank (established in 1925) and Bank of Maharashtra (established in 1935) among others.

Right after independence, the demand for the nationalization of banks was raised. It was perceived that the banks in private hands will shy away from extending much-needed credit to the rural sector and the lower strata of the society. Those who advocated the nationalization of banks claimed that in order to ensure social justice and make funds available to the masses, the banks had to be under the control of the government. However, no action on that front was taken in the 1950s and till late 1960s. Finally, the bullet was bitten by Indira Gandhi and her government nationalized 14 banks in the country in 1969.

The 14 banks that were nationalized in 1969 had about 85% of the total deposits in the country. These included Punjab National Bank, Allahabad Bank, Bank of India, Bank of

Baroda, Bank of Maharashtra, Canara Bank, Central Bank of India and Union Bank of India. In addition to social justice, another justification given was that the failure of more than 300 small banks since independence (most notable among them was Pala Central Bank from Kerala in 1960) led to depositors losing their hard-earned money and therefore the government owned banks will protect the interests of the depositors better. In 1980, the government nationalized 6 more banks. These included Punjab and Sind Bank, Vijaya Bank, Oriental Bank of India, Andhra Bank and New Bank of India.

Nationalization of the Airline industry

Legendary industrialist and the chairman of the Tata Group, J.R.D.Tata was the first commercial pilot of India. He was keenly interested in aviation and founded 'Tata Aviation Service' in 1932. In 1938, the name of the airline was changed to Tata Airlines and in 1946 to Air India.

In the pre-independence period, Air India flew to domestic destinations. After independence, J.R.D Tata wanted to expand the operations of Air India to international destinations. For that, he formed 'Air India International' and gave a proposal to the Government of India in October 1947 to invest 49% stake in the new entity with the Tata group owning 25% stake and the remaining stake to be owned by the investors and individuals. JRD himself was not in favour of nationalization of the airline industry in India. In a press conference in 1946, he had offhand ruled out the possibility of any such move by the government. Yet he invited government investment, perhaps out of the requirement of funds. In July 1948, Air India International launched services to London and other destinations in Europe. There were a few other small private airlines operating in the newly independent India of the late 1940s. These included Ambica Airlines, Himalayan Aviation, Mistri Airways, and Kalinga Airlines.

In 1953, the Government of India acquired the remaining 51% stake in Air India International (for international operations) and the entire stake in Air India (for domestic operations). The Air India International was named as Air India and it served international destinations, while Air India was named Indian Airlines and it served domestic destinations. In 1953, the government also nationalized the airline industry by taking over the other operational airlines (such as Himalayan Aviation and Kalinga Airlines) and merged them into Indian Airlines.

Nationalization of Petroleum industry

Up to 1955, private companies such as Assam Oil Company and joint ventures between the Government of India and foreign companies such as Oil India Ltd. (the Joint Venture between the government of India and Burma Oil Company) and Indo-Stanvac Petroleum (the Joint Venture between the government and the Standard Vacuum Oil Company of the USA) operated in the exploration of Petroleum and Natural Gas resources (so-called upstream sector). A few other foreign companies such as ESSO, Burma Shell and Caltex also operated in the distribution of Petroleum resources (so-called downstream sector).

In 1955, the government nationalized the upstream Petroleum industry and formed Oil and Natural Gas Commission (ONGC- later renamed Oil and Natural Gas Corporation) for exploration activities.

In the mid-1970s, the government also nationalized the downstream Petroleum Industry. The assets of foreign companies- ESSO and Caltex were nationalized under Hindustan Petroleum Corporation Ltd (HPCL) and the assets of Burma Shell Company were nationalized under Bharat Petroleum Corporation Ltd (BPCL) in 1976.

<u>Nationalization of the Coal industry</u>
In 1973, private coal mines were nationalized and organized under the entity named 'Coal India Ltd'. The justification given was that the private coal mines exploited the workers and therefore, government ownership of the mines was needed.

Economic Aspects
There is an interesting debate among economists on the desirability or otherwise of privatization. Let us examine the arguments made by the economists on both sides in detail.

In favour of Nationalization:

The aim of businesses is not to fill the pockets of the owners but to provide services to the masses. In pursuit of profit, business owners often exploit their workers. They also resort to unfair means for maximizing their profits. Any such ruthless pursuit of profit leads to a situation of the 'survival of the fittest.' This situation is counterproductive and it leads to uncertainty about jobs. The people born in the lower strata of society do not have enough resources to be able to equip themselves with the necessary skills to survive in this atmosphere. On the other hand, well-to-do people can afford to provide good education to their children. As a result, the well-to-do people are better able to survive in this 'survival of the fittest situation. Therefore, the rich become richer and the poor become poorer in this setup and income inequality widens. This is not in the interests of the health of society.

Therefore, there is a need to ensure that profit maximization is not the only aim of the businesses. This is possible only if the businesses are run by the government. Further, private businesses cannot and will not touch any sector which does not offer desired profits. However, such sectors (such as education and healthcare) are important for society. Another argument made in favor of nationalization following independence was that the private sector lacked the resources and experience needed for the development of certain industries. Therefore, government participation was necessary. Furthermore, the government of India could attract international funding for different projects more easily than the private sector. Therefore, it was desirable to have the businesses under government control.

Against Nationalization:

Private businesses better take care of the resources of the business. As economist Milton Friedman said: “Nobody spends somebody else’s money as carefully as he spends his own. Nobody uses somebody else’s resources as carefully as he uses his own. So if you want efficiency and effectiveness, if you want knowledge to be properly utilized, you have to do it through the means of private property.” The businesses run by the government fall under the category of spending somebody else’s (taxpayers’) money.

Also, if the government-run business runs into losses, those who manage the business have nothing to lose. They still get their salary. Thus, there is no incentive to make amendments, no incentive to innovate, no incentive to take risks. Thus the situation comes in government-run businesses that ‘everybody’s business degenerates into nobody’s business.’ On the other hand, private businesses cannot continue to run into losses for long. There comes a point when they have to shut down. This threat keeps the owners of the private businesses on their toes and they get the work done by their employees in the best possible way.

Secondly, the government is forced to infuse equity into its own businesses. Therefore, eventually, the burden of compensating for the loss of government businesses comes on the taxpayers. On the other hand, if private companies incur losses, only the shareholders of the company, not the public at large take the hit. Therefore, it is desirable to let the businesses run by the private sector.

Thirdly, the more businesses the government runs, the more is the expenditure of the government. The tax rates have to be hiked in order to fund the expenditure. A significant part of that goes into maintaining the fat bureaucracy. It also has other consequences in terms of higher interest rates in the economy and inflation. It would be much more beneficial if the government does not get into running different businesses and let the private sector run the businesses. That would significantly reduce the expenditure of the government and the taxes can be cut. Lower taxes will leave more money in the hands of the people, which would lead to an increase of demand in various sectors. That will generate more jobs in the economy.

Conclusion:

Before we present our verdict, at this point we wish to state a few other important points that can help you in your decision making.

1. There is a reason we have discussed the historical aspects at length. The point we wished to stress is that Indian entrepreneurs exhibited their innovation and made their presence felt in various industries, including banking, insurance, airlines, etc right from the pre-independence period. Indian society always boasted of successful entrepreneurs and the situation in India was quite different from other countries from Asia and Africa that gained independence around the same time. While the government started a few companies in different businesses (such as Rashtriya Ispat Nigam Limited, Steel Authority of India Limited, Bharat Heavy Electricals Limited, Gas Authority of India Limited etc), a number of the government businesses were in reality private businesses nationalized and amalgamated.

   Entrepreneurs are precious assets of society. They are the ones who take the risk. If they succeed, they reap the benefits. If they fail, they pay the price. Through nationalization, the incentive for taking risks and starting an enterprise was reduced. The process of nationalization sent a few undesirable signals i.e. you work hard, make it big and one day the government would come and forcibly take over your business. We leave it to the students to decide if that was the right signal to send to society. If it was not, isn’t it natural to expect to correct the wrong done?

2. We also suggest you ponder the process of nationalization on moral grounds. The private businesses that were nationalized were the result of the hard work of somebody else. How far is it justifiable to take over something that does not belong to you and something for which somebody else has put in hard work? If it is not, isn’t it natural to expect to correct the wrong done? Also, purity of means was one important ideal stressed over and over during the freedom struggle. Using the same argument, was nationalization the pure means for whatever desired end?

3. We also suggest you ponder if nationalization was the only way to achieve whatever objectives were set forth. If it was desired that the agriculture and dairy sector get access to banking, could that have been done by changing the rules by the RBI? Traditionally RBI has been a strict watchdog of Indian banking. It was empowered with sweeping rights that included suspending banking licenses of erring banks if any of its rules were disobeyed. Could that have been to use? Could we have instituted more watchdogs in different sectors on the lines of SEBI, IRDAI, DGCA, CERC that were founded later? If nationalization was rather a harsh step, isn’t it natural to expect to reverse that harsh step?

4. Perhaps, nationalization of different industries was the need of the hour in the India of the 1950s and 1960s. However, we are living in the world of 2021 and today's India is very different from the India of the 1950s and 1960s. Should we still cling to the decision that was perhaps relevant for the bygone era? The government (read the taxpayers) had to infuse thousands of Crore rupees over the years in entities such as Air India and different PSU banks to make up for their losses. Is there any justification to continue to do so indefinitely? If that be the case, isn't it the time to reverse the decision?

While we are in favour of the privatization of PSUs because of the reasons mentioned so far, we suggest you evaluate all these aspects and reach your own decision. Remember this is economics and there is no right or wrong answer to any question in economics but the answer depends on your perspective. Here we have outlined the advantages as well as the disadvantages of the argument. Now it is for you to evaluate every single argument and see which side appeals to you more.

19. Activism of central agencies such as CBI, ED and NCB: A threat to cooperative federalism?

Government agencies are responsible for the collection, analysis, and exploitation of information in support of law enforcement, national security, military, and foreign policy objectives. NCB, CBI, ED constitutes to be amongst the key agencies of Government of India.

Narcotics Control Bureau (NCB) operates under the jurisdiction of The Ministry of Home Affairs, Government of India. The Home Ministry is currently headed by Union Minister of Home Affairs Amit Shah. Narcotics Control Bureau is the supreme coordinating agency, chief law enforcement, and intelligence agency of India accounting for battling drug trafficking and the mishandling of unlawful and illegal substances harmful to wellbeing.

The **Central Bureau of Investigation (CBI)** is the premier investigating agency of India operating under the jurisdiction of the Ministry of Personnel, Public Grievances and Pensions, Government of India. The agency has been known to investigate breaches of central laws, multi-state organised crime, multi-agency or international cases, economic crimes, special crimes, cases of corruption and other cases. CBI is India's officially designated single point of contact for liaison with the Interpol. Usually, though not always, the ministry is headed by the prime minister, with a minister of state reporting to him.

The **Directorate of Enforcement (ED)** is a law enforcement and economic intelligence agency responsible for enforcing economic laws and fighting economic crimes in India. It is part of the Department of Revenue, Ministry of Finance, Government of India. The prime objective of ED is the enforcement of two key Acts namely, the Foreign Exchange Management Act 1999 (FEMA) and the Prevention of Money Laundering Act 2002 (PMLA).

In a decision with wide ramifications, the government has allowed 10 intelligence and investigating agencies and the Delhi Police to intercept, monitor and decrypt "any information" generated, transmitted, received or stored in "any computer", an action that has come under attack from opposition parties. The 10 agencies include Intelligence Bureau, **Narcotics Control Bureau**, **Enforcement Directorate**, Central Board of Direct Taxes, Directorate of Revenue Intelligence, **Central Bureau of Investigation**, National Investigation Agency Cabinet Secretariat (RAW), Directorate of Signal Intelligence (For service areas of Jammu & Kashmir, North-East and Assam only), and Commissioner of Police, Delhi. The agencies will also have powers to seize the devices.

The notification made it clear that any subscriber or service provider person in charge of any computer resource is bound to extend all facilities and technical assistance to these agencies. Failure to cooperate would mean seven years jail time and a fine.

What is Cooperative Federalism?

1. Cooperative federalism is a type of federalism in which federal and state governments work together to achieve goals or projects. One of the most important questions for any nation to address is how to disperse power among the nation and its states or provinces. Usually, the national government enjoys almost unlimited authority over its states to administer and enforce national policies and behaviours of state governments, often through the use of funding for programs.

2. Are these agencies threat to Cooperative Federalism or a much awaited action?

   The issue of federalism arose between the Centre and the State of West Bengal on the issue of CBI investigation of a Kolkata top cop in 'Saradha Chit Scam'. This standoff occurred solely due to a lack of effective deliberation between the stakeholders and a rampant disregard to constitutional values. There is no gain saying that the CBI has been a premier organization combating corruption in India. The fact that it is a central agency makes it susceptible to criticism as to its political independence.

   No doubt CBI is required in multijurisdictional crimes, yet its concurrence with the local police force and pre-emptions cause re-current federal issues. In any case, the Courts usually have alluded to the fact that CBI needs less intervention from the States in matter of investigation and search etc., as the contrary would be counter-intuitive. In any case, the Supreme Court has taken note of the issue and allowed CBI to interrogate the Kolkata top cop in a neutral location (Shilong), for CBI this case is going down in history as a tryst with federalism.

   NCP chief Sharad Pawar claimed that central agencies, including the Central Bureau of Investigation, the Enforcement Directorate and the Narcotics Control Bureau, were being misused to target and defame the opposition parties in Maharashtra. His remarks came days after the I-T department raided some entities linked to Maharashtra Deputy Chief Minister Ajit Pawar.

   Referring to the case of former Maharashtra home minister and NCP leader Anil Deshmukh, who is facing probe by central agencies on multiple charges had to step down following allegations levelled against him by former Mumbai police commissioner Param Bir Singh. Param Bir Singh has been booked in multiple cases of extortion and also facing a case under the SC/ST (Prevention of Atrocities) Act.

   He also targeted the Narcotics Control Bureau (NCB), who recently conducted a number of raids including some high-profile people of Bollywood, saying the Mumbai

Police's Anti-Narcotics Cell (ANC) had done a better job than the central agency.

There has been rising concerns among various States (federal units) that their institutions are slowly invaded by the Centre. This view is shared by many leaders such as Mr. Chandrababu Naidu, Ms. Mamata Banerjee etc. In this context, it is necessary to evaluate the veracity of such claims against a deeper sociolegal scrutiny without being influenced by the political angle.

In any event, the earlier view pointed out by the Supreme Court was to see the Centre and State as two separate competing entities and confine them within a sphere of operation.

The structure of CBI has irked Andhra Pradesh to this extent that they have revoked the grant of sanction to CBI under the DSPE Act.

A lot of India's problems today stem from over-centralisation. A government that openly seeks 'one nation, one election' wants the states to not have power and autonomy. There is no bigger threat to the India Constitution than the weakening of its federal structure. An entire state, Jammu and Kashmir, has been deprived of an elected legislature for years now, for no good reason. India's size, scale and diversity needs strong federalism which coheres with 'State-Nation' rather than 'Nation-State', since people are much closely connected to state politics rather than politics in Delhi.

Conclusion

To conclude, if the party in power uses the central agencies for its personal gain or vendetta then the ulterior motive of such agencies goes for a toss. There is a very thin line and it becomes a very objective matter to draw the line between national interest and personal interest.

20. THE NATIONAL INFRASTRUCTURE PIPELINE

A. INTRODUCTION

While delivering his Independence Day speech in 2019, Prime Minister Narendra Modi announced that the central government would invest around Rs. 100 lakh crore in the nation's infrastructure over the next five years. This was also one of the promises made in the Bharatiya Janata Party (BJP) manifesto for the Lok Sabha elections held in April and May 2019.

Following the announcement by the PM, a task force was constituted within the Finance Ministry to create a roadmap for this investment. Officials from the Departments of Economic Affairs and Expenditure in the Finance Ministry and NITI Aayog populated this task force. It prepared a final report on the said investment proposal after detailed deliberations with Central Infrastructure Ministries/Departments/State Governments, Corporates, Banks/FIs/ PE Funds, Industry Associations, etc. According to this task force, the Government of India (GOI) should invest Rs. 4.5 trillion into the infrastructure sector.

The projected total infrastructure investment in the final report stands at Rs.111 lakh crore during the period from FY 2020 to FY 2025. The Final Report by the NIP task force comprises three volumes. The report was presented on December 31, 2019, by Finance Minister Nirmala Sitharaman. This report, called the National Infrastructure Pipeline (NIP), distills the sectoral investment plans and outlines a specific mission to achieve through this investment.

There are 3 significant parts to this report.

1. Firstly, the report identifies five specific reasons why Indian infrastructure needs an overhaul. These reasons include –
   a. Urbanization (42 per cent of population to live in urban areas in 2030 as opposed to 31 per cent now);
   b. Growing working-age population (1.03 billion workforce projected in 2030);
   c. Urban contribution to employment (41 per cent of the total by 2030);
   d. Shift to services-based economy (share of agriculture to go down to 8 per cent from current 15 per cent); and
   e. Climate change and disaster resilience.

2. Secondly, the NIP takes a broad view of what's included in infrastructure development. Social infrastructure areas including higher education, school education, health and family welfare, sports, and tourism are specifically called out.

3. Thirdly, for each sector, a general vision of the year 2025 has been painted. This vision includes not just the end state of the NIP, but also a few pointers on how the governance and the administration of the sector look like.

B. STRUCTURE OF THE TASK FORCE

Secretary, Department of Economic Affairs (DEA), Ministry of Finance (MoF)	Chair
CEO, NITI Aayog or his nominee*	Member
Secretary, Department of Expenditure, Ministry of Finance or his nominee*	Member
Secretary of the Administrative ministry#	Member
Additional Secretary (Investments), DEA, MoF	Member
Joint Secretary (Infrastructure Policy & Finance), DEA, MoF	Member - Secretary

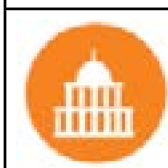
*Not below the rank of Additional Secretary (AS)
#Secretary or an officer of the rank of secretary

C. OBJECTIVES OF THE TASK FORCE

Broadly it is assigned with 4 objectives –

1. To identify technically feasible and financially/ economically viable infrastructure projects that can be initiated in fiscal years 2020 to 2025;
2. To estimate annual infrastructure investment/ capital costs;
3. To guide the ministries in identifying appropriate sources of financing;
4. To suggest measures to monitor the projects so that cost and time overrun is minimized.

D. KEY BENEFITS OF NIP

	**Economy** Well-planned NIP will enable more infrastructure projects, power business, create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive.
	**Government** Well-developed infrastructure enhances level of economic activity, creates additional fiscal space by improving revenue base of the government, and ensures quality of expenditure focused on productive areas.

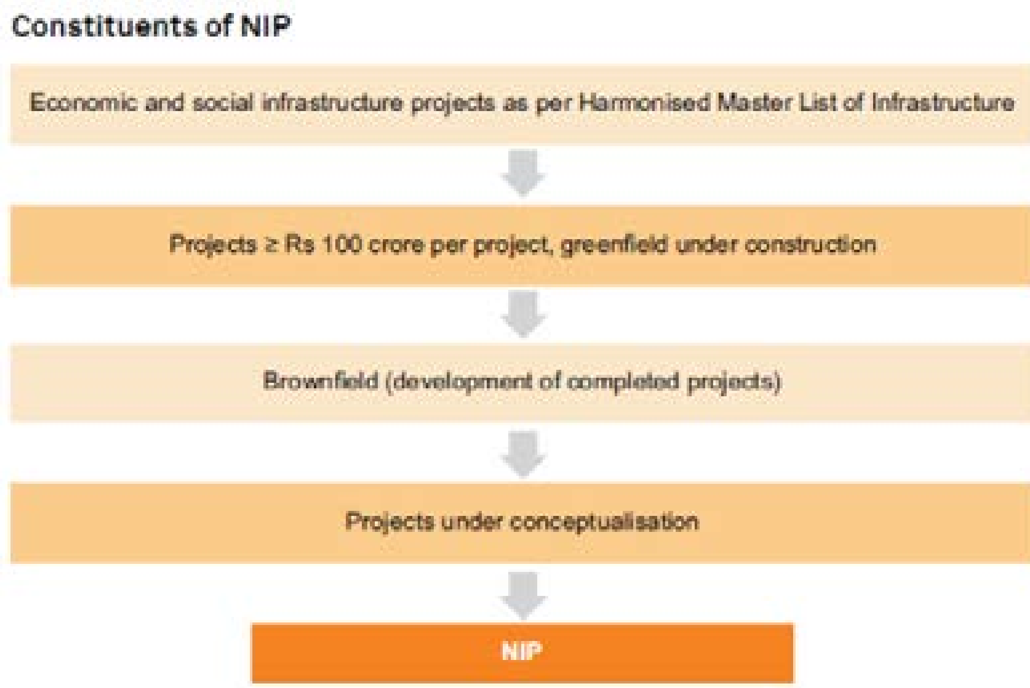
	Developers Provides better prepared projects, reduces aggressive bids/failure in project delivery, ensures enhanced access to sources of finance as a result of increased investor confidence.
	Banks / financial institutions / investors Builds investor confidence as identified projects are likely to be better prepared, exposures less likely to suffer stress given active project monitoring by competent authority, thereby ensuring better returns and less likelihood of NPAs.

C. CONSTITUENTS Of NIP

The NIP has been produced on a best effort basis by aggregating the information provided by various stakeholders including line ministries, departments, state governments, and private sector across infrastructure sub-sectors identified in the Harmonized Master List of Infrastructure.

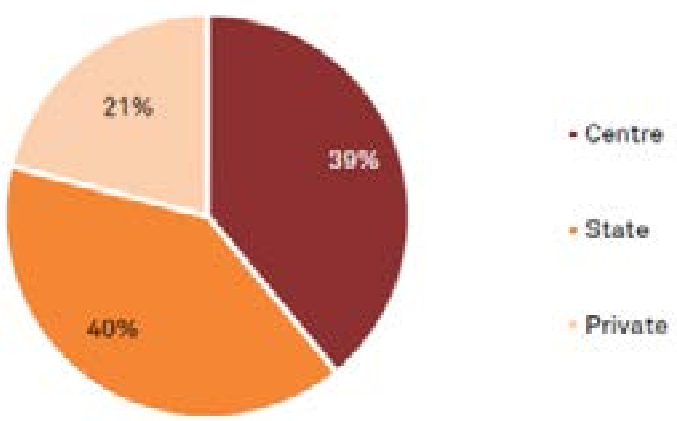
To draw up the NIP, a bottom-up approach was adopted wherein all projects costing greater than Rs 100 crore per project under construction, proposed greenfield projects, brownfield projects, and those at the conceptualization stage were sought to be captured. The investment details of fiscal 2020 are estimates and those for fiscals 2021 to 2025 are projections. (At the initial stage the projects under NIP were worth Rs 102-lakh crore. It was spread across 18 states and UT over the next 5 years. With more and more States/ UTs submitting their proposals, another Rs 3-lakh crore would have been added to the total expenditure.)

The NIP could see more updates as some states are yet to share details. The implementation of projects included in NIP will depend on multiple factors such as clearances, timely approvals, and financing. The actual expenditure may vary from the estimates/projections and NIP shall be updated accordingly.



F. SHARE OF CENTRE, STATE, AND PRIVATE SECTOR IN NIP IMPLEMENTATION

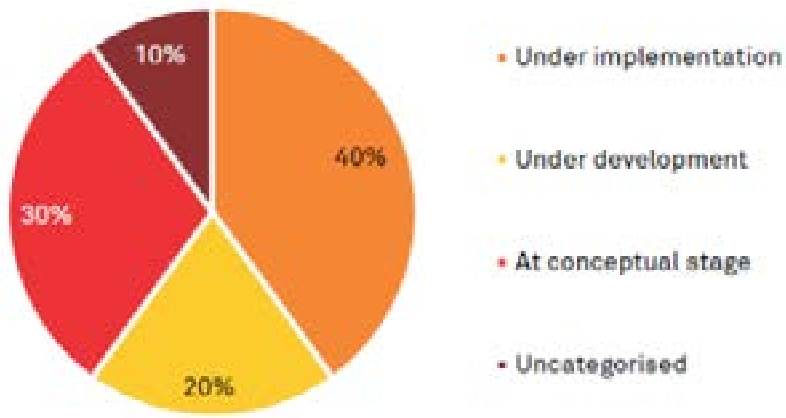
The Centre (39%) and state (40%) are expected to have an almost equal share in implementing the NIP in India, followed by the private sector (21%). This is shown below.



Source: PIRF submitted by ministries/ departments/state governments/private sector

G. STAGE OF IMPLEMENTATION OF THE NIP

Out of the total NIP of Rs 111 lakh crore, Rs 44 lakh crore (40%) worth of projects are under implementation, Rs 34 lakh crore (30%) worth of projects are at the conceptualization stage, and Rs 22 lakh crore (20%) worth of projects are under development. Information regarding project stages are unavailable for projects worth Rs 11 lakh crore (10%). It is expected that greater clarity will be available in future.

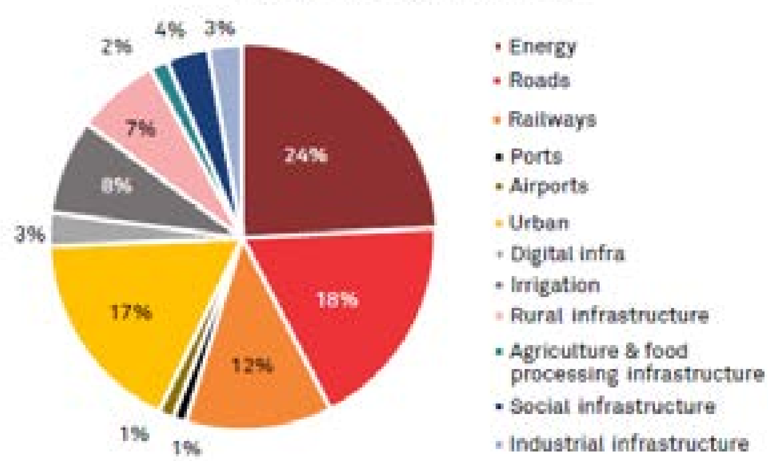


Source: PIRF submitted by ministries/ departments/state government

H. SECTOR-WISE BREAK-UP OF NIP

During the fiscals from 2020 to 2025, sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) amount to ~71% of the projected infrastructure investments in India.

Sector-wise break-up of capital expenditure of Rs 111 lakh crore during fiscals 2020-2025



Source: Ministries/ departments/state governments/private sector

I. VARIOUS CONCERNS RAISED OVER NIP

NIP is a blueprint. It is a map sketched over a timeline of 5 years to estimate the necessary investment in infrastructure sectors. However, the experts have raised certain concerns over it. They are –

1. Feasibility of Controlling Fiscal Deficit while Increasing Investment in Infrastructure:
   India's GDP growth in 2019-20 revised to 4% from 4.2% estimated earlier. This slowdown in the Indian economy results in a catch-22 situation. Governments make estimates of revenue expenditures and revenue receipts for every financial year. Unfortunately, revenue expenditure shoots up and revenue receipts decrease. This creates a fiscal deficit. All governments at their respective levels try to meet the fiscal deficit target and reduce expenses. Capping the capital expenditure is an inevitable method to control the fiscal deficit.

2. To achieve the larger goal of $5 trillion GDP by 2024-25, India needs to spend about $1.4 trillion (Rs. 100 lakh crore) over these years on infrastructure. The past record of expenditure on infrastructure is not very promising. Total expenditure on infrastructure in the fiscal year 2017-18 was Rs 4.94 lakh crore and in 2018-19 was estimated at Rs 5.97 lakh crore. We can easily sense the gap between the past and the proposed future expenses. State governments are struggling to generate revenues. Direct and indirect taxes along with funds generated from disinvestments are not up to the expectations of the GOI. Sources of funds to be provided by the centre are uncertain.

3. Investor Confidence in a Sluggish Economy:
   NIP expects almost 21% of the investment will come from private investors. Investors' confidence will be boosted only when the overall economy revives. If the economy revives, then we can expect a multiplier effect to automatically take place. Demand for raw materials will increase and employment generation will lead to demand for other resources. Performance of allied sectors will definitely improve in due course. This will kick start the Virtuous cycle resulting in economic recovery and improved investors confidence. Presently there is no sign of bottoming out or revival of the GDP growth rate.

4. Increasing NPA of Nationalised Banks:
   Nationalised Banks always play a major role in long-term projects as long-term investments have very long gestation periods. According to an ASSOCHAM-Crisil joint study, the gross non-performing assets (GNPAs) of banks are expected to cross ₹10 lakh crore by March 2022. This means that Indian banks could have more than ₹10 lakh crore non-performing assets by March 2022. Under this circumstance, the supply of money for investment in infrastructure is quite difficult.

4.Asset Liability Mismatch - liquidity problem:

A bank could have substantial long-term assets (investment in infrastructure) funded by short-term liabilities, such as deposits. Thus, the bank has to pay more money to its lenders but earns less money from customers. Despite everything else being the same, the liabilities of the banks increase and reduce its liquidity.

5. Excessive dependency on Energy Sectors:

The energy sector has the largest share (24%) in the NIP. The existing conditions of the power sector in India are not optimistic. The Plant Load Factor (Actual Production / Production Potential) of thermal power plants is mostly 60%. As the economy is not growing rapidly, there is not much hope for the power plants to witness growth in Load Factor in the near future.

6. Lack of Clarity:

Based on the stages of implementation 42% of projects are under implementation, and 19% are under designing. Rests are either in the conceptualization stage (31%) or the unclassified category (8%). Thus, there is no clarity for two-fifth of the projects.

J. STRUCTURAL ISSUES THAT THE GOVERNMENT OF INDIA SHOULD ADDRESS

Structural reforms should be implemented to better implement the NIP.

1. Land acquisition:

   It is a major issue in any infra project in India. Ideological clashes between Central and State Governments or the political parties in Power vs Opposition are often found behind such obstacles. Efforts to rationalize with and achieve consensus among political rivals are necessary to resolve such issues in the best interest of the country.

2. Dispute resolution:

   There has to be a mediation mechanism that has to be set up at the ministry level which will address complex contractual disputes on a fast-track platform with ease.

3. Enforcement of contracts:

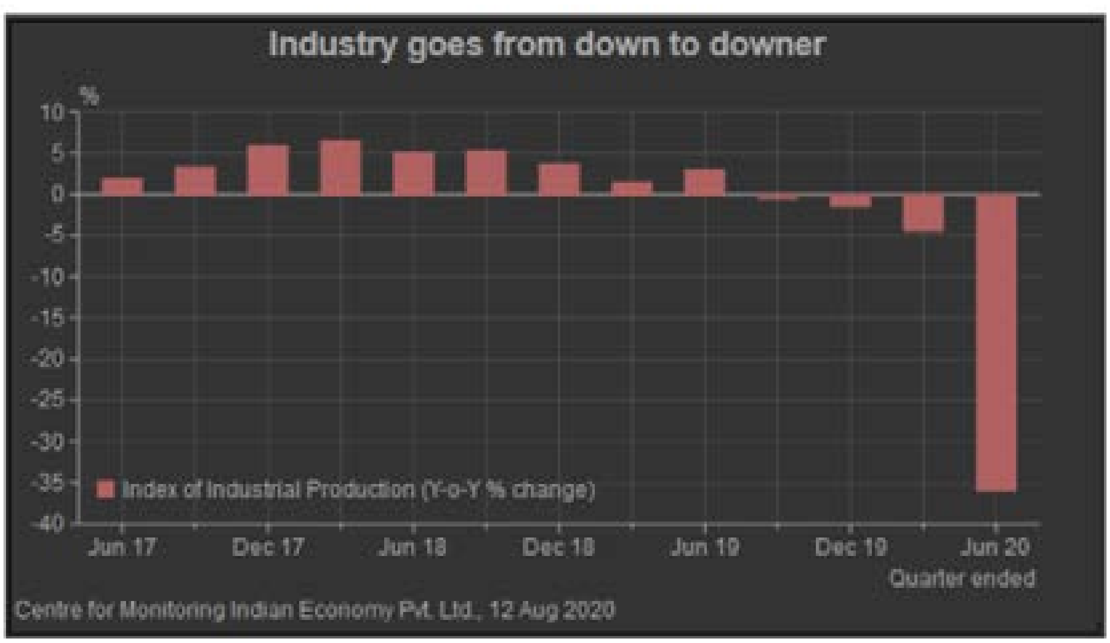
   The ability to make and enforce contracts and resolve disputes is fundamental if markets are to function properly. Good enforcement procedures enhance predictability in commercial relationships and reduce uncertainty by assuring investors that their contractual rights will be upheld promptly by local courts. State governments should facilitate such rule of law and help the investors to protect their legal rights.

4. GOI should promote Long-term investors in the market:
   It is often found that when a political party loses the electoral battle, the projects announced during its regime are either stopped for an indefinite period or cancelled by the rival political party which is elected to power. The best example is the "Amaravati Sustainable Infrastructure and Institutional Development Project" which was initiated by the Telugu Desam Party (TDP) but later was abandoned by the YSR Congress Party in Andhra Pradesh in the name of corruption. The investors have to suffer huge losses due to such political rivalry. Governments should ensure the protection of the interests of the investors and not stop projects without substantial credible justification.

5. Credit growth in infrastructure must be increased:
   The rise in demand for loans is called credit growth. This is an important indicator of economic activity. While the infrastructure credit grew 7 per cent in FY2020 (19 per cent in FY2019) to Rs 22.5 lakh crore as on March 31, 2020, it increased marginally to Rs 22.6 lakh crore as on September 30, 2020, ICRA Ratings said in the report. [4th Jan, 2021]

K. NIP in post-COVID 19 India

The June 2020 World Bank Global Economic Outlook predicts that 90 per cent of the countries in the world will go into recession in the coming months. The Indian economy was facing headwinds much before COVID-19 and is currently looking at its fourth recession since independence. Strict lockdowns resulted in GDP contraction by 23.9% and the Fiscal deficit crossed 103% of the budgeted estimate for the year 2020-21.



Not left with many options, the government has to look for new avenues of investment in order to get things back on track. Provident funds, Insurance, Foreign Pension Funds may be the options for the government to explore in search of funds to boost up the projects envisaged under NIP. However, it also needs to be kept in mind that the money borrowed has to be returned on time with adequate surplus amount.

In the attempt to revive the economy post COVID-19, the success of the NIP will be dependent on three critical factors –

(i) human capital
(ii) innovative funding models
(iii) greater technological integration

India's goal of becoming a US$ 5 trillion economy rests on the completion of critical infrastructure under the NIP. As a part of the NIP, the annual expenditure for FY21 was earmarked at INR19.5 trillion and a similar number for FY22 as well. The following key sectors and themes will warrant immediate attention.

(a) Healthcare to remain the top priority;
(b) Achieving the ideal state of connectivity through public transport;
(c) Transforming the energy mix to ensure affordable, clean, and reliable power supply;
(d) Better urban planning with implementation of clear land use, industrial corridors, and clusters;
(e) Strengthening rural infrastructure to promote growth of agro-based industries, better access to markets for farmers and creation of job opportunities for the rural population;
(f) Recognition of the criticality of digital infrastructure and importance of optical fiber deployment;
(g) Developing sustainable and disaster-resilient infrastructure.

L AID FROM GOVERNMENT OF INDIA FOR NIP

Government of India is taking the necessary steps to get the NIP back on track. The Finance ministry has released the first batch of funds to states under the scheme to boost CAPEX – Bihar, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Punjab, Sikkim, and Telangana will initially benefit from the scheme under which 50-year interest-free loans for capital expenditure up to Rs. 15,000 crore will be provided to states in FY22. A similar scheme was announced as part of the 'Aatma Nirbhar Bharat' package in October last year to boost capital expenditure by states facing a difficult financial environment due to a shortfall in tax revenue arising from the pandemic.

21. Is it the time to redefine celebrities in Indian society?

A recent survey by weunlearn on celebrity culture in India shows some interesting trends about celebrities. Out of 50 Bollywood personas the audience disliked the most: 30 votes went to Salman Khan on account of misogyny, 13 to Priyanka Chopra for performative activism. And, for most liked personalities, Emma Watson and Keanu Reeves were the honorable mentions from Hollywood. There was a lot of resentment to be found in the survey's response towards celebrities who didn't care enough for society or who acted inappropriately, just like how the most popular figures were those who acknowledged their influential role in society and acted responsibly. This survey marked a subtle shift in the public mindset.

On quite another account, in one of the episodes of Koffee with Karan, actor Alia Bhatt was asked who the President of India is and she had answered Prithviraj Chauhan and millions of memes were made since then about her general knowledge. Jokes apart, these are not the kind of celebrities that the Indian society can look up to for inspiration. Can we?

For a long time Bolywood celebrities in India have held an influential place in the society, however the rise of social media has brought these celebrities back to earth as the so called celebrities of Bollywood cannot hide behind the make believe façade of stardom like the yesteryears. Even the likes of Amitabh Bachchan is not spared in the times of social media where nothing goes unseen by the people, very recently Bachchan, in his now-deleted tweet, shared a theory which claimed that clapping together would make such a vibration in the atmosphere that coronavirus would be destroyed. And for obvious reasons he was trolled heavily by netizens for this inane tweet.

Then we have the star kids who are the result of a serious case of nepotism in the Bollywood industry such as Varun Dhawan, Arjun Kapoor, Sonam Kapoor, Kareena Kapoor, Uday Chopra etc, who are known for their over acting and making dumb comments on important issues. Most people are open about their dislike for these star kids; however there was a time when it was easy for such star kids to remain elusive but now with numerous media platforms their lives and stories are all over the internet. Most don't see them as inspirations. The times have changed. Especially after the sad demise of a talented young actor Sushant Singh Rajput, who made it as an outsider with his sheer grit and acting talent in the big bad world of bollywood and won people's hearts with his movies. He was intelligent and was well loved by the masses, unfortunately he was gone too soon and his death is still shrouded with mystery. But after his death a lot of people came out to talk about the ills of nepotism that exists in the industry. Then in yet another case in 2021, the buzz around B-towners being involved in drug abuse resurfaced with Shah Rukh Khan's son, Aryan Khan, going into NCB custody. The investigating agency's officials have been on their toes to nab as many culprits and clean the industry which is infamous for drug abuse. Last year Deepika's name had emerged in the controversy after several "drug chats" came under the NCB's scrutiny.

The young Indians want celebrities who are real, whom they can look up to, people who have fought against adversities and have struggled to get to the heights where they are today, whether it is in business, sports, films or in other fields. It is time to redefine the idea of celebrities in Indian society. The Indian public wants higher display of responsibility on the part of the celebrities today. They want them to take up social, economic and political issues and not just limiting themselves to selling beauty products and hair oils. Why? Because the celebrities hold an influential place in the society and when they take up an issue then everyone is listening and thus helping the issue to get amplified in media and having the power to shape the opinion of the masses.

However, there are some celebrities who are doing commendable work and using their popularity to bring change and make the world a better place. Veteran actor Shabana Azmi has been carrying forward the work of her late father, and famous Urdu poet Kaifi Azmi, in the village of Mijwan. Kaifi founded the Mijwan Welfare Society that runs initiatives for the development of this village. Actor, Rahul Bose has been working on the ground for the tsunami victims in Andaman and Nicobar and has been an ardent advocate for climate change. Actor Nandita Das became the face of the campaign by Women of Worth called 'Dark is Beautiful'. The campaign wanted to draw attention to the unjust effects of skin colour bias. Pinkathon, India's Biggest Women's run was founded by Milind Soman and Reema Sanghavi, with the sole aim of creating awareness about women's health issues, especially breast cancer.

Indian public wants inspiring celebrities who are wholesome and intelligent and at the same time humble and kind. It is time that India too has celebrities like Keanu Reeves, Meryl Streep etc. Now everyone around the world knows and admires Keanu Reeves not just for his great acting skills but also for his generous donations and charity work that he does. Another star who has won numerous accolades for her acting is Meryl Streep with her incredible face and one of the most talented stars in Hollywood, she could endorse anything but she chose instead to become a voice for rights—human rights, citizenry rights, the right to dignity and respect.

Perhaps it is time for the Indian society to look at other achievers to redefine Indian celebrities and we are not talking about Cricketing stars.

The new faces on the block who are the light bearers of redefining Indian celebrities are athletes like Neeraj Chopra, the Javelin thrower who created history by bringing home the first Olympic gold medal in athletics and the nation erupted in joy. India's veteran Boxing Champion Mary Kom who is inspiring young people to get into boxing and we have P V Sindhu, a professional Badminton Champion.

India needs such celebrities now. We don't need glamorous stars with zero grey matter. We want substance. Long gone are those days when stars were needed to endorse soaps and hair gels etc. these days, regular guys are selling right from soaps, detergents to clothes and toothpastes as people are more aware of product quality and it doesn't matter if a star is endorsing it.

22. Taliban takeover of Afghanistan: implications for India

On August 15, 2021, when India was celebrating its 74th anniversary of independence from British rule, not so far from its north-western borders, the Taliban were triumphantly marching into Kabul.

The president, Ashraf Ghani had fled the country and Taliban leaders took his place in the presidential palace, driving tens of thousands of people to the country's borders. Many flooded to the international airport in Kabul, where everyone wanted to be the part of the evacuations of foreign nationals and their Afghan allies. The horror was shaping the country because the US army was leaving and there was anarchy in Afghanistan.

But, before understanding why the US army was leaving the country, it is important to understand, **Why was the US army primarily sent to Afghanistan?**

After the 9/11 attack, US had decided to destroy terror activities and hence the hunt for Osama bin laden started. The US invaded Afghanistan in October 2001 to teach a lesson to the Taliban, whom they said were sheltering Osama Bin Laden and other al-Qaeda figures linked to the 9/11 attacks. Then US president, George W. Bush demanded the extradition of Osama bin Laden, the mastermind of the attacks and who was, until then, freely operating within Afghanistan and the Taliban's refusal to do so led to invasion in Afghanistan.

But after the killing of Osama bin laden, Mr. Barak Obama, the next US president, ended major combat operations on Dec. 31, 2014, and transitioned to training and assisting Afghan security forces. US army decided to help Afghanistan government to run the country smoothly. After routing the Taliban, the United States and NATO turned to rebuilding a failed state and establishing a Western-style democracy, spending billions trying to reconstruct a desperately poor country already ravaged by two decades of war, first during the Soviet occupation of the 1980s and then during a civil war. However, the situation was never peaceful and Taliban kept gaining dominance.

Why was the US army called back?

NATO formally ended its combat mission in December 2014, but kept a 13,000-strong force there to help train Afghan forces and support counter-terrorism operations. When Barak Obama was the president, it was decided that the US army will help Afghanistan government maintain peace and once the government is stable enough, US army will return. However, the situation was never completely in control. And, in the Biden presidency, the US army was abruptly called back and at the same time the president of Afghanistan fled the country which resulted into Taliban's completed take over the Afghanistan rule.

The U.S. military departed the country on Aug. 30, a day ahead of schedule, ending a 20-year occupation and leaving Afghanistan in the Taliban's hands. Mr. Biden said that after nearly 20 years of war, it was clear that the U.S. military could not transform Afghanistan into a modern, stable democracy.

The vast majority of spending in Afghanistan has come from the US.

The UK and Germany - who had the largest numbers of troops in Afghanistan after the US - spent an estimated $30bn and $19bn respectively over the course of the war.

Following the final withdrawal of US troops, President Joe Biden quoted two figures for the total cost of the war. He said: "After more than $2 trillion spent in Afghanistan... [or] you could take the number of $1tn, as many say." According to the US Department of Defense, the total military expenditure in Afghanistan (from October 2001 until December 2020) was $825bn, with about another $130bn spent on reconstruction projects.

That brings the total cost, based on official data, to about $955bn between 2001 and 2020 - close to the lower $1tn estimate given by Mr Biden. Since the war against the Taliban began in 2001, there have been more than 3,500 coalition deaths, of which more than 2,300 have been US soldiers.

More than 450 UK troops have died. A further 20,660 US soldiers have been injured in action.

How does Taliban rule impact INDIA?

Political impact –

- The Quad partnership – comprising India, the US, Japan, and Australia – strengthens India's maritime presence in the Indian Ocean. But the main security threats to the country are on its land borders with China and Pakistan, where the Quad is unlikely to be of much use.

- the region is going to emerge as a stronger epicentre of international terrorism.

- China, Pakistan and Russia have not abandoned their embassies from Afghanistan and seems happy to accept the Taliban rule which makes India's situation very tricky.

China and Pakistan may now have more influence in Afghanistan as both the countries have indirectly accepted the Taliban regime in the country. This may lead to deteriorating relations between India and Afghanistan.

The warm overtures appear to be mutual, with Mullah Abdul Ghani Baradar, Afghanistan's new first deputy prime minister, calling China a "trustworthy friend," despite its systematic persecution of its own minority Muslim population.

- India now has a Taliban regime to its northwest, a nuclear-armed, terrorism-supporting state to its west, and a hostile superpower to its northeast, and it faces ongoing threats to its territorial integrity.

Economic impact –

In addition, trade through Afghanistan under a Taliban regime would be routed through Karachi and Gwadar, and the Indian investment in the Chabahar port, meant to circumvent Pakistan, may become unviable.

The Indian-built projects, including the already built Zaranj-Delaram Highway and Salma Dam, are already under Taliban control, and a cloud hangs over those under construction, including check-dams, schools and urban projects.

India has invested $3 billion in Afghanistan – in dams, highways, electricity grids, hospitals, schools, and even the parliament building.

Facts about Indo-Afghan trade & investment ties

* India has played an active role in the nation rebuilding process over the last 2 decades

* India has invested heavily in Afghanistan is due to the country's importance as a strategic ally in South Asia

* The government has invested more than $3 billion in Afghanistan including investments in over 400 infrastructure projects

* In 2011, the two nations signed an agreement that helped enhance trade and bilateral ties further.

* As of 2019-20, bilateral trade between India and Afghanistan was estimated to be over $1 billion

* One of the key India-funded projects in Afghanistan is the Salma Dam or the Afghan-India Friendship Dam project

Security concerns and threats

A key concern is the threat of Afghanistan becoming a safe haven for international terror outfits.

Considering the long-standing organic ties between foreign terror groups and the Taliban, Al Qaeda, IS-KP/Daesh, Islamic Movement of Uzbekistan (IMU), Islamic Jihad Union (IJU) and Pak proxies like Lashkar-e-Taiba (LeT), Jaish-e-Mohammad (JeM) and Al-Badr would re-group and strengthen apart from securing safe havens in Afghanistan under Taliban rule.

Lashkar-e-Taiba and the Jaish-e-Mohammad that have been keeping bases and training grounds along the southern provinces that border Pakistan could now have more ungoverned spaces to carry out attacks against India.

Conclusion -

Betrayed by America, ignored by Russia and tormented by China, Indian diplomacy is facing the worst crises of its own creation.

In such a situation, India doesn't have enough options.

The first option is to stick to its principle of backing only a democratically-elected government in Kabul, and providing political and humanitarian support while that lasts.

The second would be to go further and supply the ANDSF with military supplies, including ammunition and air power, possibly via the Iranian route. Taliban spokesperson Suhail Shaheen threatened consequences for India if it did that, however.

The third would be to accelerate contacts with the Taliban. However, this is unlikely to give India much leverage, given the Pakistan factor, as well as the fact that all regional and donor countries have already done so.

Finally, India could simply wait and watch, until the chaos of conflict reveals a winning side, and weigh its options accordingly. This option seems expedient , but it also denies India relevance at the "high table" where Afghanistan's future is being discussed. This was evident this week when the Modi government accepted the Qatari invitation to join "regional talks" with the Taliban and in Doha, but the MEA delegation found itself cut out of the opening session that included the U.S., China, Pakistan, Uzbekistan and the U.K., as well as the Troika-Plus talks of Russia-U.S.-China-Pakistan, and was instead included in the session with Germany, Norway, Turkmenistan, Tajikistan and Turkey.

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23. National Hydrogen Mission

1. Why in News?

The Union Budget for 2021-22 has announced a National Hydrogen Energy Mission (NHM) that will draw up a road map for using hydrogen as an energy source. Less than four months after the United States Department of Energy announced an investment up to $100 million in hydrogen production and fuel cell technologies research and development, India has announced a National Hydrogen Mission.

The proposal in the Budget will be followed up with a mission draft over the next couple of months, with specific focus on green hydrogen, dovetailing India's growing renewable capacity with the hydrogen economy, government officials indicated.

While proposed end-use sectors include steel and chemicals, the major industry that hydrogen has the potential of transforming is transportation — which contributes a third of all greenhouse gas emissions, and where hydrogen is being seen as a direct replacement of fossil fuels, with specific advantages over traditional EVs.

2. What is National Hydrogen Energy Mission? Does using Hydrogen as a fuel have any History?

Focus on generation of hydrogen from green power resources.

The PM's announcement takes forward the proposal, made in the 2021 Budget, for the launch of NHM that would enable the generation of hydrogen "from green power sources". In April this year, speaking at the Hydrogen Round Table on 'Hydrogen Economy: New Delhi Dialogue-2021', the then Petroleum Minister Dharmendra Pradhan had noted it was the goal of controlling emissions that makes hydrogen fuel so attractive to policy-makers. "The enthusiasm about hydrogen has a simple reason: whether it's used in a fuel cell or burned to create heat, wherever hydrogen replaces fossil fuels, it slows global warming," Pradhan had said. The added advantage of hydrogen is that, apart from transportation, it can be a "decarbonising agent" for industries like chemicals, iron, steel, fertiliser and refining, transport, heat and power.

National Hydrogen Mission aims to cut down carbon emissions and increase the use of renewable sources of energy while aligning India's efforts with global best practices in technology, policy and regulation. The Government of India has allotted Rs 25 crore in the Union Budget 2021–22 for the research and development in hydrogen energy and intends to produce three-fourths of its hydrogen from renewable resources by 2050.

Hydrogen fuel is a zero-emission fuel burned with oxygen. It can be used in fuel cells or internal combustion engines. This initiative will capitalise on one of the most abundant elements on earth (Hydrogen) for a cleaner alternative fuel option.

The NHM, according to a draft paper prepared by the Ministry of New and Renewable Energy (MNRE), has identified pilot projects, infrastructure and supply chain, research and development, regulations and public outreach as broad activities for investment with a proposed financial outlay of Rs 800 crores for the next three years. It aims to leverage the country's landmass and low solar and wind tariffs to produce low-cost green hydrogen and ammonia for export to Japan, South Korea and Europe.

Hydrogen's potential as a clean fuel source has a history spanning nearly 150 years. In 1874, science fiction writer Jules Verne set out a prescient vision in The Mysterious Island — of a world where "water will one day be employed as fuel, that hydrogen and oxygen which constitute it, used singly or together, will furnish an inexhaustible source of heat and light, of an intensity of which coal is not capable".

In 1937, the German passenger airship LZ129 Hindenburg used hydrogen fuel to fly across the Atlantic, only to explode while docking at Naval Air Station Lakehurst in New Jersey, killing 36 people. In the late 1960s, hydrogen fuel cells helped power NASA's Apollo missions to the moon. After the oil price shocks of the 1970s, the possibility of hydrogen replacing fossil fuels came to be considered seriously.

3. Meaning and its types.

Hydrogen is the lightest and first element on the periodic table. Since the weight of hydrogen is less than air, it rises in the atmosphere and is therefore rarely found in its pure form. Hydrogen is emerging as an important source of energy since it has zero carbon content and is a non-polluting source of energy in contrast to hydrocarbons that have net carbon content in the range of 75–85 per cent.

It has the highest energy content by weight and lowest energy content by volume. Energy stored in 1 kilogram of hydrogen gas is about the same as the energy in 2.8 kilograms of gasoline.

Hydrogen can be produced from hydrocarbons including natural gas, oil and coal through processes like steam methane reforming, partial oxidation and coal gasification; as well as from renewables like water, sunlight and wind through electrolysis and photolysis and other thermo-chemical processes.

The current global demand for hydrogen is 70 million metric tons per year, more than 76 per cent of which is being produced from natural gas, 23 per cent comes from coal and the remaining is produced from electrolysis of water.

Hydrogen can be stored in cryo-compressed tanks in gaseous form apart from being kept in liquefied and solid state.

Presently, Hydrogen is mostly used in industry sector including those dealing with oil refining, ammonia production, methanol production and steel production. It has huge potential in transportation sector.

Hydrogen has been colour-coded based on the source of production and the emphasis is on the use of Green Hydrogen as it helps in reducing the emissions of greenhouse gases and increases the share of renewables in total energy consumption. Currently the production of green hydrogen is two or three times more expensive than blue hydrogen, but with advancement in science and technology, it is expected to become reasonable.

Types of Hydrogen:

1. Grey Hydrogen:
   - ✓ Constitutes India's bulk Production.
   - ✓ Extracted from hydrocarbons (fossil fuels, natural gas).
   - ✓ By product: CO2

2. Blue Hydrogen:
   - ✓ Through carbon sequestration of hydrogen from fossil fuels.
   - ✓ By product: CO, CO2
   - ✓ Since By products are Captured and Stored, it is better than grey hydrogen.

3. Green Hydrogen:
   - ✓ Generated through electrolysis of renewable energy (Solar, Wind,).
   - ✓ Electricity splits water into hydrogen and oxygen.
   - ✓ By Product: Water, Water Vapor

4. How will the Green Hydrogen Concept function?

Hydrogen is an energy carrier, not a source of energy. Hydrogen fuel must be transformed into electricity by a device called a fuel cell stack before it can be used to power. A fuel cell converts chemical energy into electrical energy using oxidising agents through an oxidation-reduction reaction. Fuel cell-based vehicles most commonly combine hydrogen and oxygen to produce electricity to power the motor and hence considered electric vehicles. Inside each individual fuel cell, hydrogen is drawn from an onboard pressurised tank and made to react with a catalyst, usually made from platinum. As the hydrogen passes through the catalyst, it is stripped of its electrons, which are forced to move along an external circuit, producing an electrical current. This current is used by the electric motor to power the vehicle, with the only by-product being water vapour.

Hydrogen fuel cell cars have a near zero carbon footprint. Hydrogen is about two to

three times as efficient as burning petrol, because an electric chemical reaction is much more efficient than combustion.
Being a clean burning molecule, it can decarbonise sectors like iron and steel, chemicals, and transportation.
Green hydrogen has a specific advantage of channelling Renewable energy to produce Hydrogen which otherwise could not have been stored or used by the grid.

The World Energy Council (WEC) says that "combusting one kilo of hydrogen releases three times more energy than a kilo of gasoline and produces only water". Then, there are hydrogen fuel cells, which is "an electrochemical cell that converts the chemical energy of hydrogen and oxygen into electricity", whose waste product is water. "Fuel cells can produce electricity continuously for as long as hydrogen and oxygen are supplied."

5. Why was it necessary to introduce?

- ✓ Reduce import dependency on fossil fuels.
- ✓ Achieving its emission goals under the Paris Climate Accord.
- ✓ To aid in achieving India's ambitious goal of 175 GW by 2022 thereby which Rs. 1500 crore was allocated for renewable energy development and NHM.
- ✓ India's electricity grid is predominantly coal-based and will continue to be so, thus negating collateral benefits from a large-scale EV push as coal will have to be burnt to generate the electricity that will power these vehicles.

6. What is Paris Climate Accord?

- History of Emissions:

  Carbon dioxide (CO_2) has become a direct proxy for measuring climate change. Its levels have varied widely over the course of the Earth's 4.54 billion years history. Historically it's the developed countries that have been major contributors to carbon emissions with the United States (US) being the highest emitter at 25%, followed by the European Union (EU) at 22% and China at 13%. Whereas India has a carbon emission contribution of only 3%.
- Paris Agreement (also known as the Conference of Parties 21) is a landmark environmental accord that was adopted in 2015 to address climate change and its negative impacts. It replaced the Kyoto Protocol which was an earlier agreement to deal with climate change.
- Aims: To reduce global Green House Gas (GHG) emissions in an effort to limit the global temperature increase in this century to well below 2°C and preferably limit it to 1.5° Celsius, compared to pre-industrial levels by 2100.

- **It includes:**
  1. Addressing the financial losses faced by vulnerable countries due to climate change.
  2. Raising money to help developing countries adapt to climate change and transition to clean energy.
- More than 180 countries had submitted pledges to cut their carbon emissions (Intended Nationally Determined Contributions/ INDCs). The INDCs were recognised under the agreement, but are not legally binding.
- **Current Status of Global Emissions:**

  Five years after the Paris agreement, all states have submitted their national contributions and the contributions are **radically insufficient** to reach the identified temperature limit. India, Bhutan, Philippines, Costa Rica, Ethiopia, Morocco and Gambia were the only countries complying with the accord. On the other hand, **China** has the **highest GHG** emissions **(30%)** followed by **US (13.5%)** and **EU (8.7%).**
- **India's Current Emissions:**

  A UN Report released earlier stated that India's per capita emissions are actually 60% lower than the global average. The emissions in the country grew 1.4% in 2019, much lower than its average of 3.3% per year over the last decade.

Some of the Measures taken by India to Control Emissions:

1. Bharat Stage VI Norms: Emission control standards put in place by the government to keep a check on air pollution.

2. National Solar Mission: Major initiative by the Government to promote ecologically sustainable growth while addressing India's energy security challenge.

3. National Wind-Solar Hybrid Policy 2018: It provides a framework for promotion of large grid connected wind-solar photovoltaic (PV) hybrid systems for optimal and efficient utilization of wind and solar resources, transmission infrastructure and land.

All these and many other initiatives helped India in cutting CO2 emissions by **164 million kg.**

7. International Stance

✓ Saudi Arabia has set eyes on becoming the world's largest supplier of hydrogen worth US$ 700 billion by 2050 by investing in the Helios Green Fuels plant in the NEOM city. In July 2020, Saudi investor ACWA Power signed a US$ 5 billion agreement with an American company Air Products and Chemicals to develop the Helios plant. The plant will produce Green Hydrogen through electrolysis that will be converted into Ammonia using an air separation unit later to be transported through sea lanes and road to its destination. After reaching the final refueling stations, ammonia will be converted into hydrogen and compressed to be used in hydrogen vehicles.

- ✓ The UAE aims to meet 44 per cent of energy needs through clean energy as per Energy Strategy 2050.
- ✓ Abu Dhabi Department of Energy and Abu Dhabi Future Energy Co. have signed MoUs with Etihad Airways, Lufthansa Group, Siemens Energy and Marubeni Corporation of Japan to build a demonstration-scale green hydrogen plant at Masdar City. Masdar aims to emerge as hub of hydrogen production.
- ✓ Oman is targeting to meet 40 per cent of its energy needs through renewables as mandated by Vision 2040. Oman intends to build one of the largest Green Hydrogen plants in the world in Al Wusta Governorate. Oman's SOHAR Port and Freezone is to host a largescale green hydrogen generation hub powered by solar power plants.
- ✓ Kuwait aims to generate 15 per cent and Bahrain 10% of its electricity from renewable sources by 2030.
- ✓ Air Products Qudra, a Saudi–US joint venture is to produce Grey Hydrogen at the Jubail Industrial City.
- ✓ DEME Concessions of Belgium and the Oman's national oil company OQ is to build a 250MW–500MW electrolyzer facility through the HYPORT Duqm Green Hydrogen Project.
- ✓ Despite its promise, hydrogen technology is yet to be scaled up. Tesla CEO Elon Musk has called fuel cell technology "mind- bogglingly stupid".
- ✓ Globally, there were under 25,000 hydrogen fuel cell vehicles on the road at the end of 2020; by comparison, the number of electric cars was 8 million. A big barrier to the adoption of hydrogen fuel cell vehicles has been a lack of fuelling station infrastructure. There are fewer than 500 operational hydrogen stations in the world today, mostly in Europe, followed by Japan and South Korea. There are some in North America.
- ✓ In 2017, Japan formulated the Basic Hydrogen Strategy which sets out the country's action plan till 2030, including the establishment of an international supply chain.
- ✓ South Korea is operating hydrogen projects and Hydrogen Fuel Cell production units under the auspices of its Hydrogen Economy Development and Safe Management of Hydrogen Act, 2020.

  It has also passed the Economic Promotion and Safety Control of Hydrogen Act, which deals with three key areas - hydrogen vehicles, charging stations and fuel cells. This law is intended to bring transparency to the nation's hydrogen pricing system.

Safety is seen as a concern. Hydrogen is pressurised and stored in a cryogenic tank, from there it is fed to a lower-pressure cell and put through an electro-chemical reaction to generate electricity. Hyundai and Toyota say safety and reliability of hydrogen fuel tanks is similar to that of standard CNG engines.

Scaling up the technology and achieving critical mass remains the big challenge. More vehicles on the road and more supporting infrastructure can lower costs. India's proposed mission is seen as a step in that direction.

8. Can India Achieve this dream?

India has a huge edge in green hydrogen production owing to its favorable geographic conditions and presence of abundant natural elements. The government has given impetus in scaling up the gas pipeline infrastructure across the length and breadth of the country, and has introduced reforms for the power grid, including the introduction of smart grids. Such steps are being taken to effectively integrate renewable energy in the present energy mix.

One of the biggest challenges faced by the industry for using hydrogen commercially is the **economic sustainability**.

Extraction Costs since the technology used in production and use of hydrogen like Carbon Capture and Storage (CCS) and hydrogen fuel cell technology are at nascent stage and are expensive which in turn increases the cost of production of hydrogen.

Maintenance Costs for fuel cells post-completion of a plant can be costly.

Research and Development Cost because the commercial viability of hydrogen as a fuel and in industries needs to be tested.

Infrastructure Cost for production, storage, transportation and demand creation for hydrogen.

At this juncture, with a calibrated approach, India can uniquely position itself to take advantage with increasing investment in R&D, capacity building, compatible legislation, and the opportunity for creation of demand among its vast population. Such initiatives can propel India to become the most favored nation by exporting hydrogen to its neighbors and beyond.

Current Scenario

At present, more than 75 per cent of India's energy supply comes from hydrocarbons. Government as well as nongovernment funding agencies are engaged in R&D projects pertaining to hydrogen production, storage, utilisation, power generation and for transport applications. As early as in 2003, National Hydrogen Energy Board was formed and in 2006 the Ministry of New and Renewable Energy laid out the National Hydrogen Energy Road Map identifying transport and power generation as two major green energy initiatives.

While the details of the NHM are yet to emerge, India has taken several exploratory steps.

- ✓ In October, Delhi became the first Indian city to operate buses running on hydrogen spiked compressed natural gas (H-CNG) in a six-month pilot project. The buses will run on a new technology patented by Indian Oil Corp for producing H-CNG — 18 per cent hydrogen in CNG — directly from natural gas, without resorting to conventional blending.
- ✓ State electricity producer NTPC has announced a 5MW green hydrogen plant . Currently it is operating a pilot to run 10 hydrogen fuel cell-based electric buses and fuel cell electric cars in Leh and Delhi, and is considering setting up a green hydrogen production facility in Andhra Pradesh.
- ✓ IOC is also planning to set up a dedicated unit to produce hydrogen to run buses at its R&D centre in Faridabad.
- ✓ State-owned GAIL (India) Ltd will build India's largest green hydrogen-making plant as it looks to supplement its natural gas business with carbon-free fuel. Speaking at India Energy Forum by CERAWeek, GAIL chairman and managing director Manoj Jain said the company has floated a global tender to procure an electrolyser. "It will take 12-14 months to put the plant," he said adding the company has finalised 2-3 sites for the unit including one at Vijaipur in Madhya Pradesh. Jain said the plant planned is for 10MW capacity, the largest announced so far in the country. The hydrogen Gail plans to produce can be sold to fertiliser units which as per government mandate are required to use hydrogen as fuel, he said.
- ✓ India has signed MoUs on renewable energy with most of the GCC countries where collaboration are in terms of Investment and technology sharing since these countries face a major challenge of producing hydrogen with salt water. A number of Indian research groups are working on hydrogen generation from sea water.
- ✓ As a supporting regulatory framework, the Ministry of Road Transport and Highways late last year issued a notification proposing amendments to the Central Motor Vehicles Rules, 1989, to include safety evaluation standards for hydrogen fuel cell-based vehicles.
- ✓ The government has told Parliament that the Ministry of New and Renewable Energy "has been supporting various projects in academic institutions, research and development organisations and industry for development of hydrogen and fuel cells" and that 14 RD&D projects are currently being pursued.
- ✓ In India, the IITs, IISc, Benaras Hindu University, Council for Scientific and Industrial Research laboratories etc. are exploring different aspects of hydrogen production, the government has said. "A team of researchers developed a membrane reformer prototype for producing 99.999% pure hydrogen from methanol and produce power on integration with a hydrogen fuel cell. This support National Hydrogen Energy Mission to promote production of hydrogen

from green energy resources." IIT(BHU),Varanasi (@IITBHU_Varanasi) tweeted at 6:09 pm on Mon, Mar 15, 2021

The potential of hydrogen as a game changer in the energy arena has long been known — its versatility allows it to be utilised in transportation, power generation and industry — and increasing concerns around climate change are driving efforts by countries to quickly induct it into their energy mix to achieve the target of becoming a low-carbon economy.

Conclusion

By 2050 India intends to produce three-fourths of its hydrogen from renewable resources. As per IRENA, the sector can create more than 2,07,000 jobs in the region by 2030.

India's National Hydrogen Mission is a futuristic vision that can help the country not only cut down its carbon emissions but also diversify its energy basket and reduce external reliance. Hydrogen energy is at a nascent stage of development but has significant potential for realising the energy transition in India.

24. Mission Shakti: India and the ASAT Weapon

Introduction

The Mission Shakti, also called as Project XSV-1 was India's first Anti-Satellite Test (ASAT) conducted successfully on 27 March 2019. The PDV-MK II interceptor missile designed and developed by Defence Research and Development Organisation (DRDO) was launched from Dr. A.P.J. Abdul Kalam Island to intercept the Microsat-R satellite. The Microsat-R satellite, which acts as a prime target for the mission was India's imaging satellite manufactured by DRDO and launched into the orbit eight weeks before the test by Indian Space Research Organisation (ISRO). The Project XSV-1 had been under planning since 2016. As India's space programme is rapidly growing, its nation's responsibility to safeguard the country's assets present in outer space.

Also, the nation is concerned about the threats it faces in outer space; the ASAT test was conducted to examine the capability of the nation to defend itself in space. The mission was planned at the lowest possible altitude to avoid any risk to the operational space assets. India has demonstrated its capability to legitimate deterrence against increasing threats to nations emerging space assets from various kinds of missiles. With this particular successful test, India becomes the fourth country among an exclusive group of space-faring nations to perform ASAT.

Prelude: To Test or Not to Test

Anti-Satellite (ASAT) technology continues to be a potent force multiplier in terms of both weapons and dual-use technologies. The three major powers–US, Russia and China–have proven ASAT capabilities while several other space-faring nations are working on securing such assets.

The US and Russia have long established their ASAT capability with direct-ascent and co-orbital missile systems, respectively. Closer to our neighbourhood, the Chinese launch 1 of a ballistic missile with a kinetic-kill vehicle (KKV) payload on January 11, 2007, was a clear demonstration of an ASAT capability, comparable to the US' interceptor strike technology. After the successful testing of the Indian Agni V intercontinental ballistic missile, the discourse amongst Indian strategic experts, DRDO scientists and military analysts moved towards reconciling as to whether the next logical step for India would be the demonstration of proven ASAT capability. For India, there was always a concern about the repercussions of such a test and powerful norms restricting ASAT testing. More importantly, the policy makers may have taken evolving threats from adversaries possessing such capabilities before giving the go-ahead for testing

The foremost aspect linked to an ASAT weapon is the type. There are a variety of ASAT capabilities that range from cyber-attacks on space systems, Electro-Magnetic Pulse (EMP) explosion devices, directed- energy weapons and targeted missiles for destruction of satellites. The US, Russia and China have developed such capabilities in varying degrees. Simultaneously, technological developments both on the military as also civilian dual-use research front could lead to new breakthroughs in ASATs. Some of the more technologically conceivable ASAT weapons of the future include pellet cloud attacks on low-orbit satellites, microsatellite technology and particle beam weapons. Amongst these wide ranging ASAT technologies, cyber weapons and laser blinding do not have any lasting effect on the satellite system. Missile technology, on the other hand, has the ability to inflict permanent damage to the satellite system. Therefore, this ASAT weapon is likely to be the most potent military tool for the armed forces to possess over the next few decades, notwithstanding a revolutionary technological breakthrough. The proliferation of ballistic missile technology will further accentuate this trend.

However, what is necessary is not just the acquisition of the capability but a demonstration of the same, in the interest of ensuring the required degree of deterrence against potential adversaries. It is widely speculated that the US ASAT test in 2008 was in retaliation to the Chinese test in the previous year, even though the former already has a well established reputation in terms of this capability. India may have taken into consideration Chinese postures on ASATs, especially following its move of laser blinding US satellites in 2007. By doing so, irrespective of international criticism, China proved its capability to effectively execute ASAT attacks. Keeping in mind its own military calculations, India needs to firmly establish credibility in ballistic missile type ASATs––even a one-time demonstration should be sufficient.

The second most important aspect related to the ASAT weapon, particularly the ballistic missile variety, is the consequences such weapons have in terms of the space debris problem. Orbital debris is one of the biggest concerns on space, one that is likely to persist in the future. Although military planners often downplay the risks, there is a genuine threat to satellites from the growing space debris. At present, there are approximately 22,000 items, larger than 10 cm in size, in space and around 500,000 objects ranging between 1 to 10 cm. More than 20,000 space debris pieces resulted following the recent Chinese and US ASAT tests.

India is part of various non-binding international agreements and guidelines to reduce the amount of debris and an ASAT test would need to correspond to its political position, implying the need to balance its strategic requirements while adhering to its international commitments and responsibilities.

The third factor affecting India's decision to conduct an ASAT test is the employment of norms and treaties to regulate conduct in outer space. India, along with other Group of 21 nations, has expressed its view that an immediate ban on "active space uses of a destructive nature" was needed as a "necessary interim solution". Militarisation refers to the use of satellites for the purpose of the defence forces. In fact, space can be considered to have been militarised ever since the launch of the first communication satellite. Today, the armed forces rely on satellites for surveillance, navigation and warning systems.

The Preparation for the Test

Anti-satellite weapons can be broadly of two types known as 'Soft kill' and 'Hard kill'. The 'Soft kill' option includes the use of electronic warfare and/or directed energy weapons technologies such as the use of lasers to temporarily or permanently damage the enemy satellite. The 'Hard kill' option includes the use of missile interceptors to physically destroy the enemy satellite.

DRDO decided to go for the second option and utilize the experience gained, and the technology and systems developed as part of the Indian Ballistic Missile Defence Programme for the design and development of the Indian ASAT system.

The project got the official go-ahead towards the end of 2016 and work started in early 2017. The missile hardware/software was developed by DRDO work centres and nearly 150 scientists worked round the clock to reach the intended launch date target. Due to the sensitive nature of the project, utmost secrecy was maintained, and work was initiated in a very low profile disguised as another routine long-range ballistic missile target mission. Work continued unabated, and in a span of just two years after receiving the go-ahead, DRDO came out with India's first anti-satellite or ASAT missile.

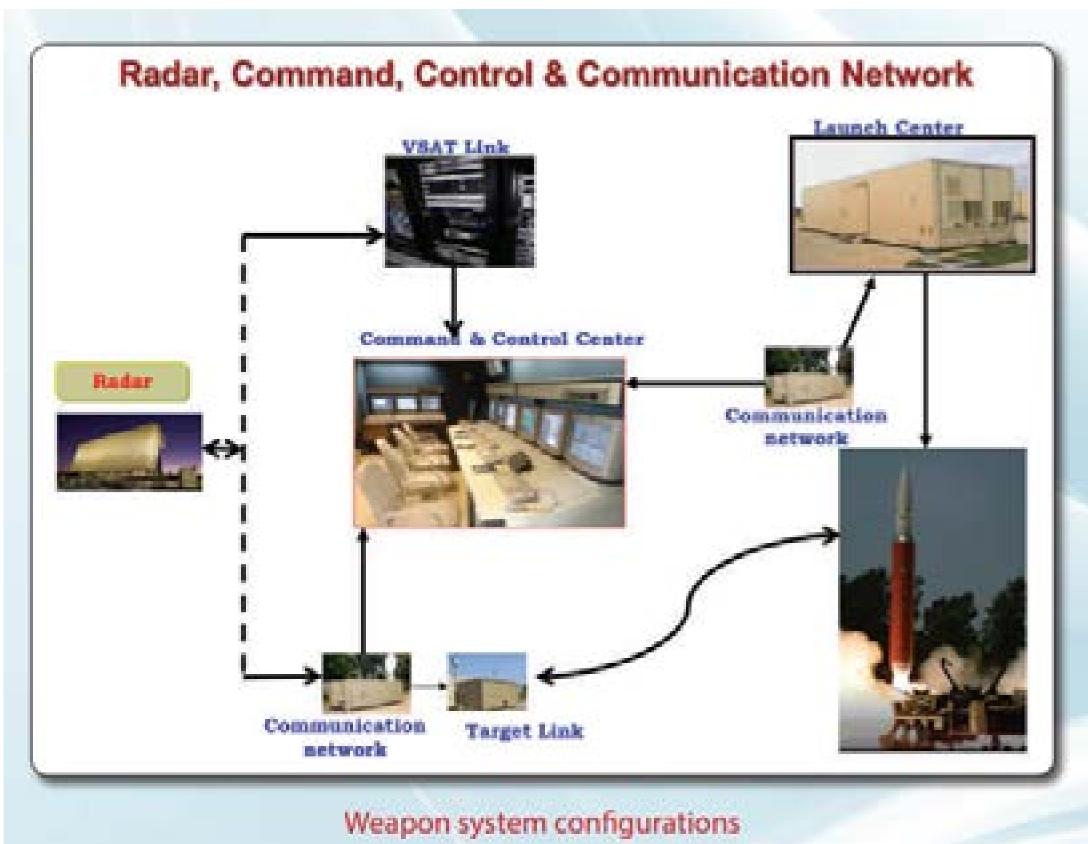
In fact, the project was implemented in the fastest time-frame possible and it showed DRDO's capability in carrying out such programmes. The technology used has been completely developed indigenously.

All the building blocks for the ASAT system existed by 2017, which is when the demonstration was sanctioned by New Delhi. Moreover, thanks to DRDO's Ballistic Missile Defence (BMD) program all the required components were available in a fairly mature form, enabling the India's first ASAT test to be conducted within less than 20 months from date of sanction.

The Test Details

Through its BMD program, India had already developed the Long Range Tracking Radar (LRTR) which can track a target with a 0.1m2 radar cross section at a range in excess of 1,000 km. Frankly, a satellite is a relatively easy target to track for such an advanced radar system. Firstly, its path is extremely predictable, governed only by the forces of gravity. It does not execute evasive maneuvers like warheads of modern ballistic missile systems. Secondly, a satellite has a much higher cross sectional area, typically close to 1 m2. However, India had only tested targets simulating re-entry vehicles of medium range ballistic missiles, that is targets which were moving at a speed of about 2 km/s. Hence the system had to be upgraded to track targets which were moving much faster, at speeds of around 7 km/s.

DRDO had to do extensive groundwork to prepare for the mission, which included setting up multiple ground radar sensors, mission control centres (MCC), launch control centres (LCC), launchers, and hit-to-kill capable missile interceptors. The ASAT system was finally configured with longrange boosters and hit-to-kill vehicle along with the required weapon system elements like radars, command, control, communications, computers and intelligence (C4I), and launchers.



Weapon system configurations

When it came to the boosters, the scientists had an even wider choice. Booster stages from the land-based Agni ballistic missiles (BMs) or the K-series submarine launched ballistic missiles (SLBMs) could be used. Based on many simulations, two booster stages of the K-4 missile were chosen.

In the meantime, to have a satellite in orbit ready for the ASAT missile test, ISRO was asked to launch a satellite for defence application. The satellite was launched by ISRO on 24 January 2019 as a regular customer launch, but they did not know the specific purpose of the mission. The dimension of the satellite was chosen such that it replicated a typical adversary's defence satellite.

To be able to perform its assigned task, the ASAT requires powerful rocket engines capable of generating huge velocities. It also needs: Powerful rocket motors, capable of putting the kill vehicle into the orbital heights. Hit-to-kill capability with: Imaging Infrared Seeker; Divert and Attitude Control System; High accuracy Inertial Navigation System; Onboard data receivers; and long-range radars, command, control and communication systems with wide area network.

The ASAT missile is an interceptor missile, which means it is used to stop something on the way, in this case a satellite in orbit. DRDO calls it 'Ground launched ASAT interceptor'. The ASAT missile is a newly developed 13-metre-tall three-stage interceptor missile. The first stage and second stage of the missile use solid propellant rocket motors and the third stage uses liquid fuel.

The amazing accuracy was achieved by using an advanced anti-satellite hit-to-kill guidance & control technology consisting of the intelligent guidance and control algorithms/logics, state-of-the-art sensors like imaging infrared seeker, inertial navigation system and fast response divert and attitude control system to name a few.

To engage the satellite, it has first to be detected. Radars are used for this purpose. The radar sends a pulse of radio waves into space and waits for the echo after the pulse hits the satellite and bounces off it. Based on the time difference between the instant a pulse is sent and the instant it is received back, the distance of the satellite can be computed, like we do with sound echoes. The direction of the satellite is given by the direction of the echo received. By using this distance and direction information, the satellite velocity can be computed. This data is then sent to the Command & Control Centre where a huge set of software processes it and finds out if it is an enemy satellite or any other body. If it turns out to be an enemy satellite, then the software computes when to fire the ASAT missile. This is very critical because the speed of the satellite is close to 8 km per second and it is thousands of kilometres away when the missile is fired; any miscalculation could mean the missile completely missing the target satellite.

After liftoff, the rocket boosters give enough thrust so that the missile can accelerate and attain the desired speed to reach to the target on time. All through this period, the ground radar sends the data to the missile in flight. The missile has a guidance and control system, which uses the satellite's position and velocity information given by the radar in real time to steer the missile on a collision course with the satellite. After the rocket motors burn out, they are separated and only the top portion of the missile called 'kill vehicle' remains, which goes and directly hits the satellite. The kill vehicle is the top portion of the missile, which can steer itself and collide with the satellite directly without the use of any explosive. The kill vehicle is like a human being in every respect. It has eyes called 'Imaging Infrared (IIR) Seeker'. The only difference between our eyes and the IIR seeker is that our eyes sense the visible light whereas the IIR seeker senses the infrared light emitted by the satellite. Infrared light is emitted by all bodies with temperature above absolute zero, that is, –273 degrees Celsius.

The IIR seeker continuously tracks the satellite and passes this information to the brain called on-board computer (OBC). The OBC receives the satellite data from the IIR seeker and information about the kill vehicle's position and velocity from another system called Inertial Navigation System (INS). The INS is a system, which tells the OBC where the kill vehicle is and which way it is looking. The OBC has the most advanced and intelligent software like our brain and processes the data from IIR and INS to find exactly which way to steer the kill vehicle. We need a physical system/force to move the kill vehicle much like the muscles that move our body as per the commands from our brain. This job is done by the DACS (Divert and Attitude Control System), which consists of four liquid rocket engines for moving the kill vehicle left-right-up-down and eight small rockets at the back of the kill vehicle to orient it in the desired direction. The DACS is an ultra-fast response system and executes the command from OBC in just 1 /100th of a second and moves the kill vehicle into the desired direction. In the last few seconds, the kill vehicle moves and adjusts its path nearly 50 to 100 times a second to hit the satellite exactly in the middle of it with a relative velocity of 11 km/sec. Just to state, the speed of the satellite is so swift that it can travel over entire India from Kashmir to Kanyakumari in a few minutes, and the ASAT missile has to hit it exactly in the middle directly with utmost precision.

The Test Outcome

Although it may seem daunting, this remarkable feat was achieved by DRDO on 27 March 2019. Only three other countries in the world have so far been able to pull off this kind of a complex mission. The ASAT missile destroyed the target by 'kinetic kill' – that means, by directly hitting the satellite with force and not by using any explosive. This called for many critical high-end technologies, which DRDO has developed completely indigenously.

The target satellite was an active Indian satellite "Microsatellite-R", which was launched by ISRO on 24 January 2019 specifically for this purpose. The 18-tonne missile hit the 740-kg satellite, flying in a low Earth orbit at a height of 283 km, bang in the middle, barely three minutes after its launch.

The ASAT missile used during the test had the capability to hit satellites up to a height of 1,000 km in space, but the test was intentionally done at a lower level in order to ensure that debris from the hit fall back to earth very fast – within weeks – and do not pose any risk for other satellites.

Mission Shakti was primarily aimed at demonstrating that India possessed the capability to intercept and kill satellites, which could act as deterrent against space-based threats. The principal international treaty on space is the 1967 'Outer Space Treaty'. India is a signatory to this treaty and ratified it in 1982. The Outer Space Treaty prohibits only weapons of mass destruction in outer space, not ordinary weapons. Moreover, the ASAT missile was not a space-based weapon but was launched from ground. Besides, as already stated, the test was not directed against any country. India's space capabilities do not threaten any country and nor are they directed against anyone.

At the same time, India is also committed to ensuring the country's national security interests and is alert to threats from emerging technologies. The capability achieved through the ASAT missile test provides credible deterrence against threats to our growing space-based assets. According to defence forces, in an era where defence forces rely on satellites for different aspects of security, including intelligence gathering, having ASAT missile capability sends a strong signal to adversaries

Dr G Sateesh Reddy, Chairman of DRDO, opined:

27 March 2019 is the most memorable day for India when the country's Defence Research and Development Organisation (DRDO), successfully destroyed a satellite in space with its anti-satellite missile.

Known as Mission Shakti, it demonstrated that India can defend her space, the 4th dimension of warfare after land, air and sea. With this success, India has become the fourth country alongside US, Russia and

China to have this capability, an achievement every Indian should be proud of. The success of the ASAT has shown what can be achieved by dedicated teamwork and determination. The mission was one of the most complex defence operation under taken by DRDO in which a missile launched from ground had to hit and neutralize with pinpoint accuracy a fast-moving satellite in orbit hundreds of kilometres away. This was indeed a herculean challenge, which was met with extraordinary precision using highly innovative concepts and technologies

Conclusion

India's space programme is critical for India's security as well as its economic and social development. Our space assets comprise 102 spacecraft missions including satellites for communication, weather forecasting, earth observation, navigation, scientific research, and defence. It is important to safeguard these space assets through effective deterrence.

Mission Shakti was an important milestone in this direction. Through this Mission, India has successfully demonstrated its capability to intercept a satellite in outer space based on complete indigenous technology. India has joined an exclusive group of nations including USA, Russia and China, who have such capability.

Mission Shakti is the story of the challenges involved in developing the country's first anti-satellite missile through untiring efforts of our scientists who worked round-the-clock to meet the target in less than two years.

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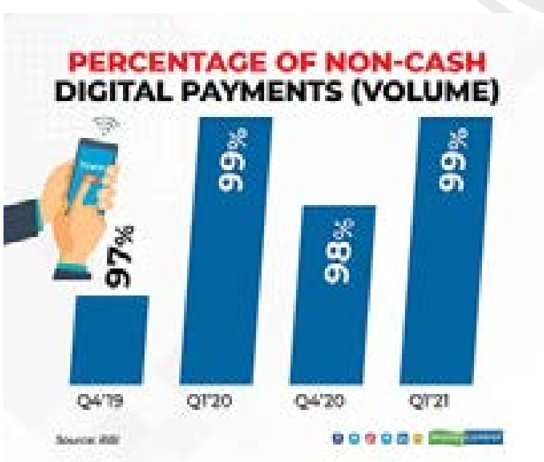
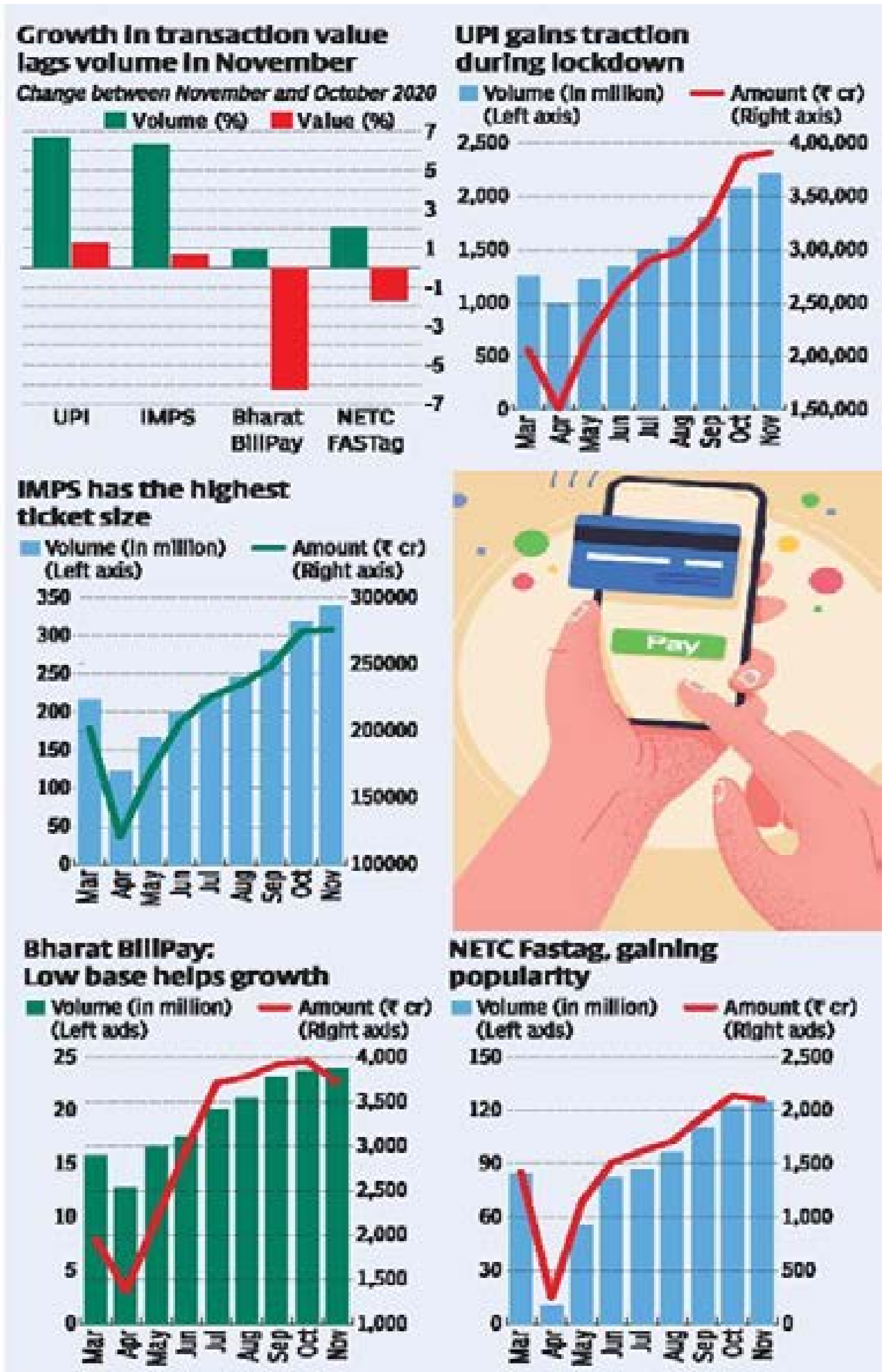
25. Digital Payments in India: Opportunities and challenges

The digital payment space in India has witnessed a steady transformation since the 90's with the liberalisation of the Banking industry and introduction of new technologies such as Magnetic Ink Character Recognition (MICR), Automated Teller Machine (ATM), etc. Thereafter, in 2010, various payments products (stored value cards, wallets, recharge vouchers) and service providers were launched. India is experiencing a growth trajectory in digital payments that is more prolific than many advanced less-cash economies.

Demonetization in November 2016 and constant push by Government and regulators for less cash economy have propelled the growth trajectory. The digital payments market in India was valued at INR1,638.49 trillion in FY 2019 and is expected to reach INR4,323.63 trillion by FY 2024.
According to NITI AYOG, the digital payments market In India is all set to grow to $1 trillion by 2023.

With the Reserve Bank of India (RBI) ensuring 24X7 Real Time Gross Settlements (RTGS) and National Electronic Funds Transfer (NEFT) along with the rising popularity of the United Payments Interface (UPI), it makes a case to understand and evaluate the digital payments landscape in India.

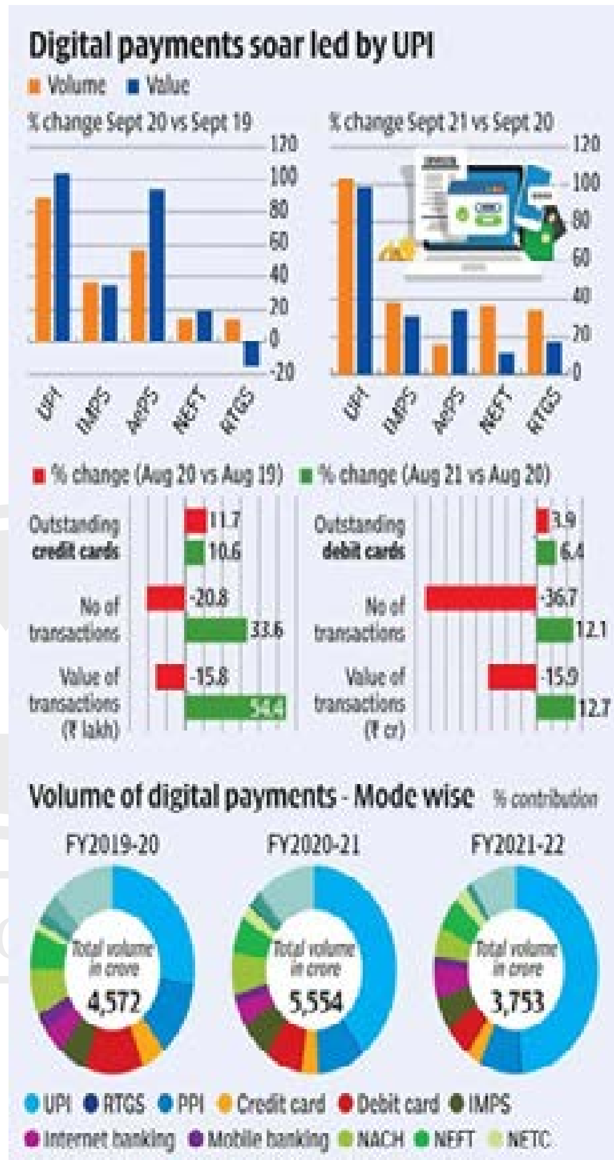




Growth in transaction value lags volume in November
Change between November and October 2020
Volume (%)
Value (%)
7
5
3
1
-1
-3
-5
-7
UPI
IMPS
Bharat BillPay
NETC FASTag
UPI gains traction during lockdown
Volume (in million) (Left axis)
Amount (₹ cr) (Right axis)
2,500
2,000
1,500
1,000
500
0
4,00,000
3,50,000
3,00,000
2,50,000
2,00,000
1,50,000
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
IMPS has the highest ticket size
Volume (in million) (Left axis)
Amount (₹ cr) (Right axis)
350
300
250
200
150
100
50
0
300000
250000
200000
150000
100000
Pay
Bharat BillPay: Low base helps growth
Volume (in million) (Left axis)
Amount (₹ cr) (Right axis)
25
20
15
10
5
0
4,000
3,500
3,000
2,500
2,000
1,500
1,000
NETC Fastag, gaining popularity
Volume (in million) (Left axis)
Amount (₹ cr) (Right axis)
150
120
90
60
30
0
2,500
2,000
1,500
1,000
500
0

Source: NPCI

Different methods of digital payments?



1. Banking Cards: Banking cards are the most widely used digital payment system in India. It offers a great set of features that provides convenience as well as security to the users. Cards offer the flexibility of making other types of digital payments. Customers can store card information in the mobile application and pay for the services using the stored card information.

Banking cards (debit and credit cards) can be used for a variety of digital transactions like PoS terminals, online transactions, as a payment medium in mobile apps, which provide

any kind of service like grocery, healthcare, rental cab booking, flight tickets, etc.
The most popular cards are issued by service providers like VISA, MASTERCARD, RuPay, AMEX etc.
2. USSD (Unstructured Supplementary Service Data): USSD is another popular digital payment method. It can be used for carrying out cashless transactions using mobile, without the need of installing any banking app.
The good thing about USSD is that it works without the requirement of mobile data. The main aim of this digital payment service is to include those sections of people of the society who are not included in the mainstream.
The striking feature of the USSD is that it can be availed in Hindi. The USSD can be used for the following types of activities:
a. Initiating fund transfers
b. Making balance enquiries
c. Getting the bank statements
3. AEPS (Aadhaar enabled payment system): AEPS can be used for all the following banking transactions such as balance enquiries, cash withdrawal, cash deposit, aadhaar to aadhaar fund transfers. All such transactions are carried out through a banking correspondent which is based on Aadhaar verification.
This service can be availed if the aadhaar is registered with the bank where an individual has a bank account.
4. UPI (Unified Payment Interface): UPI is the latest digital payment standard where the user having a bank account can transfer money to any other bank account using UPI based app. UPI enabled payments occur throughout the day and all 365 days in a year. Payment can be done using a Virtual Payment Address (VPA). To use UPI services one must have a bank account and a mobile number registered with that bank account.
5. Mobile Wallets: Mobile wallets are another popular payment option. Here the users can add money to their virtual wallet using debit or credit cards and use the money added in the wallet to perform digital transactions.
Some of the most popular mobile wallets are PayTM, Mobikwik, PhonePe, etc.
6. Point of Sale Terminals: PoS terminals are installed in shops or stores where payments for purchases can be done through debit and credit cards. There are variations of PoS, one which can be Physical PoS and the other one is mobile PoS. The mobile PoS does away with the need of maintaining a physical device.
7. Mobile Banking: Mobile banking is a service provided by the banks through their mobile apps in a smartphone for performing transactions digitally. The scope of mobile banking has expanded extensively after the introduction of UPI and mobile wallets.
Mobile banking is a term used to describe a variety of services that are availed using mobile/smartphones.
8. Internet Banking: Internet banking is the process of performing banking transactions from the comfort of your home using a mobile phone/laptop/ desktop and an active internet connection. The major type of transactions can all be done using internet banking.

Internet banking services can be availed round the clock and all 365 days in a year, which makes it a popular choice for performing digital transactions.

Some of the key product innovations in the digital payments space in India :

a. QR Code: Quick Response Code-based payments are gaining popularity because it can be used to pay for fuel, grocery, utility bills, food, travel and several other services as well as the fact that QR codes can be scanned from both paper and screen.

b. UPI for Merchant transactions: It is an instant payment system wherein the customer can scan a dynamic QR code generated on the POS screen using any mobile-based UPI app which may include contactless payment solutions as well

c. Payment gateway: Internet payment gateway enables merchants to accept payments through multiple payment channels via an e-commerce platform. This allows merchants to accept voluminous payments in a safe manner amid COVID-19 especially for online grocery, entertainment, food and other e-commerce merchants.

d. Contactless payments: The Near Field Communication (NFC) feature, coupled with magnetic secure transmission (MST) technology, allows customers to pay via their contactless credit or debit cards or through a 'Tap and Pay' feature on a mobile application by tapping them on the PoS terminal.

e. SMS-based payments: An SMS payment link sent by a merchant is used to pay for products or services especially for services preferring advance payments for booking or reservation such as restaurants and salons. The e-commerce companies are using this feature to migrate cash on delivery (COD) customer base to digital payments. SMS based payments have become less popular with the penetration of advanced smartphones and introduction of newer modes of payment. However, its scope remains high in the service sector.

f. Prepaid cards: Prepaid cards can be recharged or redeemed by using them on terminals, to serve as meal cards, transit cards or any such payment modes with designated purposes

What the govt's been doing to move towards digital payments

Advantages of digital payment system in India

There are various advantages being offered by the digital payment methods, which are listed as follow:

- **Easy and convenient:** All the hassles connected with cash dealings are eliminated in case of payment by digital methods. Therefore, round trips to the ATMs are also reduced. All you need to do is carry your mobile phones or cards etc.
- **Send and receive money from anywhere:** The flexibility provided by the digital payment methods is wide. This helps in transactions anytime, anywhere.
- **Tax Discounts:** Many tax discounts have been initiated by the Government in order to promote the digital payment methods in India.
- **Written Records of transactions:** It is very common for us to lose track of our cash spending. Even if we keep proper records, it is a time-consuming process. The payments through digital methods automatically keep written records of the transactions processed by us.

Despite many advantages, there are a few limitations surrounding this. Some of them are as follows:

- **Not user-friendly for a non-technical person:** The individuals who are not technically sound or who have limited access to technology, such as farmers, workers etc. do not feel it's convenient to make use of the digital payment methods.
- **Risk of data theft:** Hackers breakdown the servers to get access to your personal information, which they use to steal money from your account.
- **Overspending:** The limited cash available in wallets makes you think twice before spending. With cards, all your money is always with you, which leads to overspending.

Cyber Fraud – India comes only second after the US in hacking attempts, reflecting the interest in the hacking community in India. While till date large scale data breaches have been limited, the overall security posture is nascent. Inadequate investments into security technology and lack of awareness with people dealing with data in banks and fintechs are the primary reasons for this. Historically it has been seen that most data breaches have a human lapse behind them. A higher awareness of what may seem like an insignificant lapse, e.g. a piece of paper on which a password was written being torn and thrown into a dustbin, is needed to limit things going wrong. A tightening of the enforcement infrastructure and quick disposition of cases with strict penalty would also help in creating deterrents. While the banking and fintech industry are working on ways to control this, cyber-criminals and hackers are evolving their techniques too. In such an environment, use of technology with a combination of awareness and stricter laws can help in navigating the landmine of security problems.

What still needs to be done:-

- The government must propose more secure and tight algorithms to stop the intervention of cyber attacks on top security databases for big companies, governments and systems, as well as on personal accounts for the public.
- Apart from the digital security, the public also needs to be aware of cyber threats and phishing that take place on a daily basis. People who do not know much about handling money in a digital way can be fooled easily by asking for their account details or lending information over fake calls, all in the name of digitization. Thus, it is of primary importance that the public is aware of such misleading.
- Customer Protection and Security of Digital Payments :- 24.6 While adequate measures are prescribed and adopted by PSOs as they provide digital payment platforms and products, there are instances of frauds, mostly due to customer vulnerability or sometimes on account of system breaches. This leads to apprehension in new users to move towards the digital payments as also makes it difficult to retain those customers who had a bad experience. Steps such as zero customer liability, switch-on / switch-off of digital transactions and digital ombudsman have been taken as customer protection measures to restore customer confidence and limit the liability of the customer. The high cost of implementation of cyber security measures leads to a tendency of an adhoc approach which become points of vulnerability leading to instances of system breaches. While such vulnerabilities are addressed through frequent advisories and instructions to the system participants, it brings the issue of cost to the forefront
- The security departments of every system must be well equipped with behaviour analytics and pattern analysis to identify suspicious activities and prevent them then and there. Identification of frauds and fake apps which serve monetary transactions has to be the main motive of the security departments.

Despite all the security concerns, instruments such as debit/credit cards are becoming extremely popular in India with millennials emerging as the primary growth drivers. Also, RBI has forecast a 50% increase in mobile-based payment transactions. Payment systems such as UPI/IMPS are likely to register average annualised growth of over 100%, according to RBI's 2021 vision document. Though cybersecurity and digital payment fraud cases pose a great risk, the digital payment ecosystem can surely be strengthened, with organisations, users, and the government sharing the responsibility of securing the digital payments.

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26. Relation between the Governor and the State Government: A fine balance is needed

During the last some months, there were reports of a tussle between the governor of Maharashtra, Mr. Bhagat Singh Koshiyari and the state government of Maharashtra led by Shiv Sena leader, Mr. Uddhav Thackeray. On this background, let us take stock of the relationship between the governor and the state government and the way forward. We will see the provisions of the constitution regarding the powers of the office of the governor and also the historical perspective before giving our verdict on the issue.

Constitutional Provisions

As per the quasi-federal system of government we have adopted in our constitution, the Governor of a state acts like a counterpart of the President at the state level. Just as the President is the constitutional head of the country, the Governor is the constitutional head of the state. Just as the Central government is run by the union government in the name of the President, the state governments are run by the respective state governments in the name of the state Governor.

However, the similarities between the two offices end there. While the President is elected by an electoral college consisting of the members of parliament and the members of the state legislative assemblies, the governor is appointed by the President (on the advice of the union cabinet) and serves office at the pleasure of the President (in other words, at the pleasure of the central government).

Further, in some respects, the Constitution of India confers more powers on the state governors than the President. For example, Article 163(1) of the Constitution states: "There shall be a Council of Ministers with the Chief Minister at the head to aid and advise the Governor in the exercise of his functions, **except in so far as he is by or under this Constitution required to exercise his functions or any of them in his discretion"**. Additionally Article 163(2) of the Constitution grants the authority to the governor to decide whether a particular matter deserves his/her discretionary actions. Article 163(2) of the Constitution clearly states the following: "If any question arises whether any matter is or is not a matter as respects which the Governor is by or under this Constitution required to act in his discretion, **the decision of the Governor in his discretion shall be final,** and the validity of anything done by the Governor shall not be called in question on the ground that he ought or ought not to have acted in his discretion."

The governor being an appointee of the central government, serving at the pleasure of the central government and the discretionary powers granted to the governor have made the position of the governor unique. It can potentially lead to conflicts with the state governments, especially in the states where opposition parties are in power.

It appears that the members of the Constituent Assembly took for granted that the office of the governor would be apolitical. However, post-independent India saw a decline in the standards in a number of political institutions. Unfortunately, the office of the governor did not remain an exception. In the post-independence period, the office of governor was used to 'rehabilitate' the leaders of the ruling party who would otherwise have been relegated to oblivion due to the defeat in the general elections or old age. Sometimes governors acted more as 'political appointees' than the constitutional head of the state and tried to further the political agenda of the ruling party at the center by creating troubles for the opposition led state governments.

Historical Perspective

During the initial years of the implementation of the constitution, there were few instances of any conflict between the governor and the state government. One reason for this was perhaps the fact that most states as well as the central government were under the rule of the same party. Secondly, during the initial years, Prime Minister Nehru strived to uphold the spirit of the constitution, which prevented widespread abuse of the office of the governor. Of course, there was a solitary instance of the dismissal of the only non-Congress state government in the country headed by Communist leader E.M.S.Namboodiripad in Kerala by the central government under article 356 of the constitution on recommendation of the then state governor B. Ramakrishna Rao.

As the years passed by, the office of the governor was mired in more controversies. There were instances of summary dismissal of the state government headed by the opposition without giving an opportunity to the Chief Minister to prove majority on the floor of the assembly. The most notable of these instances were the dismissal of Farrukh Abdullah's government by governor Jagmohan in June 1984, N.T.Rama Rao's government by governor Thakur Ramlal in Andhra Pradesh in August 1984 and Kalyan Singh's government by governor Romesh Bhandari in Uttar Pradesh in February 1998. There were instances of inviting the leader of the 'favoured party' to form the government after the state assembly elections even if that leader lacked majority. The most notable of these instances were governor G.D.Tapase's decision to invite Bhajan Lal to form the government in Haryana in 1982 and governor Syed Sibtey Razi's decision to invite Shibu Soren to form the government in Jharkhand in March 2005. The relations between the Chief Minister Jayalalitha and the governor M. Channa Reddy had deteriorated to such an extent that there were reports in mid 1990s that the two were not on talking terms. Similarly, there were reports of the differences between Chief Minister Jyoti Basu and the state governor B.D.Pande and Anant Sharma in West Bengal in the early 1980s. The reasons for the differences between the Chief Minister and the Governors were multifold. These included the differences over key appointments (such as the chancellors of the universities in the state) or the refusal of the governor to sign important legislations passed by the state assembly.

For the interest of brevity, we have picked only a handful of instances here. There have been other such instances as well. It can be seen that the tussle between the Chief Minister and the governor of the state were not all that uncommon.

Recent developments

1. The governor of Arunachal Pradesh, J.P.Rajkhowa recommended the imposition of President's rule in the state in December 2015 due to the rebellion within the ranks of MLAs of the ruling Congress Party. The governor of Uttarakhand, K.K.Paul similarly recommended the imposition of President's rule in the state in March 2016 after the state assembly passed the state budget in circumstances that were not appropriate in the opinion of the governor. Both these decisions were quashed by the Supreme Court.
2. After the state assembly elections in Goa and Manipur in March 2017, the state governors, Mridula Sinha and Najma Heptullah respectively invited the BJP leaders Manohan Parrikar and N. Biren Singh respectively to form the governments though they did not command a majority in the state assembly. Similarly, governor Vajubhai Vala invited BJP leader B.S.Yeddyurappa to form the government in Karnataka though he did not have a majority in the state assembly following the election in May 2018.
3. Assembly elections took place in Maharashtra in October 2019. The alliance of BJP and Shiv Sena contested the elections together, while the alliance of Congress and Nationalist Congress Party contested the election together. The alliance of BJP and Shiv Sena won a majority but there were differences between the two parties over the post of Chief Minister, following which Shiv Sena broke the alliance with BJP and joined hands with Congress and Nationalist Congress Party for the post of Chief Minister. The numbers were such that the newly formed alliance of Shiv Sena- Congress and Nationalist Congress Party had a majority in the state assembly. Despite that, the governor of the state Bhagat Singh Koshyari sworn BJP leader Devendra Fadnavis as the Chief Minister of the state before dawn on 23 November 2019. On realizing that he did not have the majority, Fadnavis resigned in three days i.e. on the evening of 26 November 2019, following which Shiv Sena leader Uddhav Thackeray was sworn in as the Chief Minister of the state on 28 November 2019.

When the governor swears in the leader of his 'favoured' party as the Chief Minister and that government collapses for want of majority, the relations between the next Chief Minister and the governor is usually strained from day one. Given that the governor occupies a uniquely important position in the government of states, any such confrontation has a potential to seriously affect the functioning of the state government. To an extent, the same is being experienced in the state of Maharashtra. Right from day one, the relations between the Chief Minister and the Governor have been far from cordial. Apparently, the governor 'sat on' the recommendation of the state government to appoint 12 members to the state Legislative Council and did not take any decision (either favourable or unfavourable) on the recommendation of the state government. There were also differences of opinion between the governor and the Chief Minister on different issues such as reopening of temples after the lockdown imposed due to COVID-19 pandemic. On the other hand, the state government unceremoniously asked the governor to disembark the state government owned plane that he had boarded for his visit to his native state of Uttarakhand. At times, the leaders of the ruling party openly attack the governor through the mouthpiece of the ruling party.

Conclusion

Since the governor and the Chief Minister are the two topmost offices in the state, any such tussle between them is unhealthy for the governance. Given the lessons from the history, we recommend the following measures for minimizing the tussle.

1. In the 1980s, the central government appointed a commission under the chairmanship of retired Supreme Court Justice R. S. Sarkaria. The Sarkaria commission recommended that the Central Government should take the State Government and the Chief Minister into confidence before appointing a new governor. This will minimize the possibility of the conflict between the two top officeholders of the state. Like the reports of several government appointed commissions, the report of the Sarkaria commission is still gathering dust and its recommendations have not been implemented partially or fully. At least this recommendation of the Sarkaria commission on appointments of the governors should be seriously considered and implemented.
2. At the moment, the constitution does not contain any provisions or guidelines on the government formation in the eventuality of a hung assembly. In such a case, the governor has the ultimate say on the government formation and the governor can appoint the leader of his 'favoured' party to form the government. If the Chief Minister so appointed is unable to muster the numbers on the floor of the assembly, the government falls in a few days' time. If the Chief Minister is able to cobble up the numbers (often through horse trading), the leader who initially did not have a majority gets majority only after being invited to form the government. Both are not in the interests of governance. Therefore, the constitution should be amended and clear guidelines on government formation in the event of hung assembly should be included.
3. The constitution should also be amended and a time limit should be imposed on the governor for taking a decision on any proposal of the state government or any law passed by the state assembly. While it is not desirable that the governor just toes the line of the state government and becomes a 'rubber stamp', he/she should not just 'sit' on the proposals sent by the state government and should take some decision (either favourable or unfavourable) in reasonable time. The constitution should be amended to that effect.

3. The constitution should also be amended to make anyone who has contested a parliamentary or assembly election ineligible for the office of the governor for a period such as 10 years. The office of governor is expected to be an impartial and an apolitical office. It should not become the office for rehabilitating defeated leaders of the ruling party. Although this is not a foolproof method, it can at least partially serve the aim of keeping the office of the governor away from the leaders with political ambitions.

27. The Central Vista Project

Introduction:

The Central Vista is a 3.2 km stretch in Delhi which currently includes the Rashtrapati Bhawan, the Parliament House, North and South Block, India Gate, and National Archives among others. In 1931, New Delhi was inaugurated as the new capital of India. All these buildings were constructed before 1931. The area was designed by British architects Edwin Lutyens and Herbert Baker with the Parliament House building having been designed by both Lutyens and Baker. The design of the Parliament House is rumoured to have been based on Madhya Pradesh's Chausath Yogini Temple.

The Central Vista precinct is a unique example of innovative town planning, whose unparalleled grandeur and ecological development was the outcome of the shared efforts and values of both India and the West. It supports the dynamic cultural diversity that defines Indian democracy. It is also host to India's iconic annual Republic Day Parade. The Central Vista today is recognized as heritage of an international stature, a potential World Heritage Property (on UNESCO's Tentative List) and a Grade One heritage precinct as per the Master Plan of Delhi 2021 (MPD2021), vide the Delhi Building Byelaws as of 1st October 2009.

Proposed Redevelopment:

In 2019, the Union Ministry of Housing and Urban Affairs proposed a redevelopment of the Central Vista. One of the major reasons for this is that the government currently pays around Rs. 1000 crores in rent for housing all ministries. This annual expenditure can be saved by redeveloping the Central Vista to accommodate all ministries.

Its proposed aims are:

- Constructing a triangular Parliament House building near the current one.
- Revamping the 3-km long Rajpath (starting from Rashtrapati Bhavan to India Gate)
- Constructing a new Common Secretariat that can accommodate all the ministries
- Convert North and South block into museums that the public can access

According to current plan estimates, the important milestones of the project would be achieved by 2024.

The Companies Involved in the Redevelopment:

In September 2020, Tata Projects Ltd won the construction work of New Parliament Building by the CPWD.

In October 2020, Ahmedabad-based HCP Design Planning and Management Pvt Ltd, won the architectural consultancy work.

On 10th December 2020, the foundation stone of the New Parliament Building was laid by Prime Minister Narendra Modi.

In January 2021, the Supreme Court of India approved the Central Vista Project on and Shapoorji Pallonji and Company Pvt Ltd won the construction work of Rajpath Redevelopment from CPWD.

Legal Controversies:

"Multiple petitions opposing the project and requesting a stay in the construction of the project were filed by various people including translator Anya Malhotra, historian Sohail Hashmi, social activist, Rajeev Suri, among others in both the Delhi High Court and the Supreme Court of India.

The Delhi High Court had refused to stay the Central Vista construction in the midst of a pandemic.

"The construction of Central Vista Avenue Redevelopment Project cannot be seen in isolation. In fact, the whole Central Vista Project is an essential project of national importance, where the sovereign functions of Parliament are also to be conducted. Public is vitally interested in this project," the Delhi HC bench had said.

An appeal against the Delhi HC's order that allowed Central Vista construction was filed with the Supreme Court of India. But the Supreme Court dismissed the appeal and refused to interfere with the Delhi High Court order

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Points and Views Criticising Redevelopment:

Some concerns have been raised regarding the ill-effects of this project.

Many alleged that while news reports documented India's dire Covid crisis including lack of oxygen in hospitals, shortage of trained staff, shortage of vaccines and beds, the government was pushing the Central Vista Redevelopment Project to meet its 2022 deadline.

In May 2021, a statement was signed by scholars, artists and museum professionals, asking that the Government of India's Central Vista Redevelopment Plan in New Delhi be halted immediately, given the public health emergency in India on account of a second wave of the Covid-19 pandemic. A global community of historians and curators who work on

Indian and South Asian materials, express in particular their shared concern about the planned demolition of the National Museum, the National Archives and the Indira Gandhi National Centre for the Arts, and the relocation of the invaluable repositories of these key cultural institutions in a safe and responsible manner. The statement is as follows:

“We, the undersigned call for an immediate halt to the Central Vista Redevelopment Project undertaken by the Government of India, which commenced in December 2020. The designation of this scheme as an ‘essential service’ invites fresh scrutiny of the plan. It is especially troubling that this extravagant project is moving ahead in the midst of a devastating pandemic, endangering workers, and squandering scarce resources that could be used to save lives.

We would like to draw particular attention to the upcoming demolition and relocation of the National Museum of India, the Indira Gandhi National Centre for the Arts (IGNCA), and the National Archives Annexe. In fact, preparations to raze the IGNCA complex are already underway. There was a clear logic in the urban planning of Delhi to keeping these cultural, archival and historical centres in close proximity to each other. The National Museum, in particular, has historical value and requires renovation and augmentation, not demolition. The rushed destruction of these structures will cause irrevocable harm to world-renowned institutions that have been painstakingly built over decades.

The Central Vista demolition threatens the collections of these heritage repositories. We are concerned that such a shift would impact the state of conservation of several objects. Even under normal circumstances, it would be a complex and risky operation to shift the diverse and irreplaceable treasures of the National Museum, the archival records held in the National Archives, and the manuscript holdings of the Indira Gandhi National Centre for the Arts. The current pandemic only exacerbates these risks.

The unilateral and hasty implementation of the Central Vista Redevelopment Project runs contrary to established practices worldwide. Across the globe, such plans to expand, relocate, repurpose or redesign key cultural institutions are preceded by widespread consultations and consensus building before finalizing the design, let alone moving collections indefinitely.

The details of the Central Vista demolition are opaque. It is unclear, for example, how the National Museum art objects will be stored and eventually displayed in the office complex of the North and South Blocks, as is planned. As the National Museum’s collection still lacks a complete inventory of its holdings, this relocation is hazardous. The extent to which these collections will continue to be publicly accessible is also unknown.

These demolitions are only one part of a mammoth undertaking that involves constructing a lavish new Parliament and turning open space into office blocks. The project as a whole will forever alter the historic urban plan of Lutyens’ Delhi, a piece of world heritage that has become an integral part of the cultural and political life of independent India.

The current escalating health crisis calls for a pause and a reset. For the short term, this project should be immediately suspended, and all priorities and resources directed to combating the pandemic. In the long term, however, this hiatus should be followed by extensive public consultations so that the future of India's institutions, heritage architecture, and historical collections can be determined through a democratic process."

Apart from these there were concerns of serious and unpredictable impact on the environment by the demolition and construction, as well as by the translocation of trees. There was also apprehensions expressed over the fate of mosques in the area of the project and surrounding areas.

Points and Views on Redevelopment:

Those who support the Central Vista redevelopment project put forth the following views.

Amongst others, the current opposition is protesting against the Central Vista project.

Originally, the initiative to build a new Parliament building was taken by the then Lok Sabha speaker Meira Kumar during the Congress-led UPA government in 2012. The leaders of other parties, including Atal Bihari Vajpayee, supported it.

Under the Central Vista project, the offices of the vice-president, the prime minister and the 51 ministries will be housed under one roof. MPs will have offices. All the buildings will be connected to each other. This will be an advantage from the security point of view and help get rid of the problems that people face during VIP movement.

Though some sections have questioned the purpose and benefits of continuing to spend on the project when the country and the economy are suffering due to the pandemic, the Central Vista project is important from the administrative point of view. Many of these buildings are dilapidated and difficult to work in. The legislature sits in the Parliament House whereas the president, vice-president, prime minister and the officials of 51 ministries sit in different places. Rashtrapati Bhavan, Parliament House, North Block and South Block, and the National Museum building were built in 1931. After that, Nirman Bhawan, Shastri Bhawan, Udyog Bhawan, Rail Bhawan and Krishi Bhawan were constructed between 1956 and 1968. Today, 39 ministries are housed in different buildings in the Central Vista area while 12 ministries are occupying rented premises outside. The annual rent for these buildings is about Rs 1,000 crore and they are located far from the PMO and other ministries. Obviously, the administrative work gets hampered.

Another important point is that when the buildings were built in Central Vista and its surrounding areas, there was no digitalisation, unlike today. Now, along with the security of Parliament House and the ministries, the protection of digital files also matters. Building a new complex will ensure better security for both.

It is very important that the entire central government should be accommodated in a cluster of buildings equipped with modern technology, so that ministers can easily reach out to each other, meet and interact. If the 51 ministries are closer to each other, it will definitely be a benefit from the administrative point of view.

We also have to keep in mind that our population is growing, so the number of MPs will have to be increased too in the future. Keeping this in mind, the new building of Parliament House will be built on about 65,400 square metres of land, with a large Constitution Hall, a lounge for MPs, a library, offices of several committees, etc. The Lok Sabha chamber will have the capacity to seat 888 members and the Rajya Sabha chamber will be able to accommodate 384 members. Along with this, there will be ample space for the National Museum, National Archives and the Indira Gandhi National Centre for the Arts and our heritage will also be displayed in a dignified manner.

Those who are critical of this project say that Rs 20,000 crore should be spent on helping the poor and providing healthcare facilities during the pandemic. But the allocation for the project is Rs 13,450 crores out of which around 1290 crores had been spent as of December 2021. But the government is not diverting any funds or rolling back any welfare scheme meant for the poor. All schemes are running as before. The poor must be helped and every government has been doing this. The point is that while working to solve current problems, we have to plan for the future too.

The government has also sought to address the concerns, criticisms, and misconceptions of various parties in official statements and on the Central Vista official website.

Further Reading:

https://centralvista.gov.in/myths-and-realities.php

https://www.outlookindia.com/website/story/india-news-explained-myths-and-realities-about-the-central-vista-project/384539

https://www.thehindu.com/news/national/central-vista-project-of-national-importance-centre/article37798755.ece

https://www.livemint.com/opinion/online-views/our-national-capital-must-have-the-capacity-to-awe-11625156491100.html

https://www.livemint.com/opinion/online-views/lets-not-recast-new-delhi-in-any-party-s-own-image-11625156178735.html

https://timesofindia.indiatimes.com/india/times-face-off-is-central-vista-an-ill-timed-vanity-project-or-a-much-needed-makeover/articleshow/83016274.cms

https://indianexpress.com/article/cities/delhi/central-vista-new-parliament-building-7653067/

28. India's handling of COVID-19

Although there has been a long history of pandemic outbreaks in the World, the repercussions of COVID-19 have been unprecedented. Governments across the world have been still trying to fight the pandemic effectively. And any comparison or assessment is bound to draw controversy due to its unprecedented nature.

In order to assess India's handling of COVID-19, we must take into account the challenges that India had been facing before COVID era. The country has been challenged by the pandemic on various fronts for over two years now. One must bifurcate these into broader segments like healthcare, economy, and social sphere to judiciously analyse the response of the government machinery.

Background

Coronavirus is a large family of viruses, of which some can cause diseases. The latest is SARS-CoV-2 or COVID-19. It most likely originated in bats or pangolins. It is known to spread via air and person-to-person contact. This virus has adversely impacted more than 200 countries across the world.

Timeline

On 30th January, India reported its first case of COVID-19 in Kerala, which rose to three cases by 3rd February ; all were students returning from Wuhan. Apart from these, no significant rise in transmissions was observed in February. On 4th March, 22 new cases were reported, including 14 infected members of an Italian tourist group.

By mid-March, the Indian government sprung into action. The outbreak was declared an epidemic in more than a dozen states and union territories, where provisions of the Epidemic Diseases Act, 1897 had been invoked, leading to the temporary closure of educational and commercial establishments. All tourist visas were suspended in March, as many of the earliest confirmed cases were individuals who had travelled from foreign countries. State governments took various measures to contain the spread of the virus.

Lockdowns

On 22nd March, India observed a 14-hour voluntary public curfew at the insistence of Prime Minister Narendra Modi. It was followed by mandatory lockdowns in COVID-19 hotspots and all major cities. Further, on 24th March, the prime minister ordered a nationwide lockdown for 21 days, affecting the entire 1.3 billion population of India. On 14th April, India extended the nationwide lockdown till 3rd May and so on which was followed by two-week extensions starting 3rd and 17th May with substantial relaxations.

After the 14-hour Janta Curfew was announced, a 21-day lockdown was imposed with effect from the evening of 24th March. This sudden announcement caught households and small businesses off guard. The shutdown of all economic activities and all forms of public transport at short notice had the most severe impact on migrant workers. Without any personal savings and proper guidance from the government, these workers faced food insecurity and financial hardships that led many migrants and their families to walk thousands of miles to reach their villages. Many migrants were killed due to starvation, exhaustion, road and train accidents, unavailability of timely medical care, etc during their journey.

According to the Ministry of Health and Family Welfare(MoHFW), as of 15th June, 2020, India had a total of 332,424 confirmed COVID-19 cases and 9,520 COVID-19 related deaths

Status of COVID-19 in India (As of 15th June 2020)

Total cases	332,424
Active cases	169,798
Deaths	9,520
Recovered/discharged/migrated out of the country	180,013
Total cumulative tests conducted	5,921,069
Testing capacity	300,000 samples per day

The MHA issued fresh guidelines for the month of June, stating that the phases of reopening would "have an economic focus". Lockdown restrictions were only to be imposed in containment zones, while activities were permitted in other zones in a phased manner. This first phase of reopening was termed "Unlock 1.0" and permitted shopping malls, religious places, hotels, and restaurants to reopen from 8th June. Six such unlocks were done in a phased manner.

Vaccination

Phase I

India began its vaccination programme on 16 January 2021, operating 3,006 vaccination centres on the onset. The first phase of the rollout involved health workers and frontline workers, including police, paramilitary forces, sanitation workers, and disaster management volunteers.

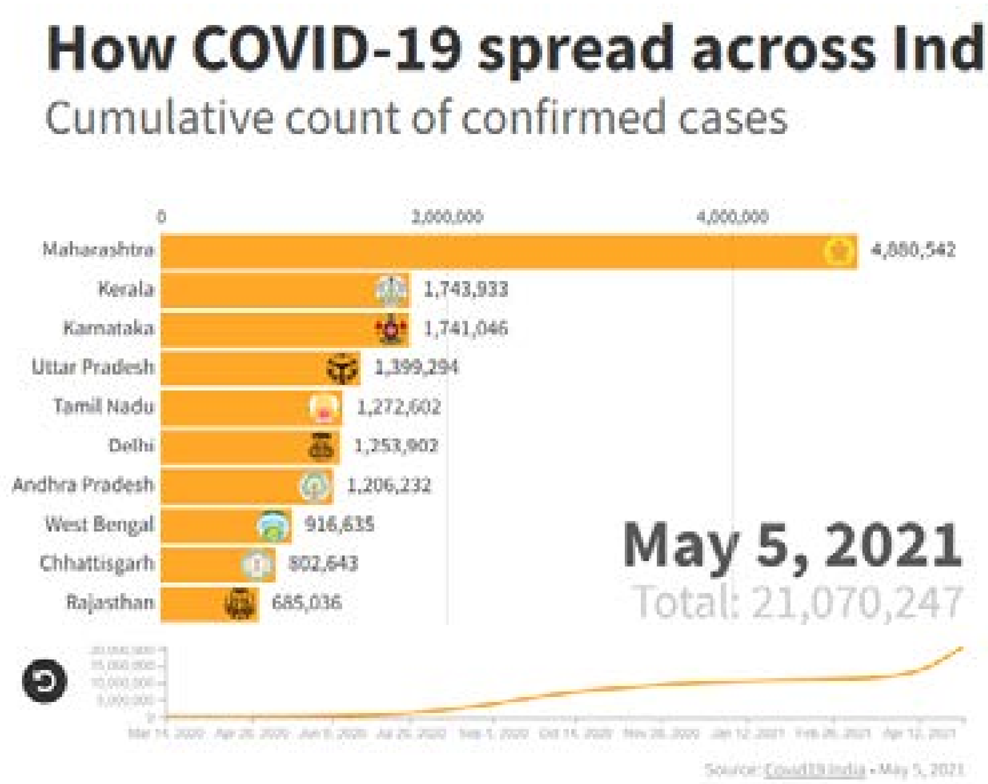
Phase 2

The next phase of the vaccine rollout covered all residents over the age of 60, residents between the ages of 45 and 60 with one or more qualifying comorbidities, and any health care or frontline worker that did not receive a dose during phase 1. Online registration began on 1 March via the Aarogya Setu app and Co-WIN website. From 1 April, eligibility was extended to all residents over the age of 45. On 6 August 2021, India crossed the 500 million doses milestone within 6 months from the onset of the vaccination program.

Second wave

By the end of March 21, India was brought to its knees by the second wave of Covid caused by the Delta variant.

As March turned into April, India's daily Covid-19 cases began a steady climb with more than 3,00,000 daily new cases. India's second wave of coronavirus infections was pegged as the world's fastest as India added more cases than the U.S. and Brazil in a week on average. Hospitals were reeling under the increasing waves of infected patients due to a shortage of medical oxygen and beds. Throughout the month, people struggled for oxygen, medical supplies, and hospital beds, with fatalities touching a record high. In mid-May, new coronavirus cases in India hit a record daily high with 4,12,262 new infections. Four out of 10 deaths in India during April and May 2021 came from Maharashtra, Karnataka, and Delhi, the three states that recorded the highest deaths in this period.



Current Status of COVID-19 in India

Still reeling from the devastation wreaked by the second wave of Covid caused by the Delta variant, India finds itself at yet another precipice. India has been recording rising cases of the new Omicron variant of COVID-19 which has been declared as a Variant of Concern (VoC) by WHO. As of December 6, the country has 23 cases of the variant, 17 of which were detected on December 5. The first two cases of the COVID-19 variant were found in Karnataka on December 2. Subsequently, cases have been detected in other parts of the country.

India- COVID Dashboard (as of 11th December, 2021)

Total Samples Tested	65,66,72,451
Total Positive Cases	3,46,97,860
Total Active Cases	91,456
Total Deaths	4,75,636
Total Recovered Cases	3,41,30,768
Total Doses Administered	1,33,30,00,000
People Vaccinated 1st Dose	81,47,75,574
People Vaccinated 2nd Dose	51,03,41,577

Healthcare

Pre-COVID Healthcare Infrastructure and Challenges

A country's health infrastructure is an important indicator of the nation's commitment to the well-being of its population. It throws light on the health care policy and welfare mechanism in the country and signifies the investment priority with regards to the creation of health care facilities. India has one of the largest populations in the world. Coupled with this statistic are widespread poverty, illiteracy, and unemployment. In this scenario, providing adequate health care infrastructure for the entire Indian population becomes a serious problem.

Before COVID -19 threw healthcare in a tailspin, the Indian Healthcare infrastructure was already lagging behind the other sectors in development. As per the data published in National Health Profile 2019, the Indian Council of Medical Research put together a dismal picture.

The government hospitals per one lakh population against the number of beds per one lakh population across states showed that Andhra Pradesh had the lowest hospital-population ratio while Bihar had the lowest bed-population ratio. Many big states also had poor bed and hospital ratios.

According to WHO guidelines, there should be one doctor for 1,000 people. However, in Bihar, one allopathic doctor serves 43,788 people.

State/UT	No. of Govt allopathic Doctors	People served by one doctor
Bihar	2,792	43,788
Uttar Pradesh	10,754	21,702
Jharkhand	1,793	21,157
Madhya Pradesh	4,588	18,276
Chhattisgarh	1,626	17,829

*Source: National Health Profile 2019, Indian Council of Medical Research

Another study conducted by Fitch Solutions Country Risk and Industry Research in April 2020, revealed that with 8.5 hospital beds per 10,000 citizens and eight physicians per 10,000, the country's healthcare sector was not equipped for the pandemic.

Moreover, the significant inefficiency, dysfunction, and acute shortage of the healthcare delivery systems in the public sector did not match up with the growing needs of the population.

In addition, more than 80 per cent of the population did not have any significant health insurance coverage, and approximately 68 per cent of the Indians had limited or no access to essential medicines.

Furthermore, over the last two decades, the availability of free medicines in public healthcare facilities had declined from 31.2 per cent to 8.9 per cent for inpatient care, and from 17.8 per cent to 5.9 per cent for outpatient care, the rating agency said citing a Public Health Foundation of India study.

Public health measures taken by the Government of India (GoI) to battle COVID-19 infection

Testing

Initially, the labs tested samples only from those with a travel history to 12 countries designated as high-risk, or those who had come in contact with anyone testing positive for the coronavirus, or showing symptoms as per the government guidelines. On 20th March 2020, the government decided to also include all pneumonia cases, regardless of travel or contact history after the country saw a sharp increase in the number of cases.

Expansion of tests

On 17 March 2020, the health ministry decided to allow accredited private pathology labs to test for COVID-19. 111 additional labs for testing became functional on 21 March. On 13 April, ICMR advised pool testing in low infection areas to increase the capacity of the testing and save resources. Faulty test kits from China were subsequently returned and future orders cancelled.

By 9 July 2020, 1132 testing labs were functional. Following testing shortages, non-accredited private laboratories applying for accreditation were also given permission to test for coronavirus. In September 2020, India had attained the highest number of daily tests in the world. By 5 May 2021, 2506 testing labs (government and private) were functional and the total daily national testing capacity reached 1,500,000 tests.

As of 11th December 2021, a total of 65,66,72,451 samples have been tested nationwide.

Surveillance

Once early reports of COVID-19 cases started trickling out in China and other countries, in India the MoHFW reviewed India's COVID-19 preparedness and initiated the Integrated Disease Surveillance program on 17th January, 2020, nearly two weeks before the first case was identified. Surveillance at international airports was put in place. Universal thermal screening for all international arrivals has been in effect since 3rd March.

Innovative measures were adopted. Municipalities implementing the Smart Cities Mission started using their Integrated Command and Control Centres (ICCCs) as "war rooms" for COVID-19 response, including carrying out CCTV surveillance of public spaces, using heat maps to set up virus containment zones, and real-time tracking of ambulances.

Research and treatment

On 23 March, the National Task Force for COVID-19 constituted by the ICMR recommended the use of hydroxychloroquine for the treatment of high-risk cases. In the same month, the Indian Institute of Chemical Technology, the Council of Scientific and Industrial Research (CSIR) and Cipla launched a joint venture to develop anti-COVID-19 drugs. In April, funds for a number of preventive agents were released to initiate research. The Centre for Cellular and Molecular Biology started working on genome sequencing of COVID-19 in early 2020.

India was estimated to have approximately 40,000 ventilators in March 2020, of which 8,432 were with the public sector. The government was able to double the capacity of ventilators by June 2020, with the assistance from Indian PSU firms and startups, including Bharat Electronics, DRDO and ISRO. This led to the creation of some of the world's smallest and cheapest ventilators. Production lines were repurposed to manufacture general Personal protective equipment, full body suits and ventilators; India was producing around 200,000 PPE kits and 250,000 N95 masks per day in May 2020, compared to virtually zero shortly before.

Containment

On 11th March, a COVID-19 Containment Plan was released by the MoHFW that provides guidelines to states on a plan of action and quarantine measures to be adopted. India is prepared to develop a mitigation plan in case the containment plan does not help to control the spread of COVID. As per India's COVID-19 Containment Plan, all districts have been divided into three zones: (i) red zone: hotspot districts with large outbreaks and clusters, (ii) orange zone: non-hotspot districts with reported cases, and (iii) green zone: no reported cases or no new cases in the past 21 days.

Contact tracing

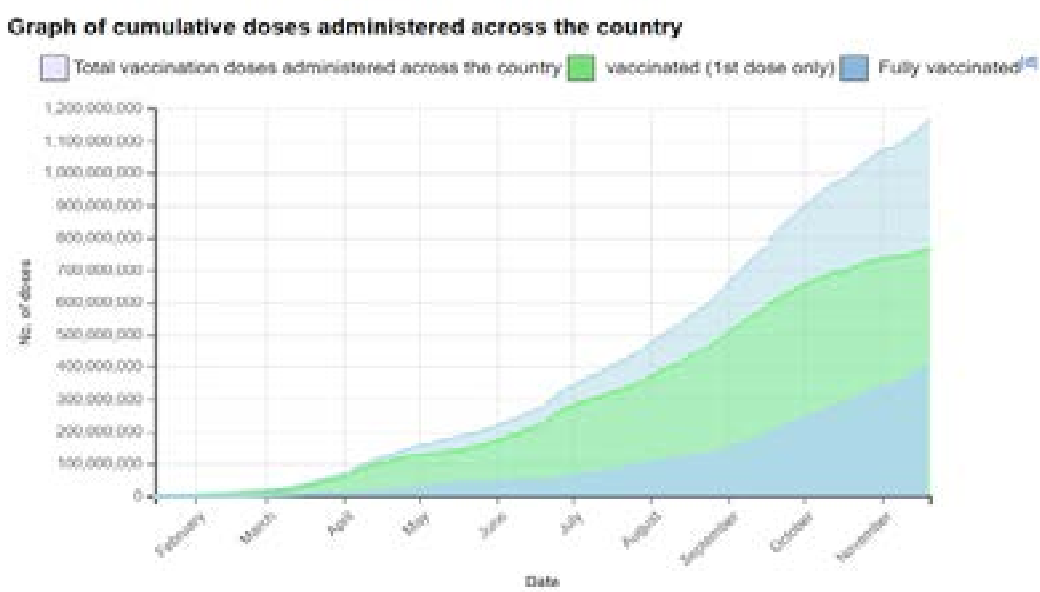
The government of India launched the 'Aarogya Setu' app to enable people to assess themselves for COVID-19 risk based on their interaction with others.

Healthcare facilities

India designated specific public health facilities for COVID-19 case management. These facilities fell under three broad categories. Category I included dedicated COVID-19 hospitals, category II included dedicated COVID-19 health centers, and category III included dedicated COVID-19 care centers.

Vaccine development and production

The Indian government infused rupees 900 crore (US$120 million) into the Department of Biotechnology in November 2020 to aid the development of a COVID vaccine.The 2021 budget of India also allocated rupees 35,000 crore (US$4.6 billion) for vaccine procurement. Serum Institute Of India Ltd's 'Covishield' and Bharat Biotech's 'Covaxin' Vaccines were deployed in India from 16 January 2021. Sputnik V was deployed by 14th May 2021.



Economy

Pre-COVID challenges

India's economy was in doldrums, even before the onset of the pandemic. GDP growth fell almost continuously for eight quarters (except for a .08 percentage point blip between December 2018 and March 2019). It was 8.2% in March 2018 and had fallen to just 3.1% in March 2020 (March saw just a week of the lockdown.) The slowdown was already worse than the one the Indian economy went through in 2011-12.

Unemployment in India had already reached an alarming level in 2019. According to the latest Centre for Monitoring the Indian Economy (CMIE) data, the rate of unemployment in India was about 7.2% in February 2019, the highest ever since September 2016. India's unemployment rate had fallen between July 2018 and June 2019 to 5.8% from 6.1% during the same period of 2017-18, even as the labour force participation rate rose to 37.5% from 36.9%.

Impact of COVID -19 on the Indian economy - 2020 vs 2021

Towards the end of March 2020, Sensex and Nifty logged their highest losses ever after rising number of coronavirus cases in India and the resultant lockdown in a majority of states took a heavy toll on the financial markets. Sensex lost 3,934 points to close at 25,981, Nifty closed 1,135 points lower at 7,610.

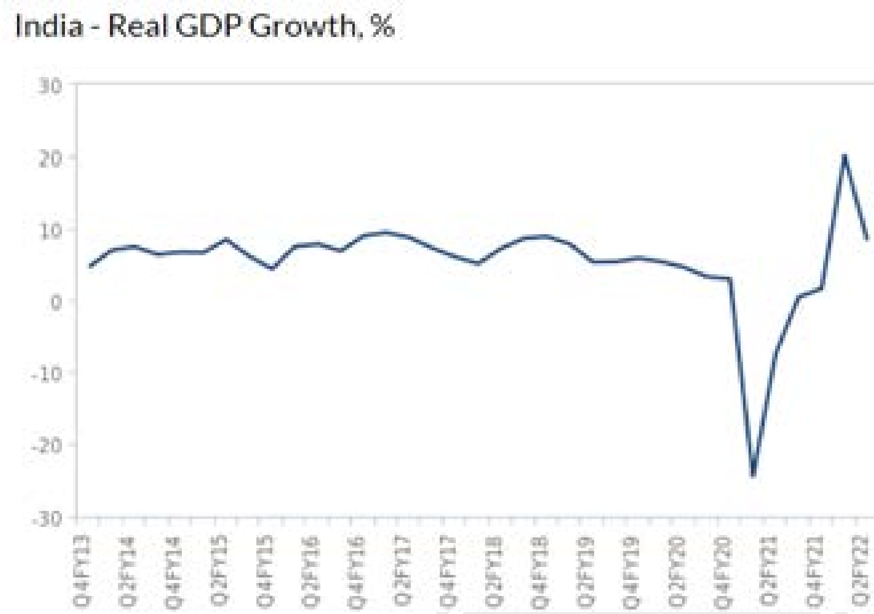
In March-April 21, even as case counts reached their highest levels ever during the second wave in India, the stock market continued on a steady climb, bolstered by optimism behind the rollout of vaccines.

The current gloomy sentiment in the Indian financial markets is the reflection of the frequent crashes in the share markets in all parts of the world due to the impending third 'Omicron' wave. The domestic market usually tracks the major global indices and the high volatility is likely to continue in the near future.

The second wave of covid was worse than the first wave in terms of peak levels of new daily cases and daily deaths. There was great concern about how it would impact economic activity. Hence, the high 20.1% growth registered during Q1 of 2021-22 brought great cheer all around. The high growth was helped by the absence of a stringent, nationwide lockdown as seen during the first wave. However, it largely reflected the base effect of the unprecedented 24.4% contraction during Q1 of 2020-21. The level of Q1 GDP in 2021-22 at ₹32 trillion was still nearly ₹4 trillion less than the ₹36 trillion GDP registered during Q1 of 2019-20, the last normal year before the pandemic.

Latest data from the Ministry of Statistics and Programme Implementation showed that real GDP in India came in at 10.4% q-o-q and by 8.4% y-o-y(year over year) in Q2FY22 (July-September). This reading was in line with market expectations of 8.4% y-o-y and showed that the Indian economy maintained broad momentum in the quarter, as it also benefited from base effects.

Fitch Ratings, one of the big three credit rating agencies in the world, cut India's economic growth forecast to 8.4 per cent for the current fiscal year ending March 31, 2022, saying the rebound after the second wave of COVID infections has been subdued than expected. Fitch, which had previously forecast a GDP growth of 8.7 per cent in 2021-22 (April 2021 to March 2022), however, raised the economic growth projection for the next financial year (FY23) to 10.3 percent from previously forecast 10 percent.



The economy had contracted by 7.3 per cent in the 2020-21 fiscal as restrictions imposed to curb spread of coronavirus pummelled business activity."India's economy staged a strong rebound in 3Q21 (July-September 2021) from the Delta variant-induced sharp contraction," Fitch said in its Global Economic Outlook (GEO).

Unemployment in 2020 and 2021

The employment rate in India has been severely impacted with an increase in the informality in the standard of working and a decrease in the participation of the labour force.

The vulnerability of the population , especially the poor, was exposed by a generalised lockdown in India. As per the Periodic Labour Force Survey by the National Statistical Office, 2019, over 2017-18, about 52% of rural households depended on self-employment whereas 25% depended on casual labor for their major income. Regular wage/salary earners accounted for 12.7% of rural households. In the urban areas, many are engaged in running local shops, small businesses, or in minor intermediation activities. This entire section suffered at the hands of an unplanned lockdown. In June 2020, the unemployment rate had come down to 10.18 per cent after touching the peak of 23 per cent in April and May 2020, when the country was under a nationwide lockdown.

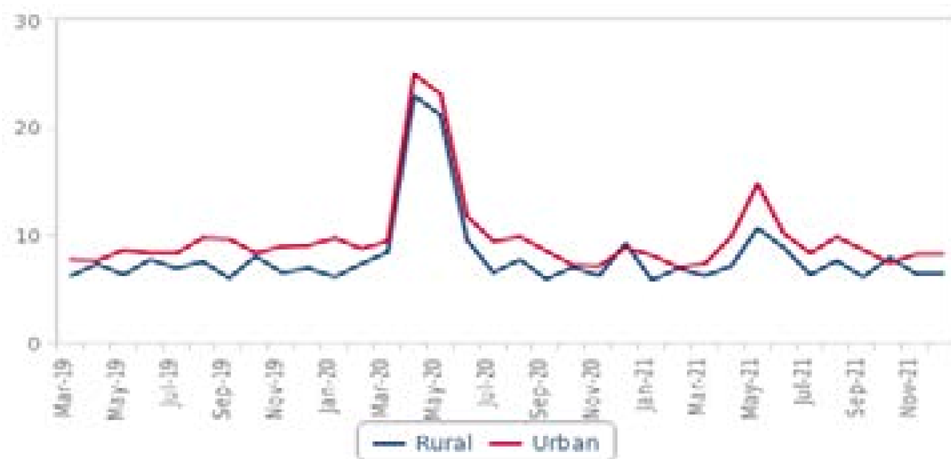
As per the estimate by Centre for Monitoring Indian Economy (CMIE), India's unemployment rate in May 21 shot up sharply to 11.9% compared to 7.97% in April 21 with the 2nd wave of the pandemic forcing stringent lockdowns across states. Around 22.7 million

Indians had lost their jobs in the months of April and May 2021. Over 15 million jobs were lost during May alone.

On May 29, 2021, the rate of unemployment in India stood at 11.58% for the entire country, according to the data released by the Centre for Monitoring Indian Economy.

Labour Market Looking More Normal

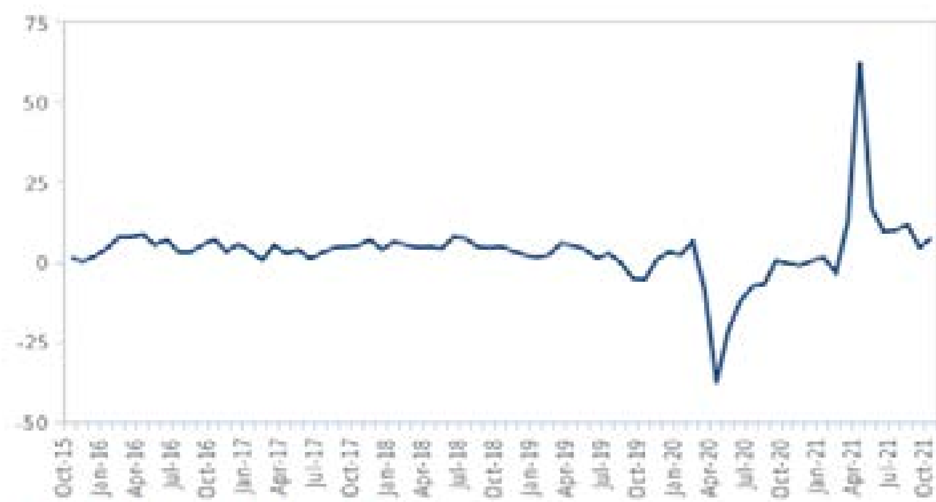
India - Unemployment Rate, %



Source: Bloomberg, Fitch Solutions

Industrial Output Remains Robust

India - Eight Core Industries Output, %



Source: Bloomberg, Fitch Solutions

Worst hit sectors

Aviation emerged as one of the worst-hit sectors, with both international and domestic flights cancellations on account of lockdown in 2020. While airlines were slowly starting to increase revenue margins, the deadlier second wave of Covid-19 made the situation turbulent again. Air travel is expected to pick up slowly, more so as a revival of the tourism industry is not foreseen before the next two to three years. While the Covid vaccination drive promises to rein in the deadly virus to some extent, finding a cure for the ailing aviation industry will be a long-drawn-out affair.

Retail, real estate and hospitality are a few other sectors that have borne the maximum brunt of the economic meltdown with consumer spending plummeting due to movement restriction and fear of catching the virus. Just as these sectors were bouncing back, they started facing disruption during the second wave, as a large number of migrant workers left urban areas. The advent of 'Omicron' signals slow recovery for most of these sectors.

Socio-economic measures taken by the Indian government

The COVID-19 Economic Response Task Force was set up on March 19, 2020 under India's Finance Minister to tackle the economic challenges resulting from the COVID-19 pandemic.

On 23rd March, 2020 the government of India introduced the Pradhan Mantri Garib Kalyan Yojana (PMGKY), a set of relief measures to mitigate economic distress faced by vulnerable and poor people amounting to US$ 23 billion. The World Bank provided US$ 1 billion support towards the implementation of PMGKY. This program was to benefit 800 million poor people in India. The key benefits under this program include:

• Insurance coverage of INR 5 million (approx. US$ 62,000) per health worker fighting COVID-19

• Free provision of 5kg wheat or rice and 1kg of preferred pulses to 800 million poor people for the next three months

• Free provision of cooking gas supplies for the next three months to poor households

• Direct bank account transfers of INR 500 (US$7) to 200 million women covered by the financial inclusion program, Jan Dhan Yojana, for the next three months

• Increase in daily wages under the rural employment guarantee program, the Mahatma Gandhi National Rural Employment Guarantee Act, which benefits 136 million families

• Voluntary payments to 30 million poor senior citizens, poor widows and poor disabled persons • Front loaded payments to 87 million farmers

• Relief packages for construction workers

Vaccine Maitri

Vaccine Maitri (English: Vaccine Friendship) is a humanitarian initiative undertaken by the Indian government to provide COVID-19 vaccines to countries around the world. The government started providing vaccines from 20 January 2021. As of 9 May 2021, India had delivered around 66.3 million doses of vaccines to 95 countries. Of these, 10.7 million doses were gifted to 47 countries by the Government of India.

Monetary policy measures

The Reserve Bank of India, the country's central bank, introduced a number of monetary policy measures to regulate market volatility, increase liquidity, and check inflation. It also introduced measures to allow more borrowing by state governments to combat COVID-19 and provide debt relief on various forms of personal and commercial borrowing and loan repayments.

The Self-Reliant India program (Atmanirbhar Bharat program)

The global crisis created by the COVID-19 pandemic impacted economic growth across the world. On 11th May Prime Minister Narendra Modi announced a new economic package of US$ 260 billion, equivalent to 10% of India's GDP, under a new "Atmanirbhar Bharat" (Self Reliant India) program. The economic package focuses on five pillars: economy, infrastructure, technology driven systems, demography, and demand. With a long-term focus, the first tranche of measures focuses on reviving businesses through longer-term soft-lending and debt and tax relief. The second tranche of measures—focusing on migrants, small traders, and small farmers—includes supplying free food grains to migrants for two months, concessional loans to small farmers, and affordable housing for migrants and the urban poor.

Adoption of Digital Technology

National Payments Corporation of India (NPCI), has been pivotal to the emergence of the digital payment ecosystem in India, launching innovative and successful initiatives such as UPI, IMPS, Bharat Bill Pay, and ETC (electronic toll collection) through FASTags.

The virus outbreak is spurring the adoption of contactless digital payments; and there has been a surge in digital payment volumes across online grocery stores, small retail outlets, online pharmacies, vegetable and fruit vendors, recharges, bill payments as well as OTT (telecom and media) and EdTech players.

Evaluation of the Indian government's performance.

In March 2020, after the lockdown was imposed, the United Nations (UN) and the World Health Organization (WHO) praised India's response to the pandemic as 'comprehensive and robust', terming the lockdown restrictions as 'aggressive but vital' for containing the spread and building necessary healthcare infrastructure. At the same time, the Oxford COVID-19 Government Response Tracker (OxCGRT) noted the government's swift and stringent actions, emergency policy-making, emergency investment in health care, fiscal stimulus, and investment in vaccine and drug R&D and gave India a score of 100 for the strict response. In June, India was ranked 56th of 200 countries in COVID-19 safety assessment report by Deep Knowledge Group. A research report by State Bank of India (SBI) Ecowrap said that 'India has handled the COVID-19 pandemic much better with the estimated confirmed cases'.

While the Indian government has taken many measures to address the pandemic which are worthy of praise, several critical gaps and weaknesses have hampered its response to containing the outbreak and dealing with its impact.

There has been criticism that India's US$ 23 billion stimulus program, the PM Garib Kalyan Yojana (PMGKY), was not adequate as it accounts for only 0.8% of India's GDP. Additional relief measures for businesses, migrants, farmers, and poor households were announced in mid-May by the Finance Minister, measures that amount to 3.8% of GDP. Combined, these stimulus packages were much lower than the ones offered by other governments. Analysis of the stimulus benefits also shows that PMGKY had not mobilized additional funding. Rather, it reallocated funding across existing budgets or allows individuals to make advance withdrawals on their social benefits. This calls into question the additional funding India had mobilized to provide relief to poor households.

The COVID-19 response has shifted attention from other key health programs such as immunization, rural health delivery, and disease control programs. Analysis of government data by LiveMint showed that inpatient and outpatient treatment of several high-burden diseases such as diabetes, heart diseases, and cancer declined in the months since the onset of the COVID-19 outbreak. Over 100,000 children did not receive their BCG vaccination, and another 200,000 missed each dose of the pentavalent vaccine. Services for pregnant women, HIV testing, and DOTS administration for TB also showed declines.73 These data do not capture services provided by the private sector, which accounts for 70% of healthcare provision and 50% of hospitalizations in India. If appropriate measures are not taken soon, India will be facing another epidemic in the coming decades.

The Aarogya Setu,proposed to be a great tool by the government to combat COVID-19 by contact tracking, has now been made mandatory for not just all central government employees but all employees and workers. However, the government has yet to allay the fears of the possible misuse of this app, post-pandemic.

The pandemic has thrown a spanner in the works of not only epidemiologists but democracies as well. Across the World, the pandemic has become an invitation to autocracy.

In the pre COVID-19 scenario, the legislatures would have kept a check on the policy measures undertaken currently without any scrutiny from the legislature and judiciary. The emergency has allowed these 'so called' democracies to bypass their respective legislatures to implement legislation without deliberation – striking at the root of democracy.

In March 2020, Prime Minister Modi announced a nationwide lockdown without even having a discussion on it in Parliament, which was in session till just the previous day. The Modi government did not deem it necessary to consult the chief ministers of states, thus giving 'cooperative federalism' a go-by.

The Modi Government has been also severely censured for its inadequate response to the second wave of COVID-19.

Despite warnings of rising Covid-19 infections in February, India's national government failed to prepare for a second wave and allowed mass gatherings that went on to cause a sharp surge in cases and high death rate across the population. The second wave also revealed systemic deficiencies and inequalities in India's health system.

Critics have claimed that cases and deaths have been underreported in the second wave, which fuelled complacency and had severe implications for an effective and proportionate response. The government failed to provide accurate and publicly available data on testing, active cases, hotspots and deaths that failed to provide real-time updates of virus spread and enable data-driven decisions.

The Government of India(GoI) was criticized for doing little to curb the crowding that occurred at election rallies and at the Kumbh Mela. As tens of thousands gathered at the Kumbh and at election rallies every day, health officials remained largely silent except for issuing cursory advisories about mask-wearing and maintaining physical distance.

Across states, around February, health infrastructure created during the first wave of Covid was dismantled because of the misplaced belief that the pandemic was drawing to an end. Makeshift hospitals were folded up, contractual healthcare staff let go, and little effort was made to ramp up critical equipment, such as ventilators and oxygen tankers. For instance, Uttar Pradesh claimed to have set up 503 Covid hospitals, with about 150,000 beds. By early February, it had only 83 hospitals with 17,000 Covid beds. In Pune, one of the worst-affected cities, an 800-bed hospital shut down in January.Such premature actions left most states ill-prepared for the second wave. Almost all states hit by the second wave of COVID-19 infections, suffered severe shortage of hospital beds, oxygen cylinders and ventilators

The government's failure to build up a stockpile of special drugs for covid treatment left millions of Indians desperate, turning them towards the black market for key drugs.

Conclusion

The government of India had been very proactive in its initial response to the COVID-19 crisis. Even before the WHO declared COVID-19 as a PHEIC, India announced advisories, started surveillance, and took measures to review preparedness to tackle the crisis. However, the second wave of COVID-19 caught the entire leadership off guard. The Indian Government failed to perform its duty and instead focused on political rewards.

There is inadequate disaster management framework despite the history of repeated epidemics and other natural calamities. Lack of proper planning and despotic decision making by the Indian Government have escalated the financial and human cost of the pandemic. Hopefully, the future governments can innovate more effective ways to survive the crisis and the ability to navigate the new world with more social responsibility.

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29. Is Artificial Intelligence “the worst event in the history of civilization”?

Physicist Stephen Hawking said the emergence of artificial intelligence could be the “worst event in the history of our civilization.”

“The emergence of artificial intelligence (AI) could be the worst event in the history of our civilization unless society finds a way to control its development”: late Stephen Hawking. Hawking in 2017 talked about the potential of AI to help undo damage done to the natural world, or eradicate poverty and disease, with every aspect of society being “transformed.”But he admitted the future was uncertain.

“Success in creating effective AI could be the biggest event in the history of our civilization. Or the worst. We just don’t know. So we cannot know if we will be infinitely helped by AI, or ignored by it and side-lined, or conceivably destroyed by it,” Hawking had said during the speech.

“Unless we learn how to prepare for, and avoid, the potential risks, AI could be the worst event in the history of our civilization. It brings dangers, like powerful autonomous weapons, or new ways for the few to oppress the many. It could bring great disruption to our economy”.

How it helps:

“Wouldn’t it be nice if you can just tell your phone - ‘Uber ride Crowne Plaza San Francisco’ - and then the Uber app just gives you the car?” - said Dekang Lin, Naturali’s co-founder and chief technology officer.

This is possible through bots which either classifies or predicts what’s going to happen. It has been popularly termed as Artificial Intelligence.

There has been a significant development in the technology sector, which is a consequence of the substantial improvement in the lifestyle of humans. The concept of artificial intelligence, termed earlier as fiction, has now become a reality in our lives.

Artificial intelligence is a broad branch of computer science which are designed and programmed in such a manner that they can think and act like a human. The goal of artificial intelligence is to create systems that can function intelligently and independently. Ithas reduced human effort in many ways, and its role can be observed significantly in our daily life.

In our day-to-day life, we come across different sets of data in different types of organisations. For example, if you have lots of data for sales versus advertising spend, you can plot the data to see some pattern.

If the machine can learn this pattern, then it can make predictions based on what it has learnt. Machines can learn in many more dimensions – like hundreds or even thousands.

That is why machines can look of high dimensional data and can determine the patterns. Once it learns these patterns it can make predictions, that human cannot even come close to. You can use all these machine learning techniques to do one of two things – **classification** or **prediction**.

Machine learningaccompanied with neural networksmimics the actual processes of the real neurons, which allows machines to process complex data and provide accurate information through artificial intelligence.

Understanding the scope of artificial intelligence, you can observe that artificial intelligence has penetrated into our daily life. Nowadays in many organisations, humans are using this technology to speed up the process of completing the work with a greater level of accuracy. The technique of artificial intelligence has brought out the idea of **error-free** world, with **reduced human effort** and **faster results**.

Following are some of the domains where artificial intelligence is having the greatest of impacts:

- **Automated Transport System**

  Technological advancement termed artificial intelligence has helped the transport system to automate the running of vehicles, popularly known as 'self-driving cars'. The technology enables the car to navigate cross-roads and avoid colliding with other vehicles. It has significantly helped in reducing the number of accidents. In most cases, accidents are attributed to several factors which include theinfluence of alcohol and drugs, over-speeding, and ignorance of road signs, which can be reduced through self-driving cars. According to the Atlantic, researchers estimate that self-driving cars could save 29,447 lives a year (taking numberof fatalities in 2013 as the baseline).

  For further reading on automated transport system, follow the following links:

  - https://interestingengineering.com/the-25-ways-ai-can-revolutionize-transportation-from-driverless-trains-to-smart-tracks
  - https://www.lanner-america.com/blog/examples-artificial-intelligence-applications-transportation/

- Bank and Financial System

  Banks are using artificial intelligence in the field of financial operations, investment in stocks,manage and organise statistical data, and finally help customers with quick solutions.

  AI will help in detection of fraud, risk management, digitization and wealth management. Follow the links for further reading and expanding knowledge of how AI is helping the banking industry (and the leading AI companies):

  - https://www.analyticsvidhya.com/blog/2017/04/5-ai-applications-in-banking-to-look-out-for-in-next-5-years/

- https://www.livemint.com/AI/v0Nd6Xkv0nINDG4wQ2JOvK/Artificial-Intelligence-in-Indian-banking-Challenges-and-op.html
- https://www.proschoolonline.com/blog/artificial-intelligence-changing-banking-sector/

- **Medical Science or Healthcare**

  Artificial intelligence has changed the face of medical science by providing solutions to the diagnosis of complex neurological disorders. From being a virtual healthcare assistant to schedule appointment in hospitals, artificial intelligence has made sure that there is twenty-four or seven assistance to both the doctors and patients.

  For further reading, follow the links:

  - https://novatiosolutions.com/10-common-applications-artificial-intelligence-healthcare/
  - https://www.cabotsolutions.com/how-artificial-intelligence-is-changing-the-healthcare-industry

- **Product Industries and Organisations**

  The manufacturing companies are using artificial intelligence in the development of machines that perform human activities.It has been in the production units, to have a consistent rate of production with maximum efficiency and effectiveness. Artificial intelligence has brought about increased production, since they can work consistently without tiring and also due to the different roles they can be employed in. Additionally, it has also been used to keep employees' records, extract data which helps in decision making, and thus has become part of the management system of the industries.

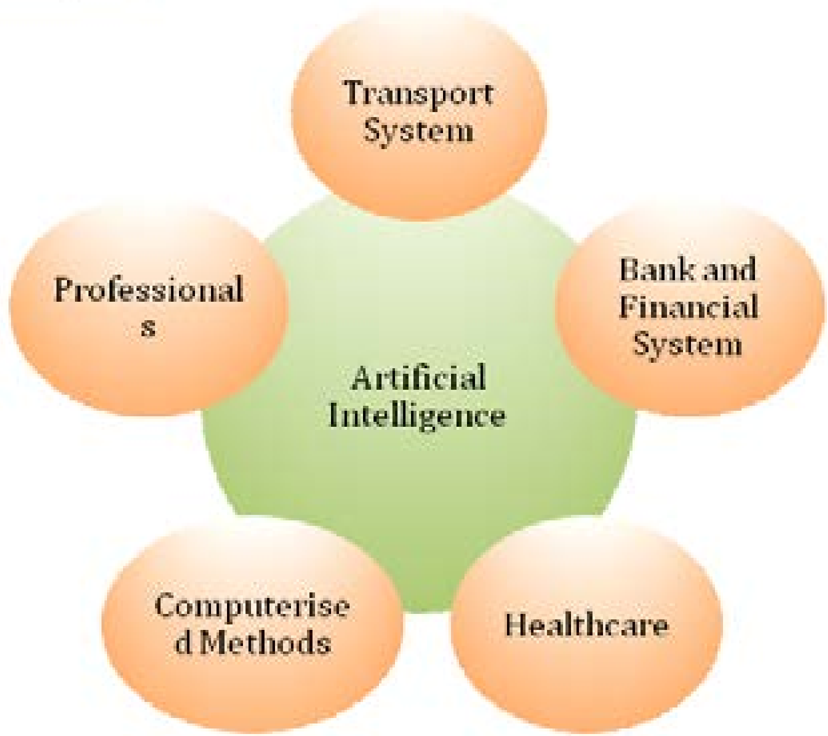
  Hence, artificial intelligence has not only helped in enabling the processes of production industries to complete their tasks in good time, but also has helped in enhancing business development.

  Follow the links for further reading:

  - https://www.themanufacturer.com/articles/power-artificial-intelligence-manufacturing/
  - https://cis-india.org/internet-governance/files/AIManufacturingandServices_Report_02.pdf

- **Professionals in hazardous environment**

  Artificial intelligence has developed an ecosystem where it has taken over some of the dangerous jobs currently in the world such as defusing of bombs. In coming years, it will also provide benefit to the labourers or professionals working under intense heat and noise. Thus, implementation of artificial intelligence has helped considerably to provide protection and offer safety measures to humans.



Thus, we see that artificial intelligence impacts our day-to-day life ranging from healthcare system to banks, from transport system to applications in jobs. It also has a wide area of applications in gaming, air-transport systems, and computerised methods.

Application of Global positioning system (GPS) during travel; prediction of what we are going to type and correcting it when wrongly-typed; identify and tag a person on social media;execution of tasks through digital assistants like Cortana, Siri, Alexa; all form essential components of application of artificial intelligence.

The development and invention of artificial intelligence have made a considerable impact on the humans. Consequently, the advent of the next era of artificial intelligence also plays a partin war prediction and hence eradication, proper means of fighting diseases and thusdeveloping appropriate preventive measures against it. It is predicted to help in fighting against poverty, which would be one of the significant roles of artificial intelligence to be played in the coming days.

In conclusion, artificial intelligence has substantially improved and impacted people's lives in different ways, and the world is not the same as before. It has played an essential role in time-saving and done wonders in the automation process. Evidently, artificial intelligence has dramatically influenced and contributed to the people's lives and industries. Saying that it may be the worst event in the history of our civilization may not hold true at present!

30. Are Streaming Platforms (Netflix etc.) a Threat to Conventional TV ?

In the 1980s, TV was the centerpiece of almost every living room around the world. In India, owning a TV also had the tag of affluence attached to it, and there were ad campaigns, such as the Onida ad with a tagline that said, "Neighbour's envy, Owner's pride". The square box back then was the biggest source of entertainment and information. With the launch of Star TV and ZeeTV in India in the 1990s India witnessed a sharp rise in demand for cable TV. However, in the 90s and in 2000s no one could imagine that there would be a time not too far off in the future when cable TV could become redundant and would be on the verge of being replaced by something even better. And that iswhat happened with the advent of Netflix, Hotstar and Amazon Prime. In India, we are seeing a major boom in the number of streaming subscribers, and among these include three big and popular players—Netflix, Hotstar and Amazon Prime. Video streaming services have made us realise that we don't need a dish or a cable connection to enjoy great TV content. They deliver content on multiple platforms. So we can enjoy watching our TV shows whenever we want and wherever we want.Primarily the reason for a surge in streaming services was connected with the sharp fall in mobile data price in India with Reliance Jio spearheading this price war in 2016 as it began to offer bulk of data at no charge to customers for a certain period of time.

Popularity of Streaming Services

The streaming services allow the consumer to watch a full season of their favourite show and that has given rise to binge watching or marathon watching. Releasing all the shows at once grants freedom to viewers to watch their favourite series as per their convenience. Consumers are free to press pause and take a break from their show whenever they want. They can also refer to previous plot-points if they're lost. Another very important point is that the streaming services is subscription-based, thus it removes the annoyance of ad-breaks and does not ruin the viewing experience by preventing any form of disturbances and manipulative ad-breaks to break the narrative.

To understand the popularity of these three streaming services we need to dig deeper into the facts and services that they are providing. Hotstar owns the streaming rights to the vast majority of cricket tournaments played in India and by the Indian cricket team in different parts of the world, and this is a great lead for Hotstar considering the popularity of cricket amongst Indians. Apart from this, Hotstar also distributes popular TV shows like Game of Thrones andHow I Met Your Mother. It has a regional movie collection of around 600 Hindi, 200 Bengali, 400 Telugu, 850 Malayalam, 100 Tamil, and 400 Kannada movies. Now coming to Netflix and Amazon, both have a wide range of series to offer and have interesting exclusive series to offer such as The Man in the High Castle is Amazon exclusive andpopular shows such as Stranger Things and Orange is the New Black are exclusives to Netflix. Apart from that Netflix has partnered with some Indian production houses to get popular titles and has started looking at original regional content. Sacred Games, Netflix's breakout series in India is one such example. Coming toAmazon Prime, they are rolling out not just Hindi movies and few Hindi TV shows, but also catering to Tamil, Telugu, Marathi and Bengali audience. At the moment the movie titles are limited across the dialects but Amazon plans to invest heavily on its service for the Indian market, thus one can expect a lot more premium content from Amazon in the recent future.

Price Points

Let's talk about the price points, although both Amazon Prime and Netflix has hit shows like *The Man in the High Castle* and *Goliath* on Amazon, and *House of Cards* and *Sacred Games* on Netflix, if you compare the pricing of the two services, Prime scores a point here because it is cheaper than Netflix. At present the annual Prime subscription in India costs Rs 999 and Rs 129 per month. Now, Netflix has finally launched the cheapest subscription plan in India at Rs 199 for a month. The catch for the low-price is that the streaming is limited to mobile and tablet only. And, this new plan allows the users to stream only on one screen. Netflix also offersa basic plan at Rs 499; standard plan at 649 and the premium plan at 799. The yearly cost of Netflix is higher than that of Prime. In India for many consumers, Amazon Prime comes free for a year because of bundled offer they get with their post-paid mobile plan. But Netflix has its pluses as it has more quality international contents and more originals; it is a more user friendly app and has a separate button on the set top box. But if you are a huge sports fan then nothing is better thanHotstar. The Hotstar premium membership grants you access to all their premium titles which are currently available on the platform. In addition to premium titles, you also get access to all Live Sports, including Cricket, Premier League and so on. You can get all this for a yearly plan of Rs 999 or a monthly plan for Rs 299.

End of the road for TV?

With video streaming services consumers all over the world have realised that they don't need a dish or cable connection to enjoy good quality entertainment.Netflix, Amazon and other streaming services have changed the way a person watches TV. With the success of these streaming services, we can easily deduce that the consumer is ready to experience something different and is a clear indication that these services can put the cable companies out of business. The successful and award winning television shows and movies created and produced by the streaming companies are most watched on the planet. The cable companies are trying hard to create the same magic as the streaming companies but are not successful yet. Streaming companies are transforming the entertainment industry and there is no doubt that both Netflix and Amazon Prime Video will lead the way to the next development in entertainment. The subscribers of the Netflix and Amazon Prime Video enjoy shows and movies that would never make it to the standard cable networks or the traditional commercial broadcast networks. While large broadcast companies are restricted to conventional plotlines and characters for most of their shows, Netflix and Amazon Prime Video create content based on different themes and plotlines to cater to the large masses, so now there is something for everyone.

The TV business is basically based on two factors: advertising and subscription. Premium channels, such as, HBO is able to thrive on subscription models alone.However, most of the other channels work on a hybrid model, so they sell advertising and receive fees from cable providers in return for allowing them to carry programming. Till the recent past, cable companies held a lot of leverage because, unlike broadcasters, they had a direct financial relationship with the consumer. With streaming television, this business model needs a major overhaul. Viewers are increasingly moving away from cable and satellite TV. So, what is the future of Broadcast TV and Cable? It still reaches vast numbers of consumers but the question is how will the advertisers that are paying for the cost of producing content reach the young and the affluent viewers? Advertisers are therefore trying to find ways of reaching consumers digitally. Cable box is now something of a redundant item from the past as smart TVs, tablets, mobile phones and a host of other streaming devices can act as your source of entertainment. The consumer has indeed become King with the streaming services. Although the future of entertainment looks extremely exciting, it looks like the future of cable business is not so bright. So, in a nutshell yes, TVas we know it might be a thing of the past.

To conclude, it won't be surprising if all televisions become smart TVs within the next ten years. We might expect these devices to transform into another medium to stream videos, music and so on, and thus becoming an integral part of virtual reality and future programming.

31. The Menace of Fake News and Paid News

The menace of Fake News and Paid News

Fake news refers to false information published under the guise of being authentic news. Fake news websites and channels push their fake news content in an attempt to mislead consumers of the content and spread misinformation via social networks and word-of- mouth. Paid news is the practice of cash payment or equivalent to journalists and media organizations by individuals and organizations so as to appear in their news articles and to "ensure sustained positive coverage".

Origin and History of Fake News:

The Sun, founded in 1833, was the irst modern newspaper, funded primarily by advertisers rather than subscriptions, so it initially pursued readership at all costs. At irst it prospered from the Moon hoax, even collecting its reports in a bestselling pamphlet. But it was soon exposed by rival papers.

Giant man-bats that spent their days goat-like creatures with blue skin; a collecting fruit and holding animated conversations; temple made of polished sapphire. These were the astonishing sights witnessed by John Herschel, an eminent British astronomer, when, in 1835, he pointed a powerful telescope "of vast dimensions" towards the Moon from an observatory in South Africa. Or that, at least, was what readers of the *New York Sun* were told in a series of newspaper reports.

This caused a sensation. People flocked to buy each day's edition of the *Sun*. The paper's circulation shot up from 8,000 to over 19,000 copies, overtaking the *Times* of London to become the world's bestselling daily newspaper. There was just one small hitch. The fantastical reports had in fact been concocted by Richard Adams Locke, the *Sun's* editor. Herschel was conducting genuine astronomical observations in South Africa. But Locke knew it would take months for his deception to be revealed, because the only means of communication with the Cape was by letter. The whole thing was a giant hoax – or, as we would say today, "fake news". This classic of the genre illuminates the pros and cons of fake news as a commercial strategy – and helps explain why it has re-emerged in the internet era.

That fake news shifted copies had been known since the earliest days of printing. In the 16th and 17th centuries, printers would crank out pamphlets, or newsbooks, offering detailed accounts of monstrous beasts or unusual occurrences. A newsbook published in Catalonia in 1654 reports the discovery of a monster with "goat's legs, a human body, seven arms and seven heads"; an English pamphlet from 1611 tells of a Dutch woman who lived for 14 years without eating or drinking. So what if they weren't true? Printers argued, as internet giants do today, that they were merely providing a means of distribution, and were not responsible for ensuring accuracy.

Definition:
One of the more colorful deinitions of fake news - "Fake news is made-up stuff, masterfully manipulated to look like credible journalistic reports that are easily spread online to large audiences willing to believe the ictions and spread the word."

Fake news (junk news) is a type of yellow journalism or propaganda that consists of deliberate disinformation or hoaxes spread via traditional print and broadcast news media or online social media. The term is also at times used to cast doubt upon legitimate news from an opposing political standpoint, a tactic known as the lying press. The false information is often caused by reporters paying sources for stories, an unethical practice called checkbook journalism. The news is then often reverberated as misinformation in social media, but occasionally inds its way to the mainstream media as well.

Intention:
Fake news is written and published usually with the intent to mislead in order to damage an agency, entity, or person, and gain inancially or politically, often using sensationalist, dishonest, or outright fabricated headlines to increase readership. Similarly, click bait stories and headlines earn advertising revenue from this activity.

The relevance of fake news has increased in post-truth politics. Post-truth politics (also called post-factual politics and post-reality politics) is a political culture in which debate is framed largely by appeals to emotion disconnected from the details of policy, and by the repeated assertion of talking points to which factual rebuttals are ignored. For media outlets, the ability to attract viewers to their websites is necessary to generate online advertising revenue. If publishing a story with false content attracts users, this benefits advertisers and improves ratings.

Easy access to online advertisement revenue, increased political polarization, and the popularity of social media, primarily the Facebook News Feed, have all been implicated in the spread of fake news, which competes with legitimate news stories. Hostile government actors have also been implicated in generating and propagating fake news, particularly during elections.

Fake news undermines serious media coverage and makes it more difficult for journalists to cover significant news stories. An analysis by Buzz Feed found that the top 20 fake news stories about the 2016 U.S. presidential election received more engagement on Face book than the top 20 election stories from 19 major media outlets

During and after his 2016 presidential campaign and election, Donald Trump popularized the term “fake news” when he used it to describe the negative press coverage of himself. In part as a result of Trump’s use of the term, the term has come under increasing criticism.

The future of fake:
Misinformation, spin, lies and deceit have of course been around forever. But today, we have a unique marriage between social media algorithms, advertising systems, people prepared to make stuff up to earn some easy cash and elections which can fund such stories. The good news is that the fight against misinformation won’t go away. Companies and governments are now starting to take concrete action.

The opaqueness of the platforms such as Facebook and Twitter and their power and the fact that so much speech has moved on to them is something that we need to pay attention to and make sure that we don’t turn them from places where misinformation is running rampant to places that are so locked down that they are inhibiting speech. The consequences of sensationalism have been shocking enough to encourage surveillance on public speech. This weakens a fundamental aspect of democracy – free speech. Finding a balance, tolerating differences between different individual values without conflating them with morality is a necessary skill for citizens to acquire.

Alongside worries about the power of the social media companies, the experts also have concerns about the power of governments. Sometimes well-intentioned but ill-informed legislators will overreach and do more harm than the problem they are trying to ix, with legislation on fake news.

Fake news in Indian context:
While it may appear that the advent of social media has caused the rise of fake news, events of the past prove that such news has always been peddled by those who wanted to push their narratives.

On 11th January, 1966, Indian PM Lal Bahadur Shastri died of a heart attack in Tashkent, Uzbekistan (then Soviet Union) one day after signing a peace treaty to end the 1965 Indo- Pakistan War. Many among Shastri’s supporters and close relatives, refused at the time, and have refused since, to believe the circumstances of his death and allege foul play. Conspiracy theories appeared within hours of his death and have thereafter had a long shelf life.

On 15th January, 1966 while writing an obituary of the PM, editor Russi Karanjia of the pro-Soviet newspaper *The Blitz* stated the before going to Tashkent, Lal Bahadur

Shastri had written a letter to him. Karanjia claimed that this was the 'last letter written by Shastri before his final journey'. In the letter, Karanjia quoted Shastri as stating that India was attending the meeting 'with a firm resolve to succeed and bring lasting peace'. He added that Shastri's 'last letter came to us unsolicited and without any obvious provocation' and that it spoke 'volumes for his passion about peace'.

More than a year later, on 25 March 1967, another newspaper *March of the Nation* run by Lok Sabha MP Piloo Mody, alleged that Russi Karanjia had fooled the nation by publishing the fake letter. *March of the Nation* alleged that the Shastri letter published in Blitz was a fake and meant to "deceive Indian public opinion into taking a favourable position on the Tashkent accord" and this "served Moscow well" after Shastri died. *March of the Nation* asked for an inquiry into the letter affair, commenting that if the document was original, a copy would be available at the Prime Minister's Secretariat. It added that if the letter was found to be fraudulent, it would put "an entirely different view on the Tashkent affair—and on the Soviet Union's role in pushing the Tashkent Agreement".

The Blitz responded by alleging that Piloo Mody was a 'CIA agent for he was married to an American and, consequently, was favorably disposed towards the country and hostile to the Soviet Union'. Unfortunately, the truth about the letter became the casualty in the argument between the two editors over who was speaking the truth and which publication was spreading fake news.

Loss of credibility of the mainstream media:

Since the past few years, the mainstream media has been steadily losing trust as well as revenues. It is not uncommon to find them pushing a biased narrative that seeks to further their own agendas. In 2015, the nation was shocked to know about the Dadri incident in which a mob of villagers attacked the home of Mohammed Akhlaq, killing him on suspicion of slaughtering a cow. Media channels had a field day by broadcasting the event as a 'communal violence incident' where people of one community targeted others on the basis of their religion. Later, detailed investigation found that it was a case of personal vendetta and enmity between the deceased and his neighbours which was turned into something else by the mainstream media.

In 2017, Deputy Superintendent Mohammed Ayub Pandith, who worked in the security wing of Jammu and Kashmir Police, was lynched and mutilated by a mob near Jamia Masjid in the Nowhatta area of Srinagar's old city. Mainstream media sought to indirectly put the blame on the victim by questioning his presence at the holy mosque. A couple of news channels also alleged that Mohammed Ayub Pandith recorded the

sloganeering by the crowd and also opened fire on them. On further inquiry, both claims were found to be untrue.
Mainstream media has also been accused of

- editorialising in the news pages,
- heavy slanting of headlines and photo captions,
- censorship of views critical of their financial backers, and
- blacking out of the coverage of those who do not adhere to their agenda.

Even more unconscionable is the blatantly partisan support in large sections of the media for certain political parties.

Robbed of authenticity, reliability and credibility, the mainstream media has now ceased to matter to large numbers of people who depend on social media platforms to debate and discuss news events. However, social media platforms also suffer from a proliferation of fake news as vested interests try to propagate their agenda.

The rise of social media platforms and their attempts at trying to fight fake news:

In recent years, peddling fake news via WhatsApp was said to be a factor in inciting violence in India at least a few times. In July 2018, fake news about foreigners abducting children led to the beating and lynching of innocent people in the state of Assam in northeastern India.

WhatsApp, Instagram and Facebook were temporarily blocked in Sri Lanka in early 2018 for their misuses which played a role in fanning sectarian violence.

WhatsApp realizes the gravity of the problem. Last year, the application added a feature that informs the recipient that the message has been forwarded (and, thus, has not been created by the immediate sender). WhatsApp also withdrew the quick share option for Indian users. While the announcement, made through a blog post, called the changes a "test," and did not make any reference to fake news or incited violence, a remark worth noting is that the company expressed hope to "keep WhatsApp the way it was designed to be: a private messaging app." It was also clear that India stood out in the message. The announcement called India a country "where people forward more messages, photos, and videos than any other country in the world" and the limits WhatsApp has introduced specifically for Indian users are obviously stricter than the ones imposed everywhere else.

But is WhatsApp to blame for the fake news and the violence they incite and should be it singled out from other means of modern communication?

First, it is not just WhatsApp. As mentioned above, fake news, doctored images and videos representing unrelated events were also shared on Facebook, Twitter, Instagram and via other methods. Politicians, their spin doctors, and radical hate mongers use all the tools they can. The traditional media may have more mechanisms to separate fake news from fact, but some newspapers and TV channels play their own role in spreading misinformation or sheer propaganda, and on a much larger scale than Whats App's shared messages.

Second, what separates WhatsApp from other means is the technology. As a simple messaging app, it was designed as much less intrusive on people's privacy as the deeply penetrating Facebook. WhatsApp's administrators reportedly have no access to the content of messages – they are encrypted unless specifically reported. Because Facebook (WhatsApp's owner), knows much more about its users, it has greater capability to combat fake news and more means to handle the issue. It seems this is one of the dilemmas of the modern, electronic world: The more a social medium or a messaging application knows about its users, the more it can do to limit malicious behavior, but the more it knows, the more it can be used to spy on people's lives (and thus be misused in equally evil ways).

In a very simplified sense, it is a choice between using tools like WhatsApp and being exposed to fake news or using tools like Facebook and also being exposed to fake news, having a bit bigger chance to report it and combat it, but risking that our personal data can be mined, for example, to manipulate an election campaign. There is a third choice – not to use any of it at all. The middle way is to be both very careful about one's privacy and about trusting news (any news: coming from friends, traditional media or social media). Once again, it boils down to people, not their tools.

Modern tools such as social media and messaging applications can reinforce the old stereotypes that some groups harbor about others. The scale of information with which we bomb our minds is beyond our capacity to equally analyze all of it. What is needed is a realization of which education tools and awareness campaigns have been most successful in changing the mindsets of people. The more stereotypes are countered, the lesser the chance that fake news will fall on fertile ground and lead to tragedy.

How can readers discern between real & fake news?

Fake news refers to deliberate untruths or stories that contain some truth, but which aren't completely accurate. Some people also claim that truthful stories are "fake news," just because they don't agree with them.

Fake news can have a negative impact on workplace behavior. So, it's vital to know how to separate the real from the fake. You can do this by following these steps:

1. Develop a critical mindset.
2. Check the source.
3. See who else is reporting the story.
4. Examine the evidence.
5. Look for fake images.

The problem with paid news:

In 2009, the nation was shocked with the publication of what came to be known as the 'Radia tapes'. The Radia tapes controversy relates to the telephonic conversations between Nira Radia, a political lobbyist, the (then) Indian telecom minister A. Raja, and senior journalists, politicians, and corporate houses, taped by the Indian Income Tax Department in 2008–09. The news gained prominence following sustained pressure on social networking sites against an attempted blackout orchestrated by many prominent Indian TV channels and newspapers. "The complete blackout of the Nira Radia tapes by the entire broadcast media and most of the major English newspapers paints a truer picture of corruption in the country," wrote G Sampath, the deputy editor of the now defunct Daily News and Analysis (DNA) newspaper. The Radia tapes have brought to light another issue: the ine line between source building for information collection and the transgression of journalistic ethics.

In 2018, Cobrapost, an investigative news site with a penchant for undercover exposes, posted videos from a secret camera sting operation targeting 27 Indian media outlets, including some of the country's biggest. "The story's not just about paid news, it is something beyond, they are getting to defame the political rivals of the client, they agreed to take compensation in cash," said Aniruddha Bahal, Cobrapost's editor-in-chief.

How should Government respond to the situation?

What should a government do to tackle the menace of fake news and paid news? A legal framework in which such issues are adjudicated must be put in place. Also, the government should deine what constitutes paid political news, so that Press Council of India can adopt appropriate guidelines. Also, there has to be a focus on accountability and responsibility on the part of media. Last year, the government responded by conveying its "deep disapproval" to WhatsApp and urged it to "take accountability and responsibility" for the spread of "fake and provocative messages" through its platform.

The government can strengthen the Information Technology (IT) Act, 2008, to ensure social media companies comply with the law and remove "offensive" content. However, if the

government does so, there could be a backlash over monitoring of private messages and uproar over social media networks sharing private data with governments.
From a legal angle, too, WhatsApp does not have a data server in India, so it is not bound by the laws of the country. "WhatsApp is choosing not to comply with Indian laws because it is governed by US laws. The government, on its part, can without approaching Parliament, come up with a rule under Section 87 of the IT Act, 2008, to regulate intermediaries," says Pavan Duggal, Supreme Court advocate and president, Cyberlaws.net.

According to Duggal, WhatsApp needs to remove offensive content the moment it's notiied. "Besides enforcing Section 79 read with Section 85 (both deal with offensive posts and regulating intermediaries), India needs a Fake News Law too," he suggests. Duggal adds that India needs to "determine punishments" for non-enforcement of such laws and also "make cyber law part of a school's curriculum" to create more awareness.

The conclusion is essentially that social networks cater to, amplify, and rapidly spread information, which may be true, fake or paid, and there's no obvious way to solve it because it's really a human problem made worse by these networks.
Unless, of course, we agree social networks are terrible and get rid of them. That seems rather obvious.

32. How Can We Handle and Prevent Online Harassment

The Internet is not short of people who instead of winning arguments based on reason, resort to abuse, threats, insults and bullying, to prove their point. You must have come across such people everywhere, especially while browsing through social media. Trolls are individuals who post abusive and controversial remarks or comments on social media platforms to bother other people, with the sole malicious intention to hurt the sentiments and feelings of others and provoke an angry reaction. Their messages are such that they can shift everyone's attention from the subject matter.

Trolling is the new generation cybercrime and trolls are the new generation of criminals on the internet who derive sadistic pleasure in spreading abuse and hate. One should not ignore the trolls, but should fight against them.

Is trolling punishable? We do not have a specific law that directly addresses this growing concern, but we do have a few sections in different laws such as Indian Penal Code (IPC) and Information Technology (Amendment) Act (IT Act) which make trolling a criminal act. These are some of the specific actions that one can take in different situations:

- Violation of Privacy – If any person takes your photograph, makes your videos, records and publishes your private pictures or sends them electronically to anyone without your consent, then you can take legal action against them. Any violation of privacy is punishable by a prison term of three years.
- Publishing Sexually Offensive Material on the Internet – Nowadays, we can see large amounts of improper and offensive content on the Internet which, no doubt, attracts a lot of attention. If any person publishes any offensive sexual content on the internet, he or she can be jailed for up to seven years.
- Sexual Harassment – If any person tries to make physical contact or sexual advances with you, or demand for sexual favours from you, or shows pornography, or makes sexual comments about you, then you can take legal action against them by filing a complaint. Posting sexually offensive comments against other people on social media and other platforms also makes a person liable for sexual harassment.
- Defamation – If any person who intentionally uses any words, signs or visible representations, or publishes anything only to harm your reputation, they can be punished for defamation. Acts such as defaming a woman online, commenting on social media platforms, posting obscene remarks or images or videos are all covered under the offence of defamation.
- Criminal intimidation by anonymous communication – If a person conceals his/her identity to threaten another, they can be jailed for up to two years. This is very helpful and effective in dealing with online trolls.
- Insulting the Modesty of a Woman – If you are a woman and any person insults or outrages your modesty, uses any word, makes any sound or gesture, or displays any object which can violate your privacy, then you can sue him. Posting sexually

offensive comments or pictures or videos on social media or other platforms are also covered under the offence of trolling.

- Voyeurism – If you are a woman and any person watches or captures an image of you when you are engaged in a private act, under circumstances where you would not expect anyone to watch you and if such person publishes those images, then you can take legal action against them.
- Stalking – If you are a woman, and bothered by a man who follows you and contacts or attempts to contact you to make personal relations despite your lack of interest; or keeps an eye on your activities on the internet or any other form of electronic communication, then you can take action against them by filing a case under the IPC with the help of a lawyer.
- Monitoring social media exchanges so that they stay within defined limits: Trolling has real and dangerous consequences for those who do face it. They live with the fear of actually having to face the violence suggested online. They feel incapable of expressing themselves freely. Hence, the government should have laws in place that are specific about what kinds of trolling can face legal action. The threat of legal action will stop or at least instil fear as a deterrent.
- Trolls are often people who cannot tolerate dissent from their own opinions. Their abuse and threats to those they troll should be taken seriously as they may act on their threats. Even their verbal abuse causes fear in someone expressing an honest opinion.
- Non-abusive and politely expressed disagreements are not something most people are capable of - they will have to be coerced to learn it by strict and punitive laws that restrain their loosely directed anger.
- Trolling took on international proportion religious s with the story of how Russian operatives secretly manipulated Facebook, Twitter, Google, and other social-media platforms during the 2016 US election. Recently executives from Twitter; Alphabet, Inc., which runs Google, and Facebook- were grilled about alarming new reports-including a series of revelations from inside Russia itself-about Moscow's covert purchase of political ads, use of countless Internet bots and trolls, and creation of fake American users, all as part of an effort to instigate racial and conflict and spread conspiracy theories during election campaign and beyond. It compelled the biggest social-media platforms to archive and maintain a public file of all political ads for buyers who spend more than $500 and require them to "make all reasonable efforts to ensure that foreign individuals and entities are not purchasing political advertisements in order to influence the American electorate.
- "It's only going to expand. We have to muster a self-defense, just as we would from a military or a cyberattack." – Senator Richard Blumenthal.

  It seems clear now that, at the very least, one consequence of Russiagate will be a whole new set of rules and regulations for the corporate giants of the online world, who until now have coasted along in a mostly regulation-free Wild, Wild West.

- Union Minister for Women & Child Development, Maneka Gandhi has decided to take action against troll-abuse on social media, particularly against women. She has requested the Union Home Ministry as well as the I&B ministry to take possible steps to control the abusive trolling community. She has also asked social networking platforms like Twitter, Facebook and other social media platforms for their assistance in tackling this troll menace. Maneka Gandhi became proactive following complaints by troll victims.

In any society freedom is never absolute. Freedom always comes with a rider. You have freedom to speak/express. But, at the same time, you must take care of the fact that your exercising of the right to freedom must not abuse anybody, must not hurt anybody's sentiments, must not be provocative and finally it must not be indecent. The SC rightly scrapped the law relating to 66A as it was difficult to implement. But then, the Supreme Court never said that acts shouldn't be there to control such violations. The SC, on numerous occasions has said that the right to freedom is not absolute. We should consider the introduction of a "report abuse" tab on social networking sites like many newspaper websites provide. If the abuse tab is hit beyond the threshold number (set as per assessment), the account could be blocked by the social media administrator and an inquiry by the police initiated. One may not be booked at that moment, but an inquiry can name and shame the trolling person and that would be enough for many to control their language on social media. For repeat offenders, a 24-hour detention in a police station would be sufficient because all such trollers probably do not understand what spending a night at a police station means.

33. Agricultural Crisis in India - The Root Cause and Consequences

A study by a premier social sciences research institute reinforces what policymakers and media have been talking about the past few years - that India is going through a deep agrarian crisis. The Centre for Study of Developing Societies (CSDS), based in Delhi, found that given an option majority of farmers in the country would prefer to take up some other work. Poor income, bleak future and stress are the main reasons why they want to give up farming. Around 18 per cent of respondents surveyed said it was because of family pressure that they are continuing with farming. Why they want to give up farming. The survey of 5,000 farm households across 18 states says that 76 per cent farmers would prefer to do some work other than farming. Sixty-one per cent of these farmers would prefer to be employed in cities because of better education, health and employment avenues there. A high percentage of farmers complained of repeated losses; 70 per cent of respondents said their crops were destroyed because of unseasonal rains, drought, floods and pest attack. Is agriculture no longer a viable occupation? Let us look at some facts:

- Extreme distress in Rural India in the farm sector has resulted in an average 10,000 to 12,000 farmer suicides every year. In the recent months, the rural distress has also led to widespread protests in certain states. Farmers across India also mobilized in New Delhi to protest against the policies (or the lack of) of the government.
- A large number of farmers are living below the poverty line and incidents of suicides are frequent.
- In May 2017, the Centre informed the Supreme Court that despite a multi-pronged approach to improve income and social security of farmers, over 12,000 suicides have been reported in agricultural sector since 2013.
- 20 lakh hectares of cultivable land is understood to have been acquired for non- agricultural purposes. Further, 42% of farmers are ready to quit agriculture as occupation, even as almost 70 crore of our population is dependent on agriculture. Agriculture sector absorbs too many people. It is oversaturated with workers and farmers who are depending on ever smaller returns from it.

What is Agrarian Crisis?

Starting in the 1990s, agriculture in India - particularly in rural India - has declined at a devastating rate. This has had a calamitous impact on the livelihoods associated with agriculture. A symptom of this agrarian distress, unprecedented in post-Independent India, is a high rate of suicides amongst farmers. The crisis is characterized by low institutionalized credit to small farmers. Between 1995 and 2014 -: 296,438 farmers have committed suicide in India. On Starting in the 1990s, agriculture in India - particularly in rural India - has declined at a devastating rate. This has had a calamitous impact on the livelihoods associated with agriculture. According to P. Sainath, a leading Indian journalist who reports on the rural India and its unprecedented economic crisis, for the first time as per 2011 Census of India urban India added more to its population than rural India. This implies that millions of people earlier engaged in agriculture are roaming around the India in "footloose migration" search for daily wages. This points to the destruction of livelihoods in the predominantly agrarian rural India. Another evidence for a major agrarian crisis in India is the very high rate in which people are leaving occupations associated with farming.

Why has the situation become so bad?

1. Poor Growth and falling farm incomes - The verge annual growth rate of agriculture has remained very low at 1.5% or even below that. This is abysmally low as compared to the growth rate of GDP. So, farm incomes have grown slower than the rate of inflation. This has resulted in an overallfall in standard of living for smallas well as marginalfarmersand they have been pushed below the poverty line.
2. Climate change impacting the monsoon - In the new millennium, Indian economy has been experiencing tremendous fluctuations in monsoon. The frequency of drought years and excess rainfall years has increased. For example, 2002 was the year of drought. 2003 had normal rainfall. 2005 and 2006 were years of excess rainfall. 2009 was characterized by drought followed by 2010, which had excess rainfall. 2014 and 2015 were the years of drought and 2016 and 2017 were the years of excess rainfall. Also, there are seasonal variations. Areas such as Assam and coastal areas receive excess rainfall whereas the plains receive less rainfall.
3. Flawed targets - The governments have insisted on 4% s the growth target for agriculture sector to ensure food security, inclusive growth and also to reduce the income inequality that exists between ruralandurbanareas. However, with the growth in Indi's population and rapid urbanization, this target is highly unrealistic and underestimated.
4. No policy innovation - Governments after governments have been carrying out old policies to revive agriculture without taking into consideration the challenges posed by changing environmental, strategic and technological considerations. Rather than ensuring the steady growth in farm income, governments have been resorting to populist measures such as loan waivers.
5. Farm Size - Over the years, the per capita agricultural land holding is on a decline in India. In 2010-11, the farm size per capita was 1.6 hectares as compared to 2.26 hectares in 1970-71. Number of farm holdings has gone up but average size has drastically reduced. This has resulted in decline in per farm output as like any other industry, agriculture also gets benefitted by scale. In case of small farmers, their output is reduced but number of dependents on farm has gone up, resulting in reduction in marketable surplus (output that can be sold in the market) and they have become subsistence agriculturists (producing sufficient only for their own survival).
6. Lack of institutionalized credit - One of the major reasons of nationalization of banks

in 1969 was the reluctance of banks to set up branches in ruralareas. After that, rural branches have gone up but still the credit availability is not as it should be. Also, banks are reluctant to extend credit to farmers because of the low probability of loan repayment. Due to political influences and credit norms by the RBI, agricultural credit creation gets hampered. Due to all these factors, farmers have to borrow from moneylenders and other non-institutional players who take advantage of their predicament and chargeusurious rates of interest, resulting in farmers getting into debt traps.

7. Rapid and mindless urbanization - India, owing to the growth since liberalization of economy since 1991, is one of the fast urbanizing countries in the World. However, this urbanization process is often unplanned and mindless, resulting in indiscriminate setting up of industrial clusters, factories, workshops and so on. This has resulted in water resources such as rivers and ponds getting polluted and thereby affectingwateravailability for agriculture. It has also resulted in rapidtransformation of land for agricultural to non-agricultural.

8. Middlemen - Supply chain of agriculture in India has given a lot of power in the hands of the middlemen such as arhatiys, brokers and agents. The ends of the supply chain - producers i.e. farmers and consumers - both get exploited by the middlemen. They purchase the output of farmers at lower price and sell it to consumers after adding a hefty margin. So, neither the farmers get compensated for their efforts, nor the consumers can buy food at a reasonable price.

Where is the problem?

Major States in Indiaare suffering from agrarian crisis:

1. Maharashtra - The state of Maharashtra is also one of the most industrialized and urbanized states of Indiaand as such, the speed of transformation of land from agricultural to non-agricultural is also very fast. Vidarbhaand Marathwada regions of Maharashtra have seen rise in farmer suicides over the years.

2. Andhra Pradesh and Telangana -The chief reasons for agrarian crisis here are - lack of access to institutional credit, and high input costs and rapid urbanization. Telangana, which wasa region in the state at that time suffered from it the most, owing to its proximity to Hyderabad, the IT hub. It was further fuelled by unscrupulous methods used by microfinance organizations which had extended credit to farmers.

3. Uttar Pradesh - The consecutive droughts of 2015 and 2016 created unprecedented problems for farmers in Uttar Pradesh. Over the period of times, a lot of farmers have switched from traditional crops like wheat, rice, millets and pulses to cash crops such as sugarcane. These farmers were the worst affected by the droughts. Besides, indiscriminate urbanization has resulted in widespread contamination of water resources, including large rivers such as Gangaand Yamuna.

4. Punjab and Haryana - Punjab was at the forefront of the famous Green Revolution

in 1960s. However, over the period of time, due to excess use of pesticides, fertilizers, high-yield seeds and ground water, agricultural productivity in Punjab is on a steady decline.

Farm loan waivers - Do they solve the problem?

In November 2017, thousands of farmers gathered at the Ramlila Maidan in New Delhi. Banners and flags of different organisations were waved, but what brought them together was a common demand - a one-time complete waiver of farmer loans and fair prices for their produce. Under a common umbrella of All India Kisan Sangharsh Coordination Committee (AIKSCC) around 184 farmer groups from across states such as Tamil Nadu, Maharashtra, Madhya Pradesh, Uttar Pradesh, Punjab, and Telangana participated in the protest walk. Yogendra Yadav, the national president of Swaraj India political party and a member of the Swaraj Abhiyan, spearheaded the march from the Ramlila Maidan till Parliament Street for the 'Kisan Mukti Sansad'. Waivers from farm loans have become a politically contentious issue. For gaining political mileage, practically every political party promises these waivers in its manifesto.

There are 2 very important questions that should be asked regarding farm loan waivers –

1. Are they really going to be helpful to farmers and
2. How long are the governments going to give them?

Since agriculture is a state topic and therefore decisions regarding agriculture are to be taken by the states. Union Finance Minister has categorically stated that if the states are willing to give farm loan waivers to the farmers, then the resources have to be generated by the states themselves and they cannot expect the central government to provide them with resources. However, experts across Indiaas well as the World have cautioned the state governments that farm loan waivers cannot be a permanent solution and therefore, should be used sparingly. They are definitely going to put strains on the finances of the states as the states will have to repay the loans to lending institutions.

Problems associated with Farm Loan Waivers:

1. These waivers are typically helpful to only those farmers who have borrowed from lending institutions like banks. However, a large class of farmers remain beyond the measures as they have not borrowed from these banks, and majority of these farmers are small and marginal farmers, who are the most vulnerable to the crisis and need waivers the most. In other words, those who need the waivers re the ones deprived of them.
2. Using farm loan waivers is similar to using bandages when the patient is suffering from a terminal disease. The major problem afflicting Indian agriculture is that it's extremely crowded. More than 50% of the population is directly dependent on it for its livelihood whereas its contribution to the country's GDP is barely 15%. This situation is not sustainable and farm loan waivers do not address this malaise at all.

3. Farm loan waivers put considerable strains on the states' resources. Due to them, fiscal deficit rises and the states cannot undertake capital expenditure as there is a resource crunch.
4. Repeated waivers create an incentive for default and encourage reckless behavior from the borrowers.
5. Waivers affect the flow of credit to agricultural sector in the long run as lending institutions will be naturally apprehensive to extend credit. It also affects innovations and research and development in this sector.

Swaminathan Committee recommendations –

The government of India constituted the National Commission on Farmers (NCF) on November 18, 2004. The NCF was chaired by Professor M.S. Swaminathan. It submitted five reports to the government. The first was submitted in December 2004 and the fifth and final report was submitted on October 4, 2006. NCF's Swaminathan Commission Report aimed at working out a system for food and nutrition security, sustainability in the farming system, enhancing quality and cost competitiveness of farm commodities and also to recommend measures for credit and other marketing related steps. Dr. Swaminathan had requested the government to implement the recommendations given in the report so that it could provide minimum support price for grains, safeguard the interest of small farmers and addressing the issue of increasing risk overtaking agriculture as a profession.

What were the Commission's observations?

The Commission observed that farmers needed to have an assured access to and control over rightful basic resources-land, water, bio resources, credit and insurance, technology and knowledge management, and markets. It observed that agriculture must be implemented in the concurrent list from the state list.

What are the Commission's key recommendations?

One of the key reforms was, of course, land reforms. It was aimed to address the issue of access to and for both crops and livestock. The commission said that the inequality in landholdings in shown starkly in land ownership. It said that in 1991-92, the share of the bottom 50 per cent of the rural households in the country's total land ownership was only three per cent. The top 10 per cent owned as much as 54 per cent.

1. Land Reforms: Distribution of ceiling-surplus and waste lands; prevention of diversion of prime agricultural land and forest to corporate sector for non-agricultural use; to ensure grazing rights are provided and seasonal access is allowed in forests to tribals and pastoralists. It recommended access to common property resources. One main case was establishing a National Land Use Advisory Service. The purpose of this service would be to connect land usage decisions with ecological meteorological and marketing factors.

2. Irrigation Reforms: It recommended framing a set of reforms to provide farmers with "sustained and equitable" access to water for irrigation. Ensuring boost in water supply by rainwater harvesting, water level recharging by mandatory aquifers; Million Wells Recharge programme to be initiated targeted at private wells. To target increase in investment in irrigation sector under 11th five year plan.
3. Productivity Growth: NCF said that with the objective of achieving higher productivity growth, it recommended "Substantial increase in public investment in agriculture-related infrastructure particularly in irrigation, drainage, land development, water conservation, research development and road connectivity etc." It also recommended a national network of advanced soil testing labs with an aim to test areas for apt micronutrient levels.
4. Credit and Insurance: Expand outreach of formal credit system; reduce crop loan interest rates to 4%; provide moratorium on debt recovery; agricultural risk fund; kisan credit cards for women farmers; integrated credit-cum-crop-livestock human health insurance package; crop insurance across country for all crops with reduced premiums; sustainable livelihoods for the poor, investment in human development; institutional development services etc.
5. Food Security: The commission recommended Implementation of a universal public distribution system; reorganising delivery of nutrition support programmes on a life-cycle basis with panchayat participation and that of local bodies; elimination of micronutrient deficiency induced hunger and food cum fortification; community food and water banks to be operated by women self-help groups; help small and marginal farmers; formulate national food guarantee act with features as food for work and employment guarantee programmes.
6. Prevention of Farmer Suicides: Providing affordable health insurance at primary healthcare centers in villages; national rural health mission to be extended to suicide hotspots on priority basis; state level farmers' commissions with representatives of farmers, restructuring of microfinance policies that may serve as a sort of livelihood finance; covering all crops by crop insurance; village to be the assessor and not the block, social security net that gives old age support with health insurance and aquifer recharge and rain water conservation; plans for decentralized water usage etc.

Conclusion: The tens of thousands of farmers who protested in Delhi said that the Swaminathan Committee had recommended some measures that the central government needs to take to avert the agrarian crisis in India. However, after many years since the recommendations were tabled, nothing has been done. It thus raises a question: If the government's attitude towards farming is not serious can it (farming) be a viable occupation for the people of the country?

34. Naga Insurgency: one of India's oldest conflicts

RECENT TRAGIC INCIDENT IN NAGALAND

On 13th November, 2021, Colonel Viplav Tripathi was killed in the line of duty along with his family (wife and 5 year old son) and four other soldiers in a terror attack in Manipur's Churachandpur district. It was one of the deadliest in the region in recent times. Manipur-based terrorist groups People's Liberation Army, or PLA, and Manipur Naga People's Front, or MNPF, have claimed responsibility for the attack. On 5th December, 2021, in retaliation, a counter insurgency operation was planned and executed in Nagaland to stop insurgents' movement in which 14 innocent civilians were killed mistakenly by the special forces.

According to Defense Officials, they received information from credible sources that there would be an insurgents' movement on the night of 4th December, 2021. On the basis of this information, the Army intercepted a mini truck between Oting and Tiru village. Eight people were on board.

As per the plan of defence officials, "a surveillance party of the ambush team was to keep a watch on the vehicle that was to carry the insurgents and then inform the main party who were to fire at them. The surveillance party saw a vehicle approaching with eight people in it. One of them was carrying a hunter rifle, which was mistaken to be an actual assault rifle from a distance. Others were carrying a local weapon 'dao' strapped to their chests. It is unfortunate that the surveillance party got the impression that they were the insurgents and passed it to the main party, which was ready to fire. However, as the vehicle came closer, the main ambush party was not sure if the target was correct, so they initially tried stopping the vehicle and then fired at its tyres. However, the civilians who were in the vehicle did not stop and perhaps got scared and started running away, which reinforced the impression that they were the target insurgents," the official said. The official added that the security forces fired at the people subsequently, and six of them died on the spot. Two were injured and taken to a nearby hospital.

According to local sources in the Nagaland government, the unarmed civilians were "randomly killed" by the security forces, who, they alleged, did not make any attempt at identification. They said the civilians, who were working in the coal mines of Tiru valley, were travelling in an open truck in "broad daylight" but were still fired upon.

DIFFERENT VERSIONS

The exact sequence of events gets hazier hereon as different accounts have emerged from the defense and state government officials.

Security sources claim that some of the Army personnel involved in the ambush realised the mistake immediately, took the injured to the hospital and some of them waited for the police to arrive. But Nagaland government sources alleged that local villagers found the Army personnel at the spot trying to hide the bodies of the six dead civilians by wrapping and loading them in another pickup truck, apparently to take them to their base camp. Defense sources said that soon after the firing, the Army troops realised it was a case of mistaken identity and waited for three hours for the police to arrive. They said that around 7:30 pm, local villagers started approaching the spot. “Even as the Army personnel at the spot tried to talk to the local villagers and resolve the matter, a clash broke out that resulted in the killing of an Army jawan. It was then that the Army had to resort to firing again in self-defense to disperse the crowd, in which seven other civilians were killed,” the source said.

However, state sources said when the villagers reached the spot in the evening to look for the deceased, they found the bodies in a vehicle under a tarpaulin. It was then that violence broke out between them and the security personnel, during which they burnt three vehicles of the Special Forces personnel. State sources added that security forces opened fire then, killing seven more civilians and said eyewitnesses have confirmed that the Special Forces personnel opened fire “indiscriminately” as they “fled from the scene” towards Assam. Forces also allegedly fired at the coal mine hutments on the way. As many as 14 civilians were grievously injured and eight received minor injuries.

Union Home Minister Amit Shah on Monday told Parliament that a Special Investigation Team (SIT) has been formed to probe the incident and the report will be submitted within a month. Additionally, the Army has set up a Court of Inquiry (CoI). Amit Shah also said that the vehicle that was suspected to be carrying the insurgents was trying to flee and was thus fired upon, resulting in the killing of six of the eight passengers. He said two persons who sustained injuries were evacuated to the medical facilities by Army personnel. It is yet to be established whether the intel, based on which the operation was conducted, was correct. “We are not sure about that right now. Even if it was correct, the insurgents could have fled the spot on hearing the firing,” a defence source said.

The Nagaland government announced an ex-gratia of Rs 5 lakh each to the families of the deceased. However, villagers of Oting in Nagaland’s Mon district refused government compensation, until their demands are met for bringing the “culprits of 21st Para Commandos” to justice, and repeal of the Armed Forces Special Power Act (AFSPA). The National Human Rights Commission (NHRC), meanwhile, has issued notices to the Centre and the Nagaland government over the killings. The NHRC has “taken suo moto cognizance of media reports on the killing of civilians when their vehicle was fired upon in an alleged botched-up operation by the Army Para Commandos, lying in wait for militants in Mon district of Nagaland late Saturday”, it said in a statement. The commission has issued notices to the Defence Secretary, Union Home Secretary, Chief Secretary and the Nagaland Director General of Police, seeking a detailed report within six weeks, the statement added. According to experts, this incident will lead to derailment of peace talks between Government of India and various insurgent groups. Let us understand why Nagaland has had less faith in the Central government. What is the reason for such prolonged Nagaland insurgency?

GEOGRAPHICAL LOCATION AND DEMOGRAPHY

Nagaland is a small state in the north-eastern part of India which shares its borders with Assam, Arunachal Pradesh, Manipur, and Myanmar. Naga insurgents leveraged on their geographical position and maintained regular contacts with the then East-Pakistan and China through Myanmar. Nagaland's population is around 22 lakhs which is dominated by more than 16 Tribes speaking, according to some estimates, more than 80 languages and dialects. Naga tribes are also found in Assam, Arunachal Pradesh, Manipur and Mizoram. The three largest tribes are Aos Naga, Konyaks Naga and Sema Naga, although none of them constitutes the majority. Each tribe has unique and diverse demands which cannot be fulfilled by Indian government.

PRE-INDEPENDENCE: THE ROOTS OF INSURGENCY

Naga political issues started during British regime in India. The British annexed the then Assam into the Indian British Empire in 1826. The regions around Assam in those days were called Naga Hills. After the 1830s, British attempts to annex the region to India were met with sustained and effective guerrilla resistance from Naga groups, particularly the Angami Nagas. The British dispatched military expeditions and succeeded in building a military post in 1851 and establishing some bases in the region. In 1878 the Angamis mounted raids on British camps. The British responded with brutality, burning several Naga villages and killing Naga non-combatants to crush their resistance. Eventually, the region came under the occupation of the British.

During the First World War, the British India government had sent 2000 - 3000 Nagas as part of The Naga Labour Corps to work in trenches as labourers and porters in France. After these Naga veterans from The Naga Labour Corps returned after WWI, together with the British officials, formed the Naga Club in 1918 in Kohima. In the Second World War, their descendants remained loyal to the British and fought to halt the advance of Japanese forces.

The Nagas have fiercely resisted external interference in their lives right from the time of British rule in India. During the assessment of reforms implemented by Government of India Act 1919 by the Simon Commission, the Naga Club sought autonomy for themselves before the Commission in 1929 and demanded the right to decide their future on their own like ancient times. In April 1945, the deputy commissioner of the Naga Hills District, C.

R. Pawsey, established the Naga Hills District Tribal Council, replacing the Naga Club, to repair damages in the area made by the Japanese during WWII. In February 1946, under the leadership of Angami Zapu Phizo, Naga Hills District Tribal Council was rechristened as the Naga National Council (NNC), with an objective to work out the terms of relationship with the Government of India after the British withdrawal.

NAGA INSURGENCY IN INDEPENDENT INDIA

An important objective set by NNC was the call for local autonomy and safeguarding the interests of the Naga, which again was rejected by then Congress president Jawaharlal Nehru. After further negotiations between Sir Akbar Hydari, the Governor of Assam, the NNC and tribal leaders, a Nine-Point Agreement was drafted and almost agreed upon in 1947.

While the Nine-Point Agreement settled the question of protection of Naga rights from the legislature of the central authority, it was the final clause that proved to be problematic. The clause was poorly worded and while to the NNC, it meant that India would give independence (or at least significant autonomy) to the Nagas, to Indian authorities, the clause meant making a new agreement after the 10-year period.

As a result of the disagreement over the clause, the agreement was never adopted and the NNC, under the leadership of Angami Zapu Phizo, declared independence on 14 August 1947. NNC also held a ‘referendum’ in May 1951 claiming 99% of the Nagas voted in favour of an independent Nagaland but it was never accepted by the Indian government. The first general elections in 1952 were boycotted by the NNC and it started a violent secessionist movement making Naga insurgency the oldest in India.

Phizo organised the Naga Home Guard in 1954, which developed into the Naga underground army, who armed themselves with WWII British weapons left behind. As a result, in 1955 the central government enacted the Assam Disturbed Areas Act and deployed the Assam Rifles to fully combat the insurgency. But the hardliners stuck to their demand for sovereignty.

According to South Asia Terrorism Portal (SATP) in the first few years, NNC cadres would raid villages and police outposts for funds and arms but on March 22, 1956, Phizo created an underground government called the Naga Federal Government (NFG) and a Naga Federal Army (NFA). In April 1956, the Indian Army was called in to crush the insurgency in what was, till then, the Naga Hills District of the State of Assam. To deal with the situation, the Armed Forces (Special Powers) Act, 1958, was subsequently enacted. Phizo, however, escaped to the then East Pakistan in December 1956 and, subsequently, to London in June 1960.

Meanwhile in 1958 Indian government made a new law: AFSPA, to be enacted in Nagaland (Armed Forces Special Powers Act (AFSPA) is confined to be enacted only when a state, or part of it, is declared a 'disturbed area'. Continued unrest, like in the cases of militancy and insurgency, and especially when borders are threatened, are situations where AFSPA is resorted to).

THE NAGA PEACE TALKS

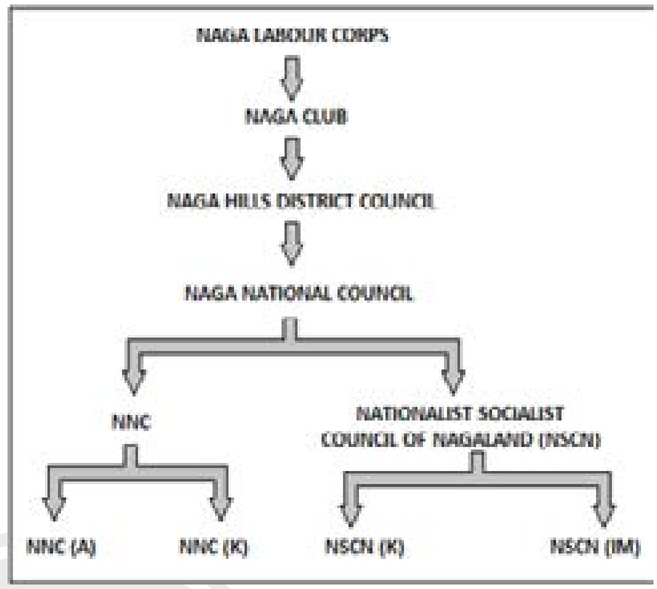
Assam was divided on December 1, 1963 and Nagaland became a separate state and another round of attempts were made for a political settlement. Freedom fighter Jai Prakash Narayan, the then Assam chief minister Bimala Prasad Chaliha and Rev. Michael Scott led a Peace Mission to Nagaland in April 1964. An agreement for Suspension of Operation (AGSOP) was signed with Naga insurgents on September 6, 1964 raising hopes of a peaceful solution. But NNC cadres soon broke the agreement and launched a series of attacks on security forces and Army units posted in the area. Finally, the Peace Mission came to an end in 1967 after six rounds of talks between the insurgents and the Centre which failed to yield any positive result.

NNC and its constituents the NFG and the NFA were declared "unlawful associations" under the Unlawful Activities (Prevention) Act of 1967 and banned by the Centre in 1972. SATP reports that security forces launched a massive counter-insurgency operation and once again brought the situation under control forcing the insurgents to the negotiating table.

THE SHILLONG ACCORD, 1975

An agreement known as the Shillong Accord was signed between the Centre and a section of the NNC and the NFG on November 11, 1975. According to the terms of Shillong Accord, the NNC-NFG accepted the Indian Constitution and agreed to come over ground and surrender their weapons. However, a group of about 140 activists of the NNC, who had gone to China for training, repudiated the Shillong Accord and refused to surrender and formed another terror group called National Socialist Council of Nagaland (NSCN). The NSCN leaders were Thuengaling Muivah, Isak Chisi Swu and SS Khaplang and the group was formed in Myanmar (then Burma) in 1980. Soon NSCN became the most powerful and feared terror group in Nagaland and the Northeast with the NNC-NFG became less active and losing its influence.

POLITICAL FACTION BASED ON CLANS AND TRIBAL LINES



The division of Nagas along clan and tribal lines also played a major role in the insurgency and formation of different terror groups. While a majority of the rank and file of the NSCN was from the Konyak tribe, the leadership was Tangkhul dominated leading to discontent among the former. There were also apprehensions among the Konyaks and the Myanmarese Nagas that the Tangkhuls were about to strike a deal with the Indian government. These factors resulted in a vertical split in the NSCN in 1988. The Konyaks formed a breakaway faction under the leadership of Khole Konyak and SS Khaplang, a Hemie Naga from Myanmar.

The Tangkhul faction was led by Isak Swu, a Sema from Nagaland, and Muivah, a Tangkhul from Manipur's Ukhrul district. This was followed by severe inter-factional clashes in which hundreds of activists of the rival groups were killed.

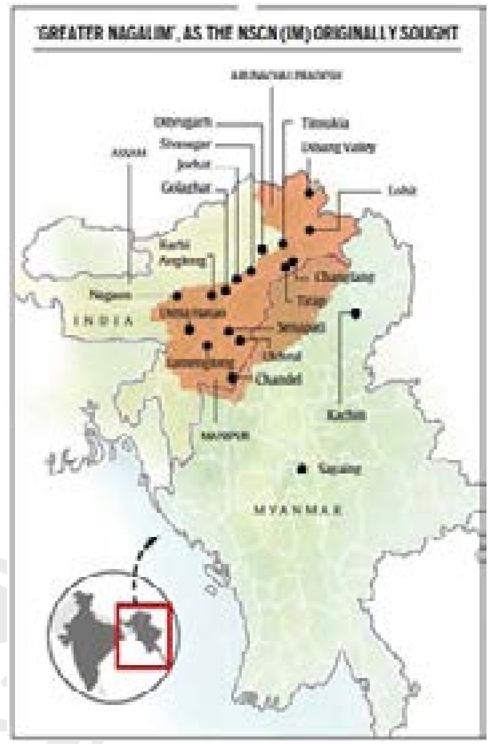
After the death of Phizo in 1990, there was another split in the NNC. Phizo's daughter Adino, an Angami, and Khudhao Nanthan, a Sema and a close associate of Phizo, constituted separate groups on rival lines. In the winter of 1996-97, Khudhao joined NSCN (IM) and is currently the Vice Chairman of the organization. With this move NSCN (IM) was also able to get the support of the Lothas to which Kudao belongs. All factions of the NSCN and NNC (Adino) have been banned since 1991 under the Unlawful Activities (Prevention) Act, 1967.

NSCN (IM) JOINED PEACE TALKS

Muivah, Swu and other top NSCN (IM) leaders escaped to Thailand in the early 1990s. While Nagaland Governor M.M. Thomas, a Church leader from Kerala, extracted the first positive response from the NSCN(IM), Prime Minister P V Narasimha Rao met Muivah, Swu and others in Paris on June 15, 1995. In November 1995, then MoS (Home) Rajesh Pilot met them in Bangkok. Subsequently, Prime Minister H D Deve Gowda met them in Zurich on February 3, 1997, which was followed by meetings with officers in Geneva and Bangkok. Prime Minister Atal Bihari Vajpayee met them in Paris on September 30, 1998. The Government of India signed a ceasefire agreement with NSCN (IM) on July 25, 1997, which came into effect on August 1, 1997. Over 80 rounds of talks between the two sides were held subsequently.

DEMAND OF SOVEREIGN NAGA STATE BY NSCN (IM)

A "Greater Nagalim" comprising "all contiguous Naga-inhabited areas", along with Nagaland. That included several districts of Assam, Arunachal and Manipur, as also a large tract of Myanmar. The map of "Greater Nagalim" has about 1,20,000 sq km, while the state of Nagaland consists of 16,527 sq km. The claims have always kept Assam, Manipur and Arunachal Pradesh wary of a peace settlement that might affect their territories. In fact according to Naga insurgent groups the 'Greater Nagalim' should also include Naga-dominated areas of Myanmar. The Nagaland Assembly has endorsed the 'Greater Nagalim' demand — "Integration of all Naga-inhabited contiguous areas under one administrative umbrella" — as many as five times: in December 1964, August 1970, September 1994, December 2003 and as recently as on July 27, 2015.



REACTION OF MANIPUR, ASSAM AND ARUNACHAL PRADESH TO DEMAND OF GREATER NAGALIM

Leaders cutting across party lines have preferred to wait and watch. The other three states have made it clear that even though they have Naga tribes residing within their boundaries but they will not allow those areas to be a part of 'Greater Nagalim' as demanded by the NSCM-IM. Nobody in these three states would allow even an inch of their land to be added to a 'Greater Nagalim', if at all that term is part of the accord.

THE SITUATION TODAY

The final settlement as proposed by the Shillong Accord still stands incomplete as of today. While progress was made in talks in 2015 with the singing of the Nagaland Peace Accord between the Government of India and the NSCN-IM, with IB Special Director Akshay Mishra taking over from Tamil Nadu Governor R.N. Ravi. But the specifics of the peace deal signed between the Narendra Modi government and NSCM-IM in New Delhi are still not out in public domain. In 2017, Naga National Political Groups (NNPG) participated in talks with GOI. NNPG is the collection of small Naga groups and are different in stand from NSCN (IM) because they want solutions within Nagaland and do not demand greater Nagalim.

Key issues that remain today are AFSPA, demographic changes due to cross-border migrations, a separate Naga flag and constitution. The hard-line insurgency groups still continue in their struggle while the AFSPA continues to be applied in the state for the presence of the same groups.

35. Impact of Covid on Indian Economy

The Covid-19 epidemic struck mankind in 2020. More than 200 countries and territories confirmed effective medical cases caused by coronavirus; it was subsequently declared a pandemic by the WHO. The outbreak of COVID-19 impacted nations including India in enormous ways and forced nationwide lockdowns that brought social and economic life to a standstill worldwide. A world which forever buzzed with activities had fallen silent and all the resources were diverted to meeting the never-experienced-before crisis.

Pre-pandemic slowdown

Indian economy was in a slow-down even before the pandemic. Since FY 2018–19, India's growth was falling from 8% in Q4 FY18 to 4.5% in Q2 FY20. In January 2020 itself, well before India's lockdown or reactions to the pandemic, the International Monetary Fund reduced India's GDP estimates for 2019 and 2020. The 2016 Indian banknote demonetisation and goods and services tax enactment in 2017 had led to severe back to back disruptions in the economy. On top of this there had been numerous banking crises such as the Infrastructure Leasing & Financial Services crisis and government scheme failures such as that of 'Make in India'. There was also a significant "income crunch" for both rural and urban sectors in the year prior to the lockdown.

COVID-19 – Overview of the Impact on Indian Economy in the two waves

Wave-1 from March to July/August 2020

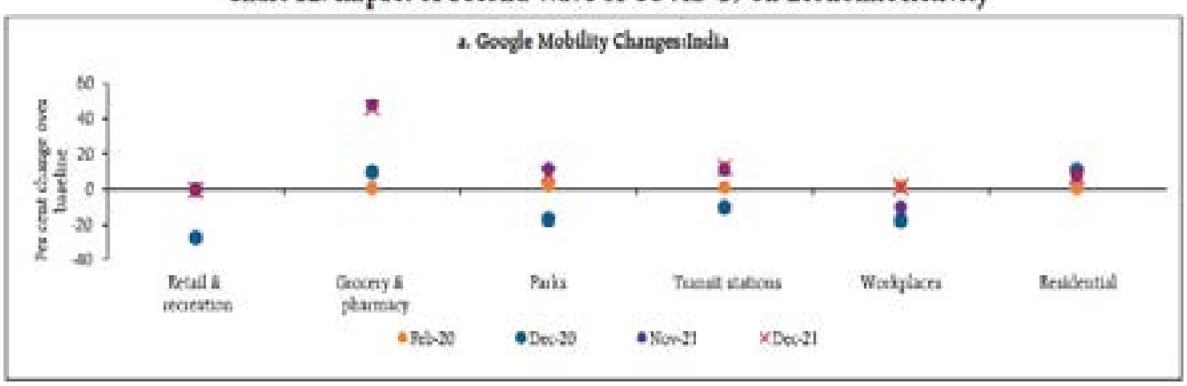
COVID had a devastating impact on the economy when it struck India suddenly in March 2020.The government was forced to impose the strictest lockdown which resulted in almost complete stoppage of businesses in the country. The lockdown was necessitated by the urgent need to control the spread of COVID, as the fragile health infrastructure of the country was inadequate to treat and manage the large number of infected cases.
The government faced the Hobson choice of saving the lives of its citizens or saving the economy. The government opted for the former for the right reason that if life is protected, earnings could be recouped later.
As expected, the economy slipped into a record negative GDP growth of -24.3% in Q1 2020. Active cases started coming down from July 2020 onwards, with almost full lifting of lockdown in October 2020. This resulted in gradual and partial recovery of the economy as well.

Wave-2 April to June 2021

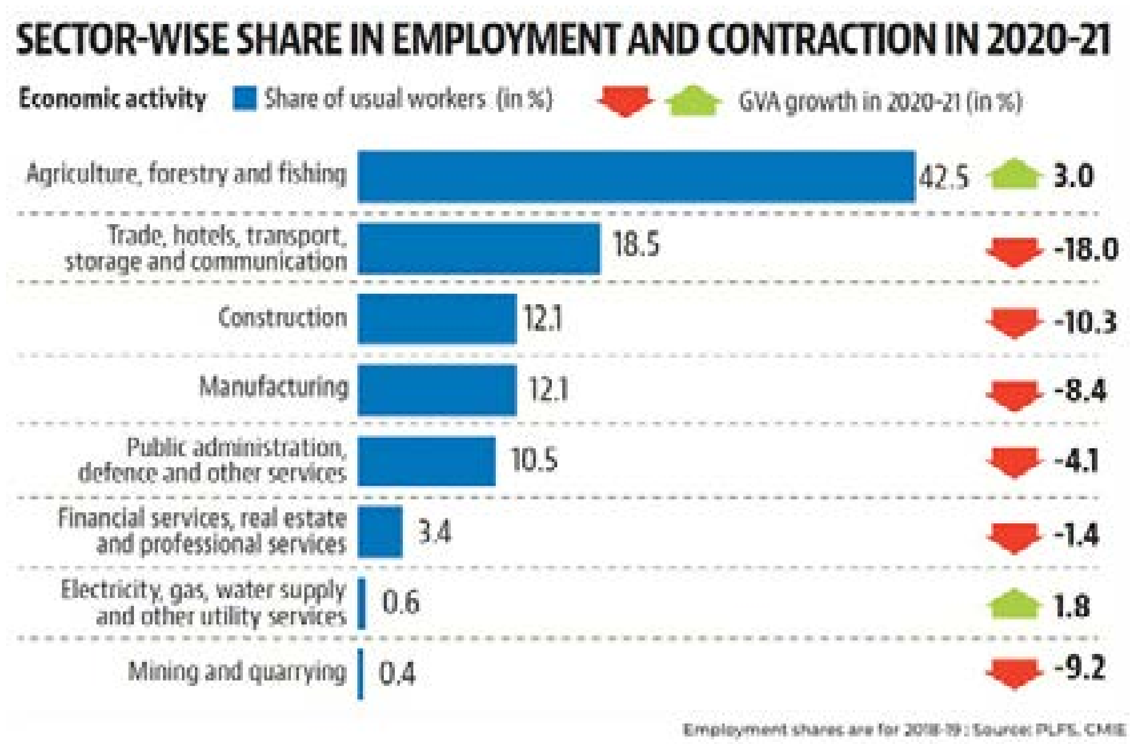
Just when everyone started feeling that India had successfully tamed the pandemic, wave-2 of the COVID-19 pandemic struck, which was more lethal and virulent.
Infections spread at a break-neck speed. The extent and the speed of spread shocked the nation and the government, which had become complacent by then. Most people stopped following Covid appropriate behavior which were imposed during the first wave itself.

India’s health infrastructure went into a tailspin and was unable to manage an unprecedented rise in cases. Apart from the fact the virus was more lethal and was not responding effectively to norms of treatment followed in wave-1, shortages of beds, ICUs, Oxygen supply, essential medicines etc., resulted in tragic deaths of infected people, which was significantly more than in wave-1.
Learning from the experiences of wave-1, the government resorted to a limited lockdown, and ensured that most of the industries could function albeit partially, essential activities and services could be carried out. These measures helped avoid major disruptions in supply chains and manufacturing activities could continue and factory employees were able to go to work.
Economic Impact of Covid on Indian Economy in FY 2020-21

Chart 12: Impact of Second Wave of COVID-19 on Economic Activity



As per the latest data released by the Indian government, GDP contracted by 7.3 percent during the financial year 2020-21, which is the severest since Independence.
The headline GDP number of 7.3% contraction does not capture the differential impact of the pandemic on different sectors of the economy, one reason why some experts say that the recovery isn’t a V-shaped one, but K-shaped. As per the data available in the public domain, manufacturing and constructions had lost almost two years of Gross value added (GVA). Core industries such as steel, cement, refinery had reached the level achieved in 2017. Sales of passenger vehicles had gone down to levels achieved 5 years ago. Sales of two wheelers had reached the levels achieved 10 years ago.
Agriculture was the least affected by the pandemic and grew at 3%. The biggest reason? Lockdown restrictions never prevented any on-farm activity .
However, with a share of just over 16% in total Gross Value Added (GVA), agriculture could do little to cushion the overall performance of the economy.
Both services and industry suffered contractions of more than 8%
Even within services and industry, employment-intensive sectors such as trade, hotel and restaurants and construction suffered a higher contraction in economic activity. Worst affected businesses in services were travel, tourism, civil aviation, hospitality, multiplexes, mails, restaurants etc. which resulted in the overall negative growth of the sector in the financial year 2020-21



Indian Economy in H1: 2021-22

India's gross domestic product (GDP) grew by 8.4% in the July to September quarter OF 2021, compared to a 7.4% contraction a year ago, with the economy's gross value added(GVA) rising 8.5%, as per the National Statistical Office .Factoring in the first quarter GDP growth of 20.1%, the first half of this year has recorded 13.7% growth and India is likely to record double digit growth for 2021-22 as a whole. The GDP in nominal terms, which factors in inflation, grew by 17.5 per cent in July-September as against the 4.4 per cent contraction last year.

Though the absolute GDP in the second quarter (Q2) was 0.3% higher than pre-pandemic levels, there were still many worrying areas, particularly the insipid private consumption spending that still languished below pre-COVID levels along with activity in employment-intensive sectors like construction and contact-intensive sectors like retail and hotels

The manufacturing sector posted a growth of 5.5 per cent in July-September as against the 1.5 per cent contraction in the same period last year. The construction sector too grew by 7.5 per cent as against the 7.2 per cent contraction last year. Agricultural growth increased to 4.5 per cent in the July-September quarter from 3.5 per cent last year, while electricity, gas, water supply, and other utility services grew 8.9 per cent as against 2.3 per cent last year. In the services sector, the trade, hotels, transport sector grew at 8.2 per cent in

July-September as against a sharp 16.1 per cent contraction last year

GDP DATA FOR JULY-SEPTEMBER 2021-22

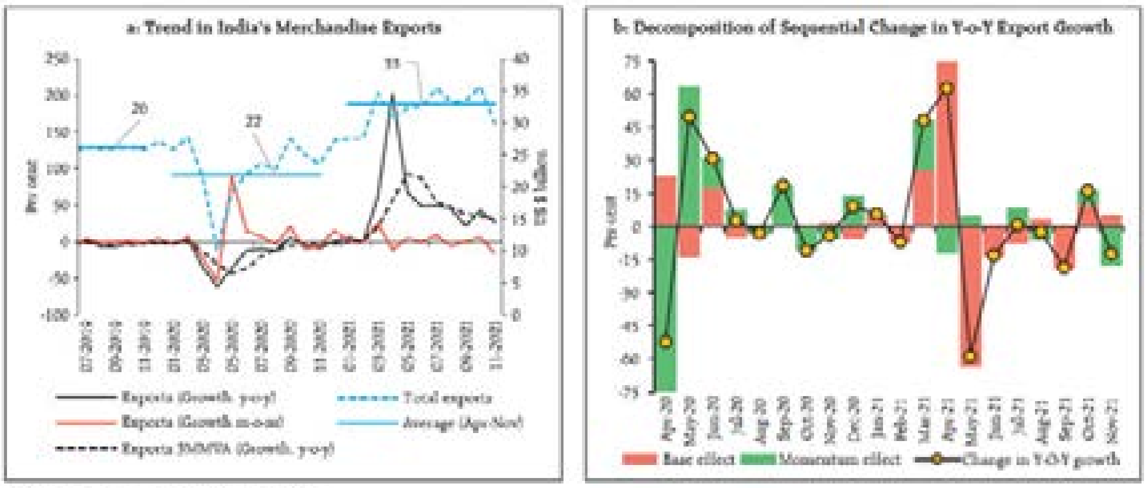
	% change over July-September 2020-21	% change over July-September 2019-20
Agriculture, forestry, fishing	4.5	7.7
Manufacturing	5.5	3.9
Electricity, gas, water supply	8.9	11.4
Construction	7.5	-0.3
Trade, hotels, transport	8.2	-9.2
Private Final Consumption Expenditure	8.6	-3.5

Source: NSO, MoSPI

Now let's look at the sector wise impact

Exports and Imports
Exports in the Q1 2021-22 had shown robust growth, unaffected by lockdowns. Exports during the said period had jumped to $95.36 billion as against $51.44 billion in the same period last year. External demand for India's merchandise trade remained robust, with exports clocking a growth of 16.6 per cent (US$ 30.0 billion) in November 2021 over pre-pandemic levels. There was, however, a sequential deceleration due to the persisting global supply chain bottlenecks, elevated shipping rates and global shipping container shortages. Merchandise export growth stemmed from higher exports of engineering goods, cotton yarn, fabrics, handloom products, chemicals and electronics Engineering goods exports stayed above US$ 8 billion mark for the ninth consecutive month in November 2021. The global economy is in much better shape than last year, which is a positive sign for continuing revival of exports.

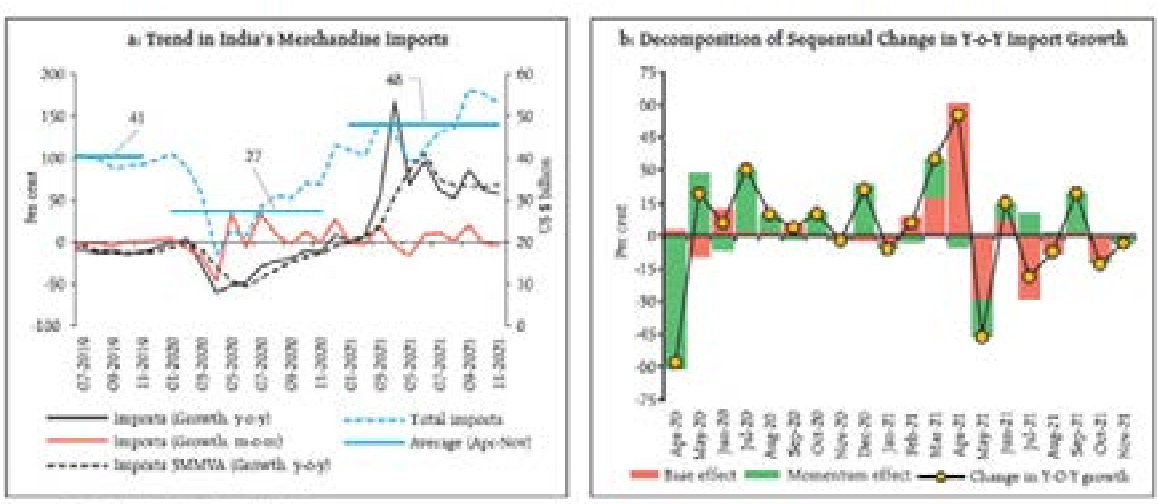
India’s Merchandise Exports – November 2021



Sources: PIB; DGCI&S; and Authors' calculations.

Imports during Q1 2021-22 were at $126.14 billion, an increase from $60.65 billion in the corresponding three months last year.India’s merchandise imports remained above the US$ 50 billion mark for the third consecutive month, reflecting the strong underlying momentum in domestic economic activity Robust imports were driven by higher demand for petroleum products, coal, electronic products and gold. Moreover, nine out of ten major commodity groups comprising more than 70 per cent of imports recorded an expansion over the pre-pandemic levels, mirroring the broad-based demand uptick.Imports of coal, coke and briquettes more than doubled from pre-pandemic level and gained strong momentum during November, improving stock positions of thermal power plants . Overall, non-oil non-gold imports manifested strong growth for the sixth consecutive month in November over pre-pandemic levels.

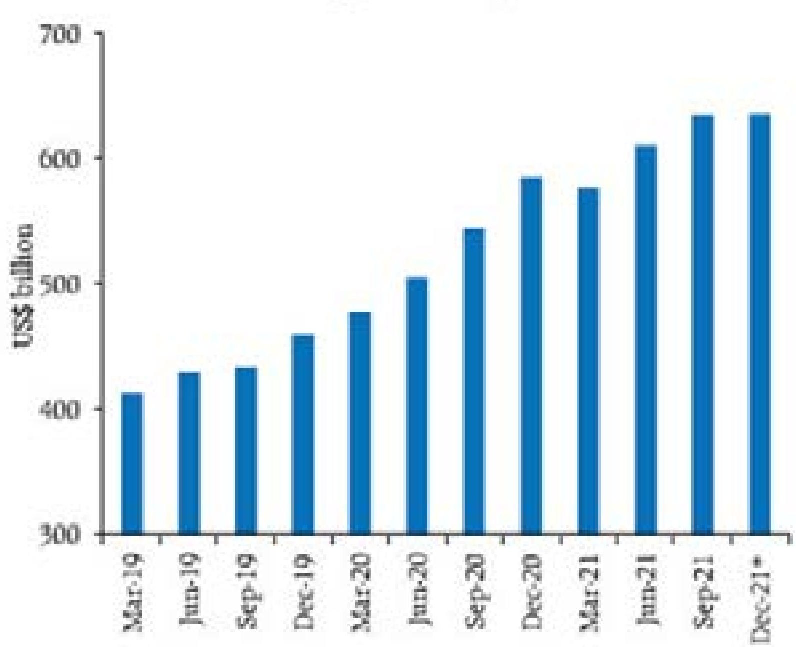
India’s Merchandise Imports – November 2021



Sources: PIB; DGCI&S; and Authors' calculations.

The trade deficit stood at a record high of US$ 22.9 billion during November 2021 on account of the sharper expansion in imports than exports.
The foreign exchange reserves were at US$ 635.9 billion on December 3, 2021 equivalent to about 14 months of imports projected for 2021-22.In the foreign exchange market, the Indian rupee (INR) appreciated against the US dollar in November 2021 by 0.6 per cent (m-o-m). This was reflected in the movement of the INR in terms of the 40-currency real effective exchange rate (REER) index, which appreciated by 0.9 per cent over its level a month ago

Foreign Exchange Reserves

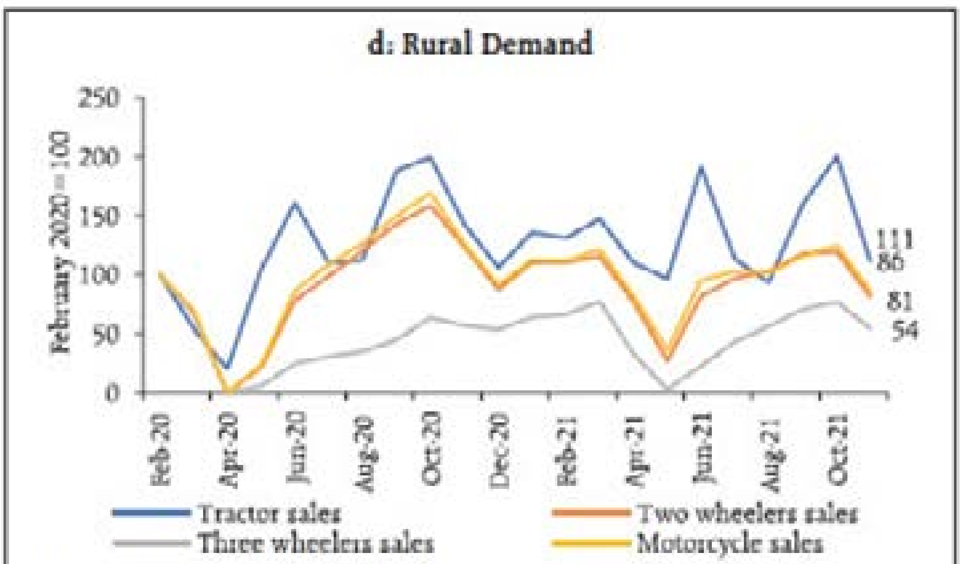


*: As on December 3, 2021.
Source: RBI.

Rural Economy

Wave-1 left the rural economy almost untouched due to lower case load in rural areas and less strict lockdowns. As a result, the agriculture sector, which provides employment to 58% of the population, continued to grow, aided by good monsoon and cheaper and higher availability of labour due to reverse migration from cities. Agricultural economy grew by 3.4% as against a contraction of 7.7% in the overall economy during the financial year 2020-21.
In the second wave, rural areas were also impacted and the number of cases reported were more than urban ones from the second month onward, resulting in stricter lockdowns. In many districts, Mandis, vegetable vendors, and processing industries were also reported to have been hit.

The average wage growth for the agriculture sector for the period of November 2020 to March 2021 has reduced to 2.9 percent (2nd wave) from 8.5 percent in April to August 2020 (1st wave).
Currently, the farm sector situation remains strong supported adequately by comfortable reservoir positions. The progress of Rabi sowing is well on track: the area sown so far at 513.3 lakh hectares remains higher by 1.9 per cent than the corresponding period a year ago. In addition to this, the lower sowing of foodgrains could also have been triggered by the delayed harvesting of standing Kharif crops due to excessive unseasonal rains in many parts of the country. Sowing of all major crop groups barring coarse cereals has recorded increase over the previous year.
Rural demand moderated with domestic sales of tractors registering a contraction by 22.5 per cent y-o-y in November. As per industry leaders, the decline in demand was attributed to a high base effect and delayed harvest of Kharif crops owing to late monsoons. Sales of two wheelers, three wheelers and motorcycles declined y-o-y and on a sequential basis, owing to a lackluster rural demand



Sources: SIAM; and TMA; and Authors' own calculations.

Impact on Industry

Manufacturing

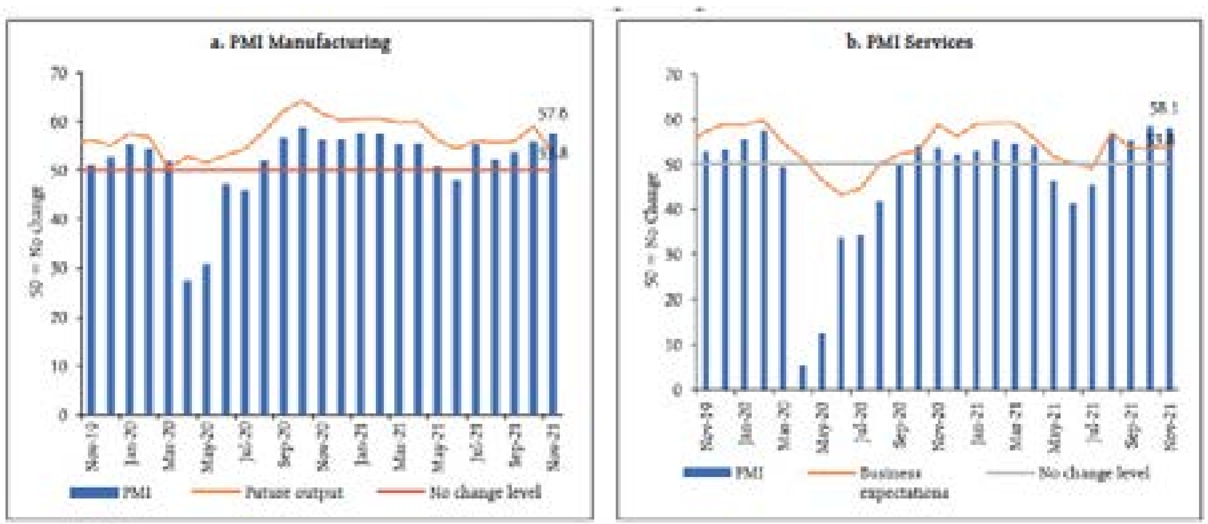
The impact on the manufacturing sector (which contributes to around 17% of GDP) was lower in wave-2 than wave-1, as factories across India were allowed to open, though with lower capacity with a view to control the spread of the virus. The impact was mainly on account of lower capacity utilisation, off and on shutdowns, lower demand, particularly of non-essential items, and supply chain constraints. As per the IHS Markit India, Manufacturing Purchasing Managers' Index (PMI) in May 2021, PMI slumped sharply to 48.1% in June

2021 from 50.8% in May 2021and 57.5% reported in February 2021, which is at a ten-month low. This resulted from falling new orders, reduced input purchases, business closures due to lockdowns, which triggered a reduction in output among the Indian manufacturers. Thereafter, the Purchasing Managers' Index (PMI) for manufacturing reached 55.3 in the month of July, after falling to 48.1 in June 2021, representing strongest growth in three months. In the industrial sector, the headline manufacturing PMI improved to 57.6 in November from 55.9 a month ago, pointing to the strongest revival in overall operating conditions since February 2021. Improvement in output and new orders drove firms to scale up production and deploy more inputs. The most positive effect of the increase in PMI is that it is accompanied by an increase in employment in the manufacturing sector for the first time since the pandemic began.

Service Sector.

The IHS Markit India Services PMI declined to 46.4 in May of 2021 from 54.0 in the previous month. Impact on the service sector, which contributes approximately 55% of GDP growth, in wave-2 is expected to be lower than in wave-1. Service companies can operate smoothly as employees of most of the companies in this sector continued working from home. Learning from wave-1, companies were able to further ramp up infrastructure and other facilities required for ease of working from home. Employees have also become relatively comfortable working from home. PMI services rose sharply to 58.4 in October, from 55.2 in September, signaling the strongest rate of expansion in ten and a half years, on the back of surge in new business. Moreover, Business Expectations Index (BEI) for services that had entered into the contraction zone in July 2021 for the first time in a year, reverted strongly in September-October PMI services in November 2021 remained in expansion at 58.1 propelled by increase in new orders.

Purchasing Managers' Index



Source: IHS Markit.

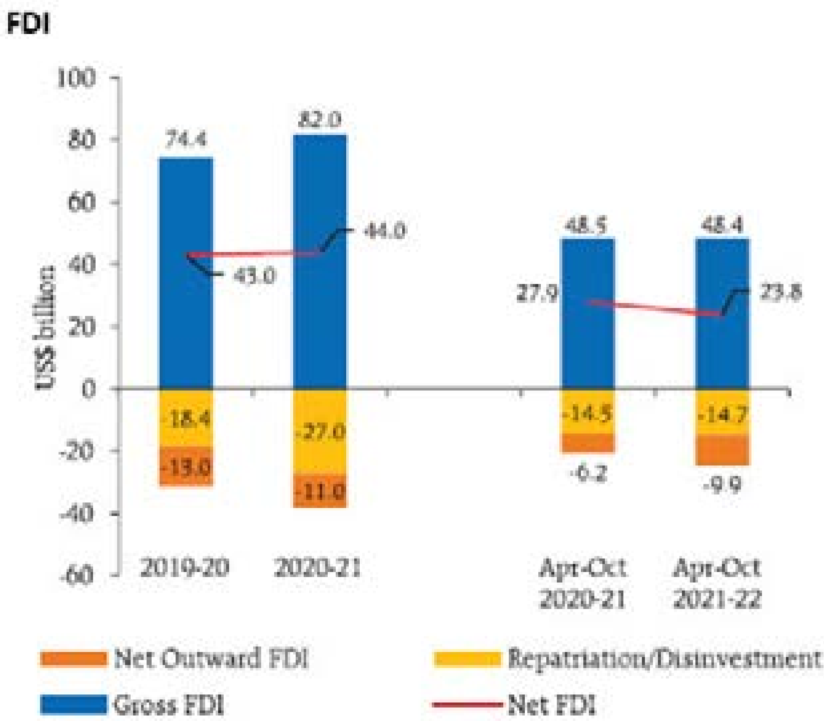
Stock Markets

After undergoing sharp corrections in Q4:2019-20 amidst the tragic outbreak of COVID-19, the Indian equity market made a strong V-shaped recovery in 2020-21 following decisive monetary and fiscal policy responses, gradual easing of COVID-19 induced lockdown measures and strong FPI inflows. Furthermore, the sharp rebound in global peers amid stimulus measures by governments and monetary authorities worldwide, coupled with encouraging reports on development of coronavirus vaccine supported the domestic equity market recovery from April 2020. Overall, during 2020-21, the BSE Sensex surged by 68.0 per cent to close at 49,509 while the Nifty 50 increased by 70.9 per cent to close at 14,691 on March 31, 2021. India VIX, which captures short-term volatility of Nifty 50, declined to 20.6 per cent at end-March 2021 after soaring to the unusually high level of 83.6 per cent on March 24, 2020

As of 31st , December 2021 the BSE Sensex is up at 58,252 and Nifty 50 is at 17,350 as investors took cues from strong Q2:2021-22 GDP data, robust GST collections ,expansion in Manufacturing & Services PMI and easing of fears of the impact of the Covid 19 -Omicron variant. The market sentiment was also buoyed by positive cues from global markets coupled with the Reserve Bank's announcement to keep the policy repo rate unchanged and continue with the accommodative stance in its fifth bi-monthly monetary policy statement for 2021-22.

Foreign Direct Investment

During April-October 2021, gross inward foreign direct investment (FDI) at US$ 48.4 billion was comparable with its level a year ago. Net FDI was US$ 23.8 billion as compared with US$ 27.9 billion a year ago, reflecting rising outward FDI from India. The major FDI equity recipient sectors included manufacturing, computer services, communication services, financial services, and retail and wholesale trade.



Source: RBI

Some Major Central Government Schemes launched during Covid For Indian Economy Some of the key schemes by the government to address the economic slowdown due to covid were as follows

1. Pradhan Mantri Garib Kalyan Yojana

Soon after the nationwide lockdown was announced in late March, FM Sitharaman announced a ₹1.7 lakh crore (US$24 billion) spending plan for the poor. This consisted of cash transfers and steps to ensure food security. To help provide jobs and wages to workers, the average daily wages under the MGNREGA were increased to ₹202 (US$2.80) from the earlier ₹182 (US$2.60), as of 1st April. On 14th May, FM Sitharaman further announced free food grains for the migrant workers, targeting 80 million migrant workers by spending ₹35 billion (US$490 million).

2. Aatmanirbhar Bharat Abhiyan

On 12th May 2020, the government announced the Aatmanirbhar Bharat Abhiyan (Self-reliant India Initiative), in which policy reforms and fiscal and monetary measures to help businesses and individuals to cope with the situation created by Covid-19 pandemic. A mega package of Rs. 20 lakh crore (10 percent of GDP) was announced for the purpose. 3.Extension of PLI Scheme

The production-linked incentive (PLI) scheme was established by the central government in March 2020 to make India competent in global markets and simulate domestic manufacturing & exports. The PLI plan intends to reward businesses with 4-6% on incremental sales of products made in domestic facilities for a period of five years,

4. Garib Kalyan Rojgar Abhiyan

To supplement the mega Rs. 20 lakh crore package, the government, on June 20, 2020, launched a Rs. 50,000 crore rural jobs programme named as Garib Kalyan Rojgar Abhiyan. It aimed at creating livelihoods for jobless migrant workers who moved back from cities to their villages during the lockdown.

5. Aatmanirbhar Bharat Rozgar Yojana (ABRY)

Launched on October 1, 2020, the Aatmanirbhar Bharat Rozgar Yojana incenvises employers to create new jobs as well as provider social security benefits and restore lost jobs through the EPFO (Employees' Provident Fund Organisation).

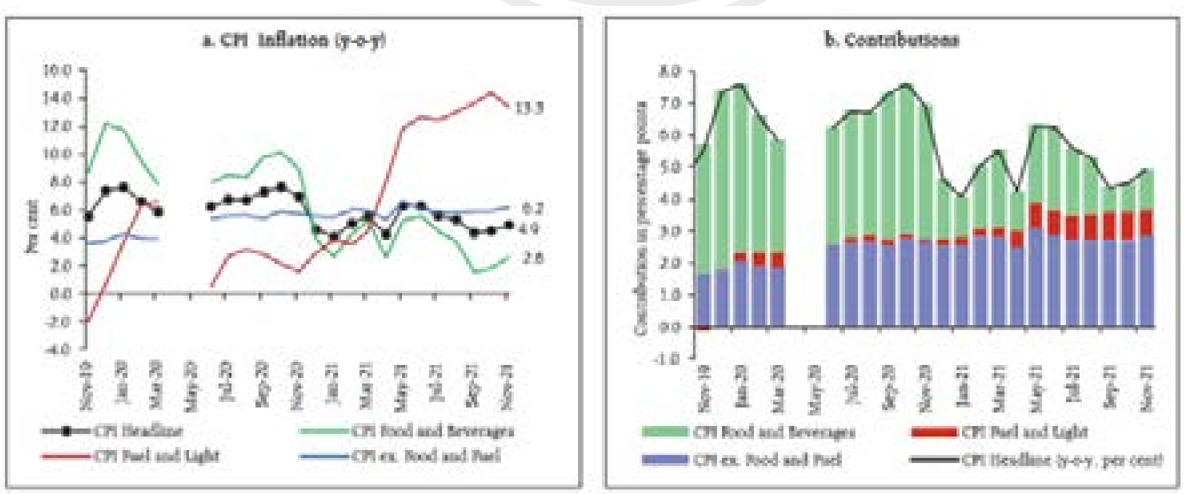
Areas of concerns on Indian Economy due to Impact of Covid

1. High Inflation

High inflation rate is a significant matter of concern. Headline CPI inflation ticked up in October to 4.5 per cent from 4.3 per cent in September, after falling sharply between June and September.

Key reasons for high inflation rate are rise in global crude oil prices, a spike in vegetable prices, increase in global commodity prices including vegetable oil consumed, rise in metal costs due to increase in global demands triggered by recoveries of economies aided by lifting of lockdowns and opening of economies , supply side constraints due to lockdowns and partial closure of business and depreciation of rupee against USD, which has increased the cost of the above key imported products.

CPI Inflation



Note: CPI inflation for April-May 2021 were computed based on imputed CPI indices for April-May 2020.
Sources: National Statistical Office (NSO); and RBI staff estimates.

2. Human and Social Costs of Covid

Covid had inflicted huge human costs, in terms of loss of human lives (around 4 lacs as of date), as many families having old age people, children (school or colleague going) lost earning members. Unlike, wave 1, virus this time around had touched every family. Medical treatment costs had also taken a heavy toll on the household savings. Many families had to sell their assets or borrow money by pledging gold and their assets or otherwise at high rates of interest. This also applies to people who recovered from the infection. It will a long time before these families are able to recover from the financial stress

3. Impact on the middle class

Indian population has a large segment of the middle class, and a good part of GDP growth is driven by consumption demand from this segment. This segment is also affected financially due to high medical costs and job losses.

According to Pew Research Centre Report, the nation's middle class shrank by 3.3 crore in 2020 even before the second wave. The same report said that 7.5 crore people have been driven to poverty (earning less than ₹120 per day). These numbers would be much higher as of now due to bigger impact of wave 2.

4. Significant job losses

As per estimates of CMIE, salaried jobs lost in FY21 due to the pandemic are estimated to be 9.8 million. Overall job losses, after the second wave, are estimated at 120 million (which includes 15 million jobs lost in the month of May 2021). This figure represents 30 percent of the total population employed across all sectors. As of June 6, 2021, unemployment rate was a high 13 per cent. Almost 80% of Indian working class is working in the informal sector and job losses in this segment are larger than the formal sector as smaller business, self-employed, street vendors, daily wagers etc. This working class have suffered the most due to the Covid, which also contributed to increase in poverty.

5. Risk of a strong third and subsequent waves is a big hangover

Experts are predicting a much more viral third and subsequent waves as is happened in the UK, Japan, EU countries, Russia, Brazil, Israel, Malaysia, Singapore, South Africans, and some other countries.The resurgence of Covid, which if happens, may again adversely affect recovery, depending upon virulence, extent, and speed of vaccinations, which is now gathering momentum.

Silver Linings in the Indian Economy post Covid

There are some early green shoots which are visible from recent data points releases (as listed here under), suggesting that the impact of the second wave of the pandemic on economic output and activity has not been as severe as was expected.

India's gross domestic product (GDP) grew by 8.4% in the July to September quarter, compared to a 7.4% contraction a year ago, with the economy's gross value added(GVA) rising 8.5%,as per the National Statistical Office .Factoring in the first quarter GDP growth of 20.1%, the first half of this year has recorded 13.7% growth and India is likely to record double digit growth for 2021-22 as a whole.

Signs of recovery are visible in sectors such as FMCG, IT, Pharma, Auto, Auto ancillaries, Capital goods, Construction, Industrial chemicals. Paper, Packaging, Paints, and Textiles sectors

1. Buoyant Revenue Collections

In April-October 2021, both total receipts and total expenditure in 2021-22 as a per cent of budget estimates for states have largely reverted to pre-pandemic levels. Consequently, fiscal pressure has eased somewhat, boding well for expenditure plans for the rest of the year without causing undue fiscal slippage or stress.

The Centre's direct tax collections registered a y-o-y growth of 83.7 per cent in H1:2021-22, led by growth in income tax and corporation tax by 64.7 per cent and 105.1 per cent, respectively5, on the back of strong corporate performance. For States, stamp duties which account for more than 85 per cent of own direct tax revenues, more than doubled in Q1:2021-22; Q2 recorded a y-o-y growth of 53.4 per cent

GST collections (Centre plus States) increased in H1 by 50.1 per cent and 12.5 per cent over 2020-21 and 2019-20 levels, respectively. GST revenues had taken a hit in May-June due to pandemic-related restrictions but recovered quickly thereafter, in line with the economic recovery and on account of steps taken by the tax administration to plug evasion and ease the compliance burden. In November 2021, GST collections registered a y-o-y growth of 25.3 per cent to reach ₹1.32 lakh crores* ,the second-highest since the introduction of GST, crossing ₹1.3 lakh crore mark for the second consecutive month in a row. Around three-fifth of the budgeted GST compensation cess collections of ₹1 lakh crore were realised during April-October 2021. As per latest reports, GST Collections for December 2021 are at 1.29 lakh crores.

2. Improvement in Consumer Sentiment & Demand

Consumer confidence is gradually returning, as captured in the November 2021 round of the Reserve Bank's consumer confidence survey (CCS)The survey obtained current perceptions (vis-à-vis a year ago) and one year ahead expectations on general economic situation, employment scenario, overall price situation and own income and spending Consumer confidence continued to improve from the historic low recorded in July 2021 though the assessment for the current period remained in pessimistic terrain; the current situation index (CSI) increased to 62.3 in November 2021 from 57.7 in the previous survey round The perception for general economic situation, employment scenario and household income displayed signs of recovery Households were more confident for the year ahead, which was reflected in the continued upward trajectory of the future expectations index (FEI), buoyed by higher optimism for household income and employment scenario.

3. Recovery in labour participation rates and employment

Unemployment level in India has gone down to 7.00 % as of 3rd, August,2021 (urban-8,3%, rural-6,5%), from 8.60% as at June,2021(weighted moving average) and 11.9% recorded in May 2021. Labour participation recovered in July 2021 to its March 2021 level. The gradual return of jobs was a positive for the economy, where private consumption accounts for 60% of GDP.

As per the CMIE's employment statistics, the labour market moved closer to the pre-pandemic level, with the number of workers employed in October-November approaching the levels seen in 2019

4. Fiscal deficit-pleasant surprises

After the pandemic-induced significant widening of general government fiscal deficit in 2020-21, both Centre and States demonstrated commitment to credible fiscal consolidation in their 2021-22 budgets even while sustaining the needed fiscal support to growth. During H1:2021-22, while nurturing a stimulus led recovery that raised GDP in Q2:2021-22 to pre-pandemic levels, the envisaged fiscal consolidation has been pursued. Robust growth in tax revenues, reflecting improved tax governance and administration, Higher than expected surplus transfer from the Reserve Bank of India(Rs 90000 crores as against budgeted Rs. 54000 crores) and the thrust on capex bode well for achieving both durable growth revival and fiscal consolidation in the medium-term

5. Other positive high frequency indicators

Toll collections remained resilient in November. Railways freight traffic registered a growth of 6.1 per cent y-o-y over a 9.0 per cent growth a year ago.

Construction sector activity strengthened as cement production hit double digit y-o-y growth in October for the fourth consecutive month. Steel consumption moderated, mainly on account of lower demand from the automobile sector. Both cement production and steel consumption recorded growth over pre-pandemic levels.

In the aviation space, cargo traffic have been on the pick-up mode since August 2021, with both international and domestic cargo freight normalising in November 2021. The cargo segment recorded growth of 23.3 and 18.3 per cent for domestic and international cargo, respectively.

Conclusion :

Economic Indicators Lead to Growing Optimism that Indian economy will emerge stronger post the Covid Wave in 2021

As per the RBI Bulletin (dated 15th December , 2021) on the State of the economy , the global economy remains hostage to heightened uncertainty. In the wake of surging infections, supply chain snags, logistic disruptions and inflation touching multi-year highs in several economies, the new strain of COVID-19 − Omicron, B.1.1.529 – is sparking fresh waves of containment measures and travel restrictions. These developments have tempered the momentum of global growth and trade, even as mounting inflation risks have brought forward policy normalisation timelines in several countries. The ongoing supply-side constraints are likely to keep input prices and freight rates at elevated levels and could act as a drag on overall exports.

In spite of these global headwinds, the Indian economy bounced back strongly in Q2:2021-22, with GDP surpassing its pre-pandemic levels, and inflation broadly aligning with the target, barring some short-lived spikes. Aggregate demand conditions point to sustained recovery, albeit, with some signs of sequential moderation. On the supply front, farm sector situation remains strong with impressive progress of Rabi sowing, while the manufacturing and services record strong improvement on strengthening demand conditions and surge in new business. Recognising that it is necessary to revive and sustain growth on a durable basis, the Monetary Policy Committee (MPC) decided to pause and persevere with an accommodative policy stance.

A host of incoming high frequency indicators are looking upbeat. With the tapering of infections, the active caseload plunged below 90,000 on December 14, its lowest level since end-May 2020. The inoculation rate has gathered steam, with average jabs given per day climbing to over 75 lakh in December, higher than the average of 55 lakh a month ago. The milestone of 1 crore doses administered in a single day was passed for the sixth time on December 4. On top of this, India exported close to 20 lakh COVID-19 vaccines to low and middle-income countries during November, with four-fifths being under the COVAX facility.

Consumer confidence is gradually returning, as captured in the November 2021 round of the Reserve Bank's consumer confidence survey (CCS). The overall outlook remains optimistic on the general economic situation, the employment scenario and household income. For the year ahead, consumers are buoyed by sentiments on income and employment. Mobility indicators have inched up. In the job market, hiring activity has surged, led primarily by the telecom and internet services. Construction sector activity has gathered pace backed by a spurt in cement production and demand for residential units gaining momentum.

Revenue collections under the goods and services tax (GST) in November was the second highest ever although e-way bill issuances moderated somewhat pointing to moderation in GST collections in the month ahead. E-way bills generation has picked up again in December (upto December 12) posting sharp growth (month-on-month). On the other hand, toll collections remained resilient in November. With activity picking up, India's power consumption continues to recover for the second month in a row. Coal stock at power plants has risen to nine days, assuaging concerns on supply shortages. The progress of ongoing rabi sowing remains impressive, having covered almost half of the annual average acreage. The headline manufacturing purchasing managers' index (PMI) notched the strongest improvement in the past ten months on strengthening demand conditions and prudent marketing strategies. The headline services PMI continued to gain momentum reflecting a surge in new business. As per the National Statistical Office (NSO), November 30, 2021 release, India's real GDP bounced back strongly in Q2:2021-22, hitting a growth of 8.4 per cent over a favourable base and exceeding the Reserve Bank's estimates of 7.9 per cent. The GDP level surpassed that of Q2:2019-20 by 0.3 per cent. Supported by strengthening macroeconomic fundamentals, India is setting out on a path of durable growth.

The Indian economy continues to forge ahead, emerging out of shackles of pandemic. The ongoing revival is driven by a confluence of factors, viz., release of pent-up demand, government's push for capital expenditure, robust external demand and normal monsoon. Faster resumption of contact-intensive services and speedy restoration of consumer confidence brightens near-term prospects.

36. Is work from home the new normal?

Though the COVID 19 has put many businesses out of commission all over the world, the smart ones have learnt to adapt to the disruption caused by the pandemic and the stringent measures in place. One of the magical strategies followed world over is the WFH or Work From Home policy, which is not something as novel as the Coronavirus, as it has existed in the work culture of many companies even before the pandemic. With most of the countries affected by the virus having stringent lockdown and quarantine procedures in place, big and medium businesses with a considerable workforce have had no choice but to shut down their office spaces to limit the spread and asked their employees to WFH instead. Though many seem skeptical of this strategy, the most common argument being that employees will not have the will to work when left physically unsupervised and in an environment aligning with their comfort zone; many companies have found the results of WFH to be better when compared to the traditional working structure. This is probably because employees get more rest, are in a comfortable environment and therefore can plan and execute their work schedule for the day, in a better way away from the clutter and tension of the regular office environment.

In terms of workplace practices, Silicon Valley has again been the first-mover. While Facebook, Google, and Salesforce have extended WFH for their employees even in 2022, Twitter has gone the extra mile and said its employees could opt for it permanently. Closer to home, IT major TCS has announced plans to ensure that 75% of its workforce will work from home by 2025 and many Indian IT companies are expected to follow suit. Even the Government of India is following work from home measures in view of the omicron matter. The personnel ministry of the central government has issued a fresh order for the employees and said that 50 per cent of officers below the level of Under Secretary will work from home. However, the Ministry has exempted pregnant women and people with disabilities from coming to office and encouraged staggered office timings for employees.

But there is a dark side to this too, as many employees have complained that their organizations have been taking unscrupulous advantage of the WFH culture and overworking them assuming that they are available 24/7, without respecting their personal time. Employees have reported getting work related calls, mails and messages at odd times, even beyond their normal working hours. This creates a lot of unnecessary pressure on employees and may prove to be quite counterproductive as it leads to many family and mental issues which affects their performance drastically. So organisations will have to treat their employees as assets and not as liabilities, and make sure they formulate a proper WFH framework with proper infrastructure and technological mechanisms in place, which will ensure the best productivity from their employees till the pandemic is over or even afterwards.

The Future of Work

The year 2021 has made one thing very clear, that the future of work is hybrid. While companies may wish that once the pandemic is over, 100% of their employees will come back into the office, the reality is that is not going to happen even in early 2022 due to the wave of the Omicron variant of Covid-19 raging across many countries. Also, the experience that the companies and employees have from 2020 to 2022 will define how companies and employees engage beyond 2022 as well. It will be unfeasible for a lot of companies to keep those huge pieces of real estate vacant for two years, because that is the tentative horizon they are looking at.

Working remotely has benefits such as saving time on commute, spending more time with family and more time for personal hobbies. However, there is still a strong case to be made for working from the office, most of the time. One of the biggest setbacks of working from home is that employees tend to feel isolated and detached from their colleagues and organisations over long periods of work from home.

The experience of the work-from-home over the past two years indicates that work from home does not suit everyone, especially people who have young children or those who prefer the fixed schedule of working from an office. For leaders, work from home leads to difficulty in monitoring performance of their teams and keeping everyone on the same page. As such, the question that arises is: which model of working should organisations consider: work from home or working from the office?

Here, a third model emerges: The 'Hybrid' office. This model encompasses many possible systems. One of its biggest trademarks of this model is that it encourages flexible and blended working from different locations. This could be from home, on-the-go or in the office. Some organisations may also hire people from different locations and allow them to work remotely.

Hybrid work includes more freedom around when to work as well as where. It grants more autonomy to employees to plan their work around the rest of their lives. This is also beneficial for the employees and their families; a flexible working environment relieves employees from the stress of daily commute and allows them to spend more time with their families and on their personal hobbies. Simultaneously, it gives organisations access to top talent (who are more attracted by this flexibility), happier employees, and access to employees from varied cultures and backgrounds.

A hybrid model may be a more viable option in a world where employees desire flexibility to work from home while having the opportunity to come to the workplace for better coordination among teams and networking opportunities. Ideally, it's the best of both worlds: structure and sociability on one hand, and independence and flexibility on the other. The data also supports this idea: A report published by Microsoft recently stated that over 70% of employees want flexible remote / hybrid work options to be available even post the pandemic.

While the world may be moving toward living with the coronavirus, the hybrid work model is here to stay. As such, companies need to incorporate structural changes to allow employees to work in a hybrid environment more efficiently. The future of work is hybrid, and both companies and employees need to adapt to the changes to thrive.

Further Reading:
https://www.bbc.com/worklife/article/20220104-future-of-work-2022
https://www.businessinsider.in/india/news/indian-government-is-reportedly-looking-to-regularise-work-from-home-with-a-comprehensive-framework/articleshow/88122325.cms
https://www.thehindubusinessline.com/opinion/preparing-the-indian-workforce-for-the-future-of-work/article36082095.ece
https://hbr.org/2021/10/the-realities-of-remote-work
https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work

37. Impact of COVID 19 on the Environment

The Corona virus pandemic made news last December 2019 and has caused an unprecedented impact on the majority of the countries (213 in total). Most of them have tried to combat it with strict screening and testing as well as started following the social distancing norms coupled with stringent lockdowns, to control the spread of the virus. It seems clear that a majority of the governments and private agencies policies revolve around public health, and lack other perspectives, mainly environmental issues and because of this, the indirect effect of the coronavirus on the environment has been little investigated and analysed.

Notwithstanding few positive impacts on the environment due to the forced lockdown like, reduction in air pollution, one major positive has been a sharp decline in environmental noise. Beaches and natural tourist spots usually brimming with people, were found empty and clean due to the lack of people read as "pollutants". There were many posts on Facebook where pictures of animals and birds freely roaming usually busy streets, were posted with the caption "The Earth is healing."

The Intergovernmental Panel on Climate Change (IPCC) predicted a 1.5°C average rise in atmospheric temperatures may place 20-30% of species in danger of extinction. With increasing temperatures coral reefs are likely to decline by a further 70 – 90% and by the year 2030, only 10% of rainforests will be remaining. But the global pandemic has helped decrease the danger of species extinction to a limit where there have been sightings of wild birds flocking to beaches in Peru and wild deer camping across housing estates in London.

Along the eastern coast of Odisha, India around 475,000 endangered Olive Ridley sea turtles have laid 60 million eggs. Lagoons in Albania have witnessed an increase in flamingos by a third due to a decrease in boating activities.

In India, species survival as per red list index is decreasing and hence becoming an environmental concern as per SDG report,2020

The health of the river Ganga has seen significant improvement since enforcement of the nationwide lockdown that has led to reduction in the dumping of industrial waste into it, experts have said. India has been placed under a three-week lockdown since March 24 with its 1.3 billion people instructed to stay home in view of the coronavirus outbreak, which has claimed 50 lives so far and infected over over 1,965 people in the country. The Ganga river water was found to be suitable for bathing at most monitoring centres, the Central Pollution Control Board data showed. According to the real-time water monitoring data of the CPCB, out of the 36 monitoring units placed at various points of the Ganga river, the water quality around 27 points was suitable for bathing and propagation of wildlife and wildlife and fisheries. The parameters that the monitoring stations monitor online are dissolved oxygen (more than 6 mg/litre), biochemical oxygen demand (less than 2 mg/litre), total coliform levels (5000 per 100 ml) and pH (range between 6.5 and 8.5) to assess the health of the river.

Environmentalist Manoj Misra said it is a very good time for the CPCB to study the level of pollution coming from the industry. “The improvement that is visible needs to be validated with proper data. It is a very good time for CPCB to study the level of pollution coming from the industry. It is a very good time to set up a baseline,” he said. Environmentalist Vikrant Tongad said the improvement has been especially seen in the industrial clusters which used to see huge pollution levels due to dumping by industries. Tongad said the improvement has been seen around Ganga in Kanpur, an industrial town, from where huge industrial waste is generated and thrown into rivers. “The improvement in the quality of water has also been observed in Ganga’s tributaries like Hindon and Yamuna,” he said. While the domestic sewerage has not reduced, industrial effluent has nearly finished and that is why the water quality has improved, he said, adding that the water quality is expected to further improve in the coming days till the enforcement of lockdown.

Due to the decrease in fuel demands for factories and travel, there has been a sharp decline by 435,000 barrels a day in the first quarter of 2020, due to the pandemic.
As combustion of fossil fuels is one of the leading causes of pollution, this decrease is a positive sign for the environment.
1 litre of oil can easily contaminate 1 million litres of water. Oil pollution also harms animals and insects, disrupts the food chain, and prevents photosynthesis in plants. Apart from its effect on wildlife, oil contamination can make water unsuitable for irrigation and damage irrigation plants.

Due to less human interference, plants are exposed to better air quality and clean water. The amount of oxygen and other nutrients required for their growth are not polluted and hence allow plants to grow and harvest healthy produce which is essential for improving the food cycle of the planet.

Since March 11, when the World Health Organization declared Covid-19 a pandemic, global fishing activity has been down by nearly 10% compared to the 2018-2019 average, according to a new estimate, and in some places, the decline has been much greater. Due to restriction in movement, supply chains are fragmented, fishing imports are declined thus dwindling sales and affecting fishing communities. However, the positive impact on marine life due to the decline in fishing will be dependent on several factors such as species’ life-history traits and whether these species are bred during these months.
The Covid-19 outbreak has other unintended consequences such as consumers purchasing more of non-perishable goods to stock up pantries increasing demand on canned tuna and

herring. These activities will increase the risk of overfishing in poorly managed fisheries. In India, the percentage of fish caught by trawling has been stagnating and not meeting SDG goals as per the report published in 2020.

Since about 60 to 70 percent of water use is by the agricultural industry, it is expected that the consumption of water will decrease if the consumption of our natural resources will decrease. As many industries have reduced activities, the water consumption of the industry sector, which is about 20 to 30 percent of the total, also should decrease.

The smallest portion of water consumption is by human activity. It is likely that this also will decrease, as homebound people tend to be more efficient with water when it is consumed at home. Showers at home are usually shorter than those at hotels or health clubs.

Overall, we should see a decrease in water consumption worldwide. In terms of water quality, this is also improving as exemplified by the clearness of the canals in Venice, Italy, where there is little boat traffic to stir up the bottom. It is the clearest it has been in 60 years. Even dolphins are swimming there.

Based on research from Columbia University, traffic levels in the New York City were estimated to be down by 35% compared to a year ago. Emissions of carbon monoxide, mainly from cars and trucks, have fallen by around 50% for in recent times as well. They have also found that there was a 5-10% drop in CO2 over New York and a solid drop in methane as well. An analysis carried out for the climate website Carbon Brief suggested there had been a 25% drop in energy use and emissions in China over a two week period. This is likely to lead to an overall fall of about 1% in China's carbon emissions this year, experts believe. Both China and Italy have also recorded significant falls in nitrogen dioxide, which is related to reduced car journeys and industrial activity. NO2 is a serious air pollutant and also indirectly contributes to global warming.
The factories and trade closing, besides the traveling restrictions to deal with the virus dissemination resulted on a reduction of pollutant emissions in the atmosphere. While less frequently investigated, environmental pollutants other than air pollution have also been tied to elevated risk of viral infections of the respiratory tract. In particular, pre-and perinatal exposures to a number of persistent organic pollutants, including polychlorinated biphenyls (PCBs) and per-/polyfluoroalkyl substances (PFAS), are associated with reduced immune response after vaccination and increased susceptibility to respiratory infection during childhood. Occupational exposures to various pesticides, including organophosphorus pesticides (OPs), are also linked with immunosuppression and increased risk of viral respiratory diseases.

Environmental pollutants are thought to influence an individual's response to viral infection in part by compromising host defence. Anatomical barriers represent the first line of defence against viruses, and evidence from human and animal models suggests that pollutants adversely affect cells performing this function. Exposure to particulate matter (PM) and ozone induces oxidative stress in respiratory epithelial cells, leading to damage, increased permeability, and cell death. Pollutant exposures can change expression of cell surface receptors to facilitate viral adhesion and subsequent entry into cells.
Many environmental contaminants can also alter the composition of the commensal microbiome (bacteria, viruses, fungi, and protozoa) that colonises epithelial surfaces of the upper respiratory tract. The lung microbiome contributes to mounting an effective local immune response to viral infections in the lung. PM in polluted air interferes with this process by decreasing native microflora species and increasing pathogenic bacteria. Air pollution is also linked to differential cytokine responses and altered expression and function of surfactant proteins, important immune signalling and chemical defence molecules, respectively, in the lungs.

With quarantine since March 2020, as a way to stop the novel Coronavirus, the indices of atmospheric pollution in the city of São Paulo reduced about 50% in only one week. It can be seen in the comparison of atmospheric data released by the Environmental Company in São Paulo State (Companhia Ambiental do Estado de São Paulo – CETESB, in Portuguese) between March 15th to 21st and March 22nd to 28th. In Europe it was not different, cities like Brussels, Paris, Madrid, Milan and Frankfurt had a decrease on the medium levels of nitrogen dioxide between March 5th and 25th in comparison with the same period last year. Data from the European Environmental Agency (EEA) revealed that in Madrid, the medium levels of nitrogen dioxide retreated 56% in the weekly comparison after the Spanish government prohibited not essential trips after March 14th. In Milan, the concentration of nitrogen dioxide polluting gas decreased 24% in the previous four weeks to March 24th, according to EEA. All these are indications that the pandemic has led to reduction in atmospheric pollution.

According to the National Operator of the Electric System (Operador Nacional do Sistema Elétrico – ONS, in Portuguese), the electricity consumption started to point out some retraction signals on March 19th, when it was 2,3% below than the verified one week before. On Sunday (March 22nd), the fall was 8,9% on the same comparison basis. Thereby, it also fell the necessity of hydroelectric generation, what enables the recovering on the level of the reservoir storage. On Sunday, the power plants on the Southeast and Midwest region had 48,7% of its capacity. One month ago, it was 37,5%. The energy charge of the interconnected electric system in Brazil must have a retreat of 8,1% in April, according to ONS.

According to a National Federation of Retail Fuel and Lubricants – Fecombustíveis (Federação Nacional do Comércio Varejista de Combustíveis e Lubrificantes, in Portuguese), the gas stations are also feeling the effects of the isolation measures. On Thursday (March 19th), the sales in São Paulo were 39% below than the historical average to the city. In Goiania, the fall was 42%; in Porto Alegre, 26% and in Belo Horizonte, 19%. The relief will probably be momentary, and its cause is bad news. But the reduction of emissions and fossil gas consumption can end up being really significant to the environment annual balances.

The pandemic seems to have made people more efficient with their grocery shopping. Because they plan to shop less often, they want to be sure their purchases are efficient — thus less waste. The grocery stores are selling almost everything they purchase, so again the waste is minimal. With many businesses being shut down, there may be a vast decrease in natural resources in general. For instance, construction wood and other cellulosic products may be in less demand.

It appears that the consumption of our natural resources may decrease as a result of the coronavirus pandemic. The Global Footprint Network probably will announce in early June the expected Earth Overshoot date. That is the day when the world will have consumed all the natural resources that will be generated in 2020. In 2019, Earth Overshoot Day was July 29, and it has been earlier every year. This may be the first year, however, that it could be a little later.

Excessive population growth worldwide also has been affected by the global pandemic. World population has had a net increase of about 10 million people every six to seven weeks. With the increase in the death rate due to the coronavirus, the population growth should slow down. Also, with so many countries having lockdowns of a few months, unwanted pregnancies also should decrease. Even after the lockdowns are lifted, people will be more careful with their networking activities.
In a few months, most of the world will be opened up, businesses again will be active and people will go to work as before. However, it is very possible that going back to a normal life will be a "new normal." It will make people more careful about all of their activities, help them become more efficient and continue to improve the environment.

But it cannot be said that the global lockdown due to COVID has entirely been kind to the environment as many developed countries have temporarily stopped their sustainability programs related to the environment like - in the US, some cities and small municipalities have suspended their waste recycling plants for fear of spread of the virus in recycling centres. Also, Italy has asked their infected citizens to stop sorting and segregating the waste at their homes and offices. In addition many firms, corporations and restaurants over the world, like Starbucks KFC and McD have again started the trend of use of single-use plastic in place of reusable bags and containers.

According to ABRELPE, it is estimated that, because of the adopted quarantine, isolation and social distancing it can have a relevant increase in the generated quantity of domestic solid waste (15-25%) and a considerable growing in the generation of hospital waste in health care units (10 to 20 times).
For situations correspondent to the hospital waste generation in health care units the orientations are very specific and follow the current rules. The waste must be packaged in a red bag, that must be substituted when they reach 2/3 of its capacity or at least once each 48 hours, identified by the symbol of infective substance; the bags with these waste must have specialized collection and transportation by the Health Service Waste (Resíduos de Serviços de Saúde – RSS, in Portuguese) and submitted to licensed treatment processes, before its final disposal.

People that were confirmed positive to COVID-19 or that are in quarantine (symptoms or suspect) must stop separating the domestic trash to the selective collect; all the waste generated in the house must be discarded on the same recipient (common trash); the packaging must be done with the use of two resistant plastic bags (one inside the other), certifying that both are properly closed (ties or seals); present the bags to the collection on the day and time determined in your localization; maintain the pets away from the disposable materials.

To the people that had no confirmation to COVID-19 or that are not in a mandatory quarantine, the recommendation is that they continue doing the separation of the materials to the selective collect, used masks and gloves must be discarded on normal trash; maintain the waste packaging adequately so that the urban cleaning workers have no contact with any discarded material; present the bags to the collection on the day and time determined in your localization.

And In India as well , with the work from home culture catching up, the rate of home deliveries from restaurants have increased on platforms like Swiggy and Zomato which adds to the single use plastic woes.
Likewise, the medical waste generated during the pandemic is also very high. In the U.S.A the medical waste has almost doubled due to usage of single-use Medicare products like gloves and PPE kits and hospitals in Wuhan too contribute to this menace. On average, 8 million tonnes of plastic trash, which is 30 times as heavy as The Statue of Liberty, leaks into the ocean annually and this rate is getting worse every passing year. In a single month, about 5,796 tonnes of single-use plastic waste was generated in Bangladesh alone during the ongoing pandemic.

Environmental protection workers at national parks, land, marine conservation zones were required to stay at home during lockdown resulting in leaving these areas unmonitored. The decline in ecotourism activity has led to an increase in unemployment in the regions

frequented by tourists hence, to manage their income, there has been a rise in illegal deforestation, fishing, and wildlife hunting.
In Namibia, 10 years of conservation work is at risk with animals being poached outside their natural habitats by people in the tourism industry which accounts for 16% of the total employment.

As the COVID-19 crisis persists, the pollution levels may further reduce to lower levels but the long term issue of climate change persists. When governments rebuild their economy, it is likely that clean energy may take a backseat.According to a report, Ministry of Heavy Industries and Public Enterprises has prepared a list for petrol, diesel and electric vehicles to be airlifted from China. However, electric vehicle (EV) manufacturers may have to stop pause production in April and May since China is the only source for some of the components. In the current normal, environmental concerns were the collateral. According to Kanchi Kohli, researcher at Centre for Policy Research, government spending and business practice will both need to build greater social justice, environmental consciousness and lower ecological footprint as a core ethic. India can no longer rely on technological solutions and mitigation measures alone.

It remains to be seen whether the current crisis will have a long term impact on change in business operations with greater sensitivity towards environment or will it be business as usual once the crisis subsides. So on the whole the overall environmental impact of COVID 19, either positive or negative, can be said to be vast enough to create a huge impact on the world.

Further Reading:
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38. Will CryptoCurrency be the future of Global Economy?

What Is Cryptocurrency?

A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed ledger enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any central authority, rendering them theoretically immune to government interference or manipulation.

Understanding Cryptocurrencies

Cryptocurrencies are digital or virtual currencies underpinned by cryptographic systems. They enable secure online payments without the use of third-party intermediaries. "Crypto" refers to the various encryption algorithms and cryptographic techniques that safeguard these entries, such as elliptical curve encryption, public-private key pairs, and hashing functions.

Cryptocurrencies can be mined or purchased from cryptocurrency exchanges. Not all ecommerce sites allow purchases using cryptocurrencies. In fact, cryptocurrencies, even popular ones like Bitcoin, are hardly used for retail transactions. However, the skyrocketing value of cryptocurrencies has made them popular as trading instruments. To a limited extent, they are also used for cross-border transfers.

Blockchain Technology

Central to the appeal and functionality of Bitcoin and other cryptocurrencies is blockchain technology. As its name indicates, blockchain is essentially a set of connected blocks or an online ledger. Each block contains a set of transactions that have been independently verified by each member of the network. Every new block generated must be verified by each node before being confirmed, making it almost impossible to forge transaction histories.The contents of the online ledger must be agreed upon by the entire network of an individual node, or computer maintaining a copy of the ledger.

Experts say that blockchain technology can be used in multiple industries, such as supply chain, and processes such as online voting and crowdfunding. Financial institutions such as JPMorgan Chase & Co. (JPM) are testing the use of blockchain technology to lower transaction costs by streamlining payment processing.

Types of Cryptocurrency

Bitcoin is the most popular and valuable cryptocurrency. An anonymous person called Satoshi Nakamoto invented it and introduced it to the world via a white paper in 2008. There are thousands of cryptocurrencies present in the market today.

Each cryptocurrency claims to have a different function and specification. For example, Ethereum's ether markets itself as gas for the underlying smart contract platform. Ripple's XRP is used by banks to facilitate transfers between different geographies.

Bitcoin, which was made available to the public in 2009, remains the most widely traded and covered cryptocurrency. As of November 2021, there were over 18.8 million bitcoins in circulation with a total market cap of around $1.2 trillion. Only 21 million bitcoins will ever exist.

In the wake of Bitcoin's success, many other cryptocurrencies, known as "altcoins," have been launched. Some of these are clones or forks of Bitcoin, while others are new currencies that were built from scratch. They include Solana, Litecoin, Ethereum, Cardano, and EOS. By November 2021, the aggregate value of all the cryptocurrencies in existence had reached over $2.1 trillion—Bitcoin represented approximately 41% of that total value.

Frequently Asked Questions on CryptoCurrency

How Do You Get Cryptocurrency?

Any investor can purchase cryptocurrency from popular crypto exchanges such as Coinbase, apps such as Cash App, or through brokers. Another popular way to invest in cryptocurrencies is through financial derivatives, such as CME's Bitcoin futures, or through other instruments, such as Bitcoin trusts and Bitcoin ETFs.

What Is the Point of Cryptocurrency?

Cryptocurrencies are a new paradigm for money. Their promise is to streamline existing financial architecture to make it faster and cheaper. Their technology and architecture decentralize existing monetary systems and make it possible for transacting parties to exchange value and money independently of intermediary institutions such as banks.

Can You Generate Cryptocurrency?

Cryptocurrencies are generated by mining. For example, Bitcoin is generated using Bitcoin mining. The process involves downloading software that contains a partial or full history of transactions that have occurred in its network. Though anyone with a computer and an Internet connection can mine cryptocurrency, the energy- and resource-intensive nature of mining means that large firms dominate the industry.

What Are the Most Popular Cryptocurrencies?

Bitcoin is by far the most popular cryptocurrency followed by other cryptocurrencies such as Ethereum, Binance Coin, Solana, and Cardano.

Advantages of CryptoCurrency

- Cryptocurrencies represent a new, decentralized paradigm for money. In this system, centralized intermediaries, such as banks and monetary institutions, are not necessary to enforce trust and police transactions between two parties. Thus, a system with cryptocurrencies eliminates the possibility of a single point of failure, such as a large bank, setting off a cascade of crises around the world, such as the one that was triggered in 2008 by the failure of institutions in the United States.
- Cryptocurrencies promise to make it easier to transfer funds directly between two parties, without the need for a trusted third party like a bank or a credit card company. Such decentralized transfers are secured by the use of public keys and private keys and different forms of incentive systems, such as proof of work or proof of stake.
- Because they do not use third-party intermediaries, cryptocurrency transfers between two transacting parties are faster as compared to standard money transfers. Flash loans in decentralized finance are a good example of such decentralized transfers. These loans, which are processed without backing collateral, can be executed within seconds and are used in trading.
- Cryptocurrency investments can generate profits. Cryptocurrency markets have skyrocketed in value over the past decade, at one point reaching almost $2 trillion. As of Dec. 20, 2021, Bitcoin was valued at more than $862 billion in crypto markets.
- The remittance economy is testing one of cryptocurrency's most prominent use cases. Currently, cryptocurrencies such as Bitcoin serve as intermediate currencies to streamline money transfers across borders. Thus, a fiat currency is converted to Bitcoin (or another cryptocurrency), transferred across borders and, subsequently, converted to the destination fiat currency. This method streamlines the money transfer process and makes it cheaper.

Disadvantages of CryptoCurrency

- Though they claim to be an anonymous form of transaction, cryptocurrencies are actually pseudonymous. They leave a digital trail that agencies such as the Federal Bureau of Investigation (FBI) can decipher. This opens up possibilities of governments or federal authorities tracking the financial transactions of ordinary citizens.
- Cryptocurrencies have become a popular tool with criminals for nefarious activities such as money laundering and illicit purchases. The case of Dread Pirate Roberts, who ran a marketplace to sell drugs on the dark web, is already well known. Cryptocurrencies have also become a favorite of hackers who use them for ran-

somware activities.

- In theory, cryptocurrencies are meant to be decentralized, their wealth distributed between many parties on a blockchain. In reality, ownership is highly concentrated. For example, an MIT study found that just 11,000 investors held roughly 45% of Bitcoin's surging value.
- One of the conceits of cryptocurrencies is that anyone can mine them using a computer with an Internet connection. However, mining popular cryptocurrencies requires considerable energy, sometimes as much energy as entire countries consume. The expensive energy costs coupled with the unpredictability of mining have concentrated mining among large firms whose revenues running into the billions of dollars. According to an MIT study, 10% of miners account for 90% of its mining capacity. Further ,Crypto mining leaves a massive carbon footprint which is worrisome for the environment
- Though cryptocurrency blockchains are highly secure, other crypto repositories, such as exchanges and wallets, can be hacked. Many cryptocurrency exchanges and wallets have been hacked over the years, sometimes resulting in millions of dollars worth of "coins" stolen.
- Cryptocurrencies traded in public markets suffer from price volatility. Bitcoin has experienced rapid surges and crashes in its value, climbing to as high as $17,738 in December 2017 before dropping to $7,575 in the following months. Some economists thus consider cryptocurrencies to be a short-lived fad or speculative bubble.
- The absence of regulation discourages many investor from trading into the crypto trading market, even though it is attractive and profitable for individual users

How Cryptocurrencies Are Regulated Around The World

At a time Cryptocurrency ecosystem stakeholders in India are keeping their fingers crossed, with a hope that India will come up with rules to regulate them instead of announcing a blanket banIn a virtual summit hosted by US president Joe Biden, Modi said that emerging technologies such as cryptocurrencies should be used to empower democracy, not undermine it. The statement comes at a time when the entire world is coming up with its own set of regulations to deal with the emerging asset class. While some countries have banned cryptocurrency entirely, others have tried to partially control their flow in the economy.

United States

The US has a dual system of governance, under which different states can have different laws for cryptocurrency. For instance, New York favours cryptocurrency and launched a licensing framework called 'BitLicense' for businesses and crypto exchanges back in 2016. Wyoming too, exempted the developers of cryptocurrencies from securities laws, if they met certain conditions in 2018. Many states in the US are yet to take a stance vis-à-vis cryptocurrencies. Different states of the USA may hold varied regulations related to crypto, but the overall sentiment in the country remains positive towards the trading community.

Canada

As the interest in cryptocurrency grows, so does the need for regulation surrounding it. In Canada, a few organizations are taking charge of this issue. The Canadian Securities Administrators (CSA) and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) are working to create regulations that will protect investors while allowing for innovation within the cryptocurrency space.

As for now, cryptocurrencies are not legal tender in Canada. This means that you cannot use them to pay for goods or services. However, this does not mean that they cannot be used. You can still use cryptocurrencies to buy goods and services, but you may need to find a seller willing to accept them

European Union

The European Union has 27 member countries, and legislation at the Union level is a complicated matter. So far, countries in the EU have had their framework regulating this industry, with the majority of them going for a soft-touch regulatory framework. In September last year, the European Commission released draft legislation titled Markets in Crypto-Assets Regulation (MiCA) legislation. When this draft comes into effect, cryptocurrencies will be treated as regulated financial instruments by the legislation. This framework increases consumer protection, defines crypto industry conduct, and introduces new licensing requirements.

El Salvador

El Salvador became the first country to use bitcoin alongside the US dollar as legal tender in September 2021. The president of this South American country, Nayib Bukele has said Bitcoin may reduce poverty, and lead more people into digitalisation.

United Kingdom

The United Kingdom has not formulated separate legislation regarding the regulation of cryptocurrency. The UK considers cryptocurrency as property, and not legal tender. Under the current system, the Financial Conduct Authority (FCA) regulates licensing to authorised cryptocurrency-related businesses, including crypto exchanges. FCA has a stringent set of rules, which all those seeking a licence have to comply with.

The UK gains taxes from crypto trading, like any other currency trading. Those businesses which are involved in cryptocurrency trading, including cryptocurrency exchanges themselves, have to comply with corporate tax rules.

Australia

Cryptocurrencies and exchanges are legal in Australia, but there is a lack of clarity about the regulatory environment. The Australian Transaction Reports and Analysis Centre (AUSTRAC) has clarified that cryptocurrencies do not fall under its remit as it is an emerging technology.

However, cryptocurrency exchanges may be regulated by AUSTRAC if they provide services to customers or businesses for goods or services other than cryptocurrencies. The Australian Securities and Investments Commission (ASIC) also states that those who wish to operate as a digital currency exchange need to seek authorization from ASIC before commencing operations because operating a digital currency exchange without consent carries penalties, imprisonment or fines.

China

China has changed its stance on Cryptocurrencies radically in the last few months. After allowing its citizens to trade or mine crypto coins in the initial years, it unleashed a crackdown on mining activities and banned the trade in June 2021. Those running Crypto infrastructure including exchanges had to move out their operations from the country. The country is developing a digital version of currency and is testing the centrally regulated crypto coin.

Thailand

The country's Securities & Exchange Commission (SEC) has drafted new rules for holding digital assets recently. The draft regulations seek to prohibit crypto custodians from extracting benefits from their clients' assets. In order to control the volatility in the crypto trade, the draft regulations would allow depositing a client's assets only at a commercial bank after agreeing on the interest rate with their client.

Singapore

Cryptocurrency trading is legal in Singapore, and Bitcoins are treated as goods. The Monetary Authority of Singapore (MAS) has issued cryptocurrency guidelines for businesses to conduct transactions with cryptocurrencies. The MAS also regulates the activities of cryptocurrency exchanges, intermediaries between buyers and sellers who facilitate the conversion of fiat currency into virtual currencies or vice versa.

They have set out a framework that requires these entities to be authorized by the MAS before operating in Singapore. The Guidelines require these entities to put in place appropriate policies, procedures, controls and systems covering key areas including anti-money laundering/combating financing terrorism (AML/CFT), customer due diligence (CDD), countering the financing of terrorism (CFT), privacy protection, recordkeeping, and cybersecurity threats.

India

The Reserve Bank of India plans to launch its CBDC, a digital form of fiat currency that can be transacted using wallets backed by blockchain, and which is regulated by the central bank. Though the concept of CBDCs was directly inspired by Bitcoin, it is different from decentralised virtual currencies and crypto assets, which are not issued by the state, and lack the 'legal tender' status declared by the government.

CBDCs enable the user to conduct both domestic and cross-border transactions that do not require a third party or bank. Since several countries are running pilot projects in this space, it is important for India to launch its own CBDC, making the rupee competitive in international financial markets.

While CBDC too is a digital or virtual currency, it is not comparable to the private virtual currencies that have mushroomed over the last decade. The private virtual currencies sit at odds with the historical concept of money — and they are certainly not currency as the word has come to be understood historically.

The Indian Crypto Bill 2021: What lies ahead for crypto investors

A lot has been brewing about the impending Crypto Bill that will change the way the crypto market regulates currently in India. The overall objective of introducing regulations is to foster accountability and security.

Here, we try to dispel the misinformation, skepticism and fear surrounding the Crypto Bill by taking a look at the various dimensions and perspectives surrounding the topic. A look at the various dimensions of the bill :

1. Apprehension of a possible blanket ban

A panel discussion of the leadership of top crypto companies with Members of the Parliament in November led to the conclusion that cryptocurrencies cannot be stopped and instead must be regulated.Blanket ban would be highly improbable considering these facts: India has a thriving crypto market with nearly 10 crore investors.

The technological framework of blockchain technology makes it even difficult to impose a regulatory ban.

Crypto is transferred from one wallet just like files are shared from one network to another.

2. Possibility of a regulatory framework

A cabinet note circulated by the government in December said that cryptocurrencies would be regulated and not banned. In order to ensure wider adoption and progress of cryptocurrencies, the government believes regulation to be the best option.The law will further make provisions to support innovation in the crypto and blockchain industry.
1.Furthermore, to ensure secure transactions and prevent criminal activities cryptocurrencies would be regulated.

2. However cryptocurrency will not be made a legal currency in India.

3. The existing crypto exchanges would be controlled and regulated by Securities and Exchange Board of India (SEBI).

Central Bank Digital Currencies (CBDCs) or the possibility of a digital rupee are also an important part of the regulatory framework. RBI is expected to launch its pilot project for CBDC in the fi rst quarter of the next fiscal year.

3. On banning private cryptocurrencies

In a government bulletin published on November 23, the government unequivocally said about banning all private cryptocurrencies leaving few to enable the growth of crypto technology and its uses.Private cryptocurrencies are not clearly defined yet and thus nothing can be confi dently said.It's important to know however that cryptocurrencies that are built on publicly accessible blockchains are traceable even though they are anonymous.These are coins like Bitcoin and Ethereum that are completely out of danger and can't be banned. Indian investors should not gamble in such speculative assets where they can only lose money in the long-term. The Bill to regulate cryptocurrencies should therefore be tabled without delay. The government should also ponder the reasons behind the speculative exuberance. The answer may lie in the failure of the formal financial system and small saving schemes to cater to the aspirational needs of new-gen investors .Critical reforms are needed to bring back faith in our banking services. Otherwise, like previous examples of money flowing into chit funds and Ponzi schemes, savings will be channelled into cryptocurrencies that are non-productive for investment and economic growth.

Cryptocurrency- a new dimension in the global economy

2021 was a big year for cryptocurrency. But what's next in 2022?

We've seen Bitcoin hit multiple new all-time high prices and more institutional buy-in from major companies. Ethereum, the second-biggest cryptocurrency, notched its own new all-time high recently as well. U.S. government officials and the Biden administration have increasingly expressed interest in new regulations for cryptocurrency.

All the while, people's interest in crypto has skyrocketed: it's a hot topic not only among investors but in popular culture too, thanks to everyone from long-standing investors like Elon Musk to that kid from your high school on Facebook.

We can speculate on what value cryptocurrency may have for investors in the coming months and years(and many will), but the reality is it's still a new and speculative investment, without much history on which to base predictions. No matter what a given expert thinks or says, no one really knows. That's why it's important to only invest what you're prepared to lose, and stick to more conventional investments for long-term wealth building. The advice to investors would be to keep investments small, and never put crypto investments above any other financial goals like saving for retirement and paying off high interest debt.

The industry is only in its infancy and constantly evolving. It's difficult to predict where things are headed long-term, but in the coming months, experts are following themes from regulation to institutional adoption of crypto payments to try and get a better sense of the market.

Advantages & Drawbacks of CryptoCurrency

There are certain advantages as well as loopholes in the use of cryptocurrencies. While there are widespread apprehensions of use of cryptocurrencies for dubious activities, there may be possibilities to control and regulate this through regulated crypto exchanges and introducing KYC norms. This is by no means an easy task. However, considering that wishing away the existence of cryptocurrency does not appear to be realistic, perhaps the best way would be to develop superior regulatory norms and plug the illegal use of this new concept.

The concept of block-chain has its advantages in terms of offering true equality, i.e. each participant is equally important and there are no middlemen or Central Authorities. While anonymity or privacy is also considered an advantage, it also comes with the risk of no support or guarantee in case of any loss or hacking of the system. It might help in easier access to credit and funding at a global level even for the small and medium business persons. These are contentious policy issues which call for careful analysis for ensuring overall welfare and security of financial systems and also check misuse of technology driven financial instruments.

Crypto- Is it a Currency or Asset ??

Cryptocurrency was initially conceived as a medium of payment. Lately, it has developed into a form of asset, whose value keeps on fluctuating as it gets traded in the markets or exchanges. There is an element of both a currency and an asset in this new financial instrument. As an asset, it also has the feature of very rapid fluctuation in a short duration. The sensitivity to any apprehension even by a handful of “owners” results in major dips or jumps in the prices of these cryptocurrencies/crypto-assets. Market information and crypto-exchanges do play a very critical role in the value of crypto-assets.

Challenges for Economies

The threat to the monetary system, fear of misuse for dubious activities and no control over the private crypto-exchanges enabling sale purchase of cryptocurrencies are some real challenges faced by the individual countries, as the cryptocurrencies increase their presence and influence over the global economy. Another crucial aspect relates to taxing such transactions both domestically and internationally.

Cryptocurrencies are being considered in different perspectives by various countries. First are the Crypto-friendly countries like Malta and Singapore and Switzerland, which promote use of cryptocurrency.Second category of countries restrict cryptocurrencies. These include China, which has largely banned cryptocurrencies. South Korea, Bangladesh, Bolivia, Taiwan, Lebanon have also banned use of crypto currencies. The third category regulates use of cryptocurrencies. These countries seek to balance encouraging the use of cryptocurrencies and balancing the risks attached in use of cryptocurrencies, such as the USA.

There are variations in the manner cryptocurrencies are considered for various taxes like VAT, Capital gains or Property Tax. There is no dispute that fair and transparent taxation mechanism which is also robust and dynamic must be put in place by all economies of the world. Due to lack of clarity, there is possibility of tax gaps increasing in this area in the medium and long run. While there are bigger challenges in allowing crypto-instruments to be used as currency and mode of payments, perhaps treating it as some form of asset might be feasible. Capital gains taxation might yield more pragmatic solutions, with restrictions on claiming losses and establishing a regulatory authority in each economy for issuing instructions and regulations from time to time. Analysis of classes of cryptocurrency and also defining the nature of these assets can be a starting point for adapting this instrument into the financial system in a phased manner. A global consensus is however needed in view of the digital nature and the technology involved.

Broader Institutional Cryptocurrency Adoption and its implication for investors

Mainstream companies across multiple industries took interest — and in some cases themselves invested in — cryptocurrency and blockchain in 2021. AMC Theatres in US, for example, recently announced it will be able to accept Bitcoin payments by the end of this year. Fintech companies like PayPal and Square are also betting on crypto by allowing users to buy on their platforms. Tesla continues to go back and forth on its acceptance of Bitcoin payments, though the company holds billions in crypto assets. Experts predict more and more of this buy-in.

Some experts predict bigger, global corporations could jumpstart this adoption even more in the latter half of this year. A huge retailer like Amazon could "create a chain reaction of others accepting it," and would "add a lot of credibility."Indeed, Amazon has recently sparked rumors that it's making moves to that end by sharing a job posting for a "digital currency and blockchain product lead." Walmart is also recruiting a crypto expert to oversee its blockchain strategy.

While paying for things in cryptocurrencies doesn't make sense for most people right now, more retailers accepting payments might change that landscape in the future. It'll likely be much longer before it'll be a smart financial decision to spend Bitcoin on goods or services, but further institutional adoption could bring about more use-cases for everyday users, and in turn, have an impact on crypto prices. Nothing is guaranteed, but if you buy cryptocurrency as a long-term store of value, the more "real world" uses it has, the more likely demand and value will increase.

What new regulation could mean for investors

The $1.2 trillion bipartisan infrastructure bill signed by the president in November 2021 includes crypto tax reporting provisions that could make it easier for the IRS to track crypto activity among Americans. Even before the new legislation, that's why experts say investors should keep records of any capital gains or losses on their crypto assets. The new rules may also make it easier for investors to properly report crypto transactions.
Regulatory announcements can also affect the price of cryptocurrency in already volatile markets. Market volatility is why investing experts recommend keeping any cryptocurrency investments to less than 5% of your total portfolio and never invest anything you're not ok with losing.

Ultimately, many experts believe regulation is a good thing for the industry. "Sensible regulation is a win for everyone," says Ben Weiss, CEO and cofounder of CoinFlip, a cryptocurrency buying platform and crypto ATM network. "It gives people more confidence in crypto, but I think it's something we have to take our time on and we have to get it right."

The Way Ahead

The emergence and acceptance of cryptocurrencies in different parts of the world cannot be ignored or sidelined. Block-chain technology is also here to stay. Crypto instruments have their advantages and shortcomings. It poses a challenge to the financial systems in different economies and has potential to misuse with high risk of hacking and anonymity. Perhaps more transparency and clarity is possible by considering the following issues on top priority:

1. Establishing norms and rules for use of crypto instruments in countries and at a global level.
2. Capturing transactions through KYC and developing norms for taxing transactions.
3. Developing and regulating Crypto Exchanges.
4. Collecting data and conducting research to find and plug avenues for money laundering.
5. Finding out a balance between regulation and checking crypto instruments for different purposes. Using crypto as a currency is complicated but treating it as an asset could be considered.

Research on the subject is ongoing. A more active role by governments and global institutions will help in finding pragmatic and acceptable solutions. Pragmatic regulations and transparency in treatment of this newly discovered instrument will certainly benefit in the long run.