

28 Mar 2019: UPSC Exam Comprehensive News Analysis

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Category: INTERNATIONAL RELATIONS

1. India in pact to ease U.S. firms' compliance

Context:

India and the U.S. signed an inter-government agreement for the automatic exchange of country-by-country (CbC) reports, which will reduce the compliance burden for Indian subsidiary companies of U.S. parent companies.

Details:

Sub-section (4) of Section 286 of the Income-tax Act, 1961 requires that a constituent entity of an international group, resident in India, other than a parent entity or an alternate reporting entity of an international group, resident in India, shall furnish the Country-by-Country (CbC) Report in respect of the said international Group for a reporting accounting year within the period as may be prescribed, if the parent entity of the said International Group is resident of a country or territory,—

- where the parent entity is not obligated to file the CbC Report;
- with which India does not have an agreement providing for exchange of the CbC Report; or
- where there has been a systemic failure of the country or territory and the said failure has been intimated by the prescribed authority to such constituent entity.

What is CbC report?

The Base Erosion and Profit Shifting (BEPS) Action Plan adopted by the Organisation for Economic Co-operation and Development (OECD) and G20 countries in 2013 recognised that the way forward to mitigate risk from base erosion and profit shifting was to enhance transparency.

The Base Erosion and Profit Shifting (BEPS) Action 13 report (Transfer Pricing Documentation and Country-by-Country Reporting) provides **a template for multinational enterprises** (MNEs) to report annually and for each tax jurisdiction in which they do business the information set out therein. This report is called the Country-by-Country (CbC) Report.

What is a constituent entity?

A constituent entity is a separate business unit of the MNE group that is included in the consolidated group for financial reporting purposes. This includes a permanent establishment if a separate income statement is prepared for regulatory, financial, internal management or tax purposes.

What is BEPS?

Base erosion and profit shifting refers to the activities of multinational corporations to shift their profits from high tax jurisdictions to lower tax jurisdiction, thereby eroding the tax base of the high tax jurisdictions and depriving them of tax revenue. In order to combat this, many countries entered into agreements to share tax information with each other to enhance transparency and make such profit shifting that much harder.

Bilateral agreement between India and USA:

- The absence of an Agreement between India and USA till now had entailed a possibility of local filing of CbC Reports in India.
- However, a Bilateral Competent Authority Arrangement, along with an underlying Inter-Governmental Agreement, for exchange of CbC Reports between India and the USA has now been finalized.
- This would enable both the countries to exchange CbC Reports filed by the ultimate parent entities of International Groups in the respective jurisdictions, pertaining to the financial years commencing on or after 1st January, 2016.
- As a result, Indian constituent entities of international groups headquartered in USA, who have already filed CbC Reports in the USA, would not be required to do local filing of the CbC Reports of their international groups in India.
- This is a key step in making India compliant with the Base Erosion and Profit Shifting (BEPS) project, of which it is an active participant.

Category: POLITY AND GOVERNANCE

1. Deposits ordinance does not cover gold schemes

Context:

- The 'Banning of Unregulated Deposit Scheme Ordinance', was promulgated by President Ram Nath Kovind during the last week of February 2019 to save gullible investors from losing money to Ponzi and fake deposit schemes.
- The Centre's recent ordinance will not affect the ongoing monthly schemes operated by jewellery and chit fund firms, said tax practitioners.

Details:

What is unregulated deposit scheme?

- A deposit-taking scheme is defined as unregulated if it is not registered with the regulators.
- Currently, nine regulators oversee and regulate various deposit-taking schemes. For example, RBI regulates deposits accepted by non-banking financial companies, SEBI regulates mutual funds, state and union territory governments regulate chit funds, among others. All deposit-taking schemes are required to be registered with the relevant regulator.

Why was the ordinance promulgated?

- Popular chit funds and gold schemes usually escape the purview of government regulators. These schemes exploit existing regulatory gaps and lack of strict administrative measures. Such schemes widely affect the poor and the financially illiterate.
- The Saradha chit fund scam is one such example of a financial crime.
- This ordinance is meant to take on fraudulent individuals and unregistered partnership firms from accepting deposits or services from gullible investors either in the form of advance or loan with or without interest.
- This would also include monthly chits and Diwali gift schemes among others.
- Thus, to protect the investors from losing their money, the deposit ordinance was promulgated.

Conclusion:

However, the ordinance must ensure that it should not derecognise genuine deposit schemes that offer useful financial services to customers in the unorganised sector. Also, the government should ensure legitimacy of various deposit schemes by conducting the necessary due diligence of every regulated deposit schemes.

2. Electoral bonds will affect transparency, EC tells SC

Issue:

The Election Commission of India (ECI) has told the Supreme Court that the electoral bonds, wreck transparency in political funding.

In its affidavit submitted to the Supreme Court, the EC pointed to the amendments made to key laws, with dangerous consequences.

Background:

Details:

- Coupled with the removal of cap on foreign funding, electoral bonds invite foreign corporate powers to impact Indian politics, Election Commission said in an affidavit filed in the apex court.
- Besides detailing how donations received through electoral bonds would cause a “serious impact” on transparency in funding of political parties, The ECI ripped apart amendments made to various key statutes through the two consecutive Finance Acts of 2016 and 2017.
- It opined that these amendments would pump in black money for political funding through shell companies and allow unchecked foreign funding of political parties in India which could lead to Indian politics being influenced by foreign companies.
- The Election Commission of India has time and again voiced the importance of declaration of donations received by political parties and also about the manner in which those funds are expended by them for better transparency and accountability in the election process.
- It said the amendments made in 2017 virtually derailed ECI guidelines of August 29, 2014, requiring political parties to file reports on contributions received, their audited annual accounts and election expenditure statements.

Amendments:

- The Finance Act of 2017 amends various laws, including the Representation of the People (RP) Act of 1951, the Income Tax Act and the Companies Act. The Finance Act of 2016 makes changes in the Foreign Contribution (Regulation) Act of 2010.
- The amendment to the RP Act allows political parties to skip recording donations received by them through electoral bonds in their contribution reports to the ECI.
- “This is a retrograde step as far as transparency of donations is concerned,” ECI said.
- The ECI has no way to ascertain whether the donations were received illegally by the political party from government companies or foreign sources.
- The ECI said the amendment introduced by the government in the Income Tax Act allows anonymous donations. Donors to political parties need not provide their names, address or PAN if they have contributed less than Rs. 20,000.
- Now, “many political parties have been reporting a major portion of the donations received as being less than the prescribed limit of Rs. 20,000...” the ECI affidavit told the Supreme Court.
- The ECI extends its critique to the Finance Act of 2016, highlighting how it had amended the FCRA 2010 to “allow donations to be received from foreign companies having majority stake in Indian companies...”
- ECI also mentioned how the amendment in the Companies Act “opens up the possibility of shell companies being set up for the sole purpose of making donations to political parties...”

The Supreme Court has listed the case for hearing on the issue of electoral bonds, unlimited corporate funding and transparency in political funding.

3. In 2018, Official Secrets Act invoked in five cases

Context:

The Ministry of Home Affairs (MHA) issued five prosecution sanction orders last year under the Official Secrets Act (OSA), 1923.

What is Official Secrets Act?

- Official Secrets Act (OSA), 1923 was enacted by the British to curb espionage. The Act states that

- one can't approach, inspect or even pass through a prohibited site used by the government.
- It was mainly enacted to curb the espionage which may help the enemy state against India.
 - The section-3 of the act talks about the penalties if the person is persecuted under the act.
 - “(1) If any person for any purpose prejudicial to the safety or interests of the State”..... “obtains collects, records or publishes or communicates to any other person any secret official code” “shall be punishable by imprisonment up to fourteen years and in other case to three years.”

What is the issue?

- The Act criminalizes disclosure of information which might be directly or indirectly useful to an enemy (Section 3).
- As per the interpretation given to the provision by the Supreme Court in *Sama Alana Abdullah y. State of Gujarat AIR 1996 SC 569*, the information need not be even 'secret', and if it is likely to be useful to an enemy, the offence is said to have been committed.
- Therefore, there is a lot of subjectivity involved here, as conviction could be based on an arbitrary and uncertain test of information being useful to an enemy.
- It criminalizes disclosure of information which is likely to affect sovereignty and integrity of India, the security of state or friendly relation with foreign states'. This provision also punishes persons voluntarily receiving and possessing such documents.
- Official Secrets Act has been misused to clip the wings of press reportage.
- Another issue is that the OSA does not define “secret” or “official secrets”. Public servants could deny any information terming it a “secret” when asked under the RTI Act.
- The Second Administrative Reforms Commission (SARC) report stated that as the OSA's background is the colonial climate of mistrust of people and the primacy of public officials in dealing with the citizens, it created a culture of secrecy.
- It said that the Act should be substituted by a chapter in the National Security Act that incorporates the necessary provisions.

Do other nations have similar laws?

- Several countries including the United Kingdom, Malaysia, Singapore, and New Zealand continue to use the legislation to protect state secrets.
- In 2001, Canada replaced its OSA with a Security of Information Act. The “official secrets” come under the Espionage Act in the U.S.

C. GS3 Related

Category: SCIENCE AND TECHNOLOGY

1. Successful anti-satellite missile test puts India in elite club

Context:

- Prime Minister Narendra Modi announced that the DRDO-developed anti-satellite system A-SAT successfully destroyed a live satellite in the Low Earth Orbit.
- With this test, dubbed as Mission Shakti, India is only the fourth country after the U.S., Russia and China to have the technology.

What are anti-satellite (ASAT) weapons?

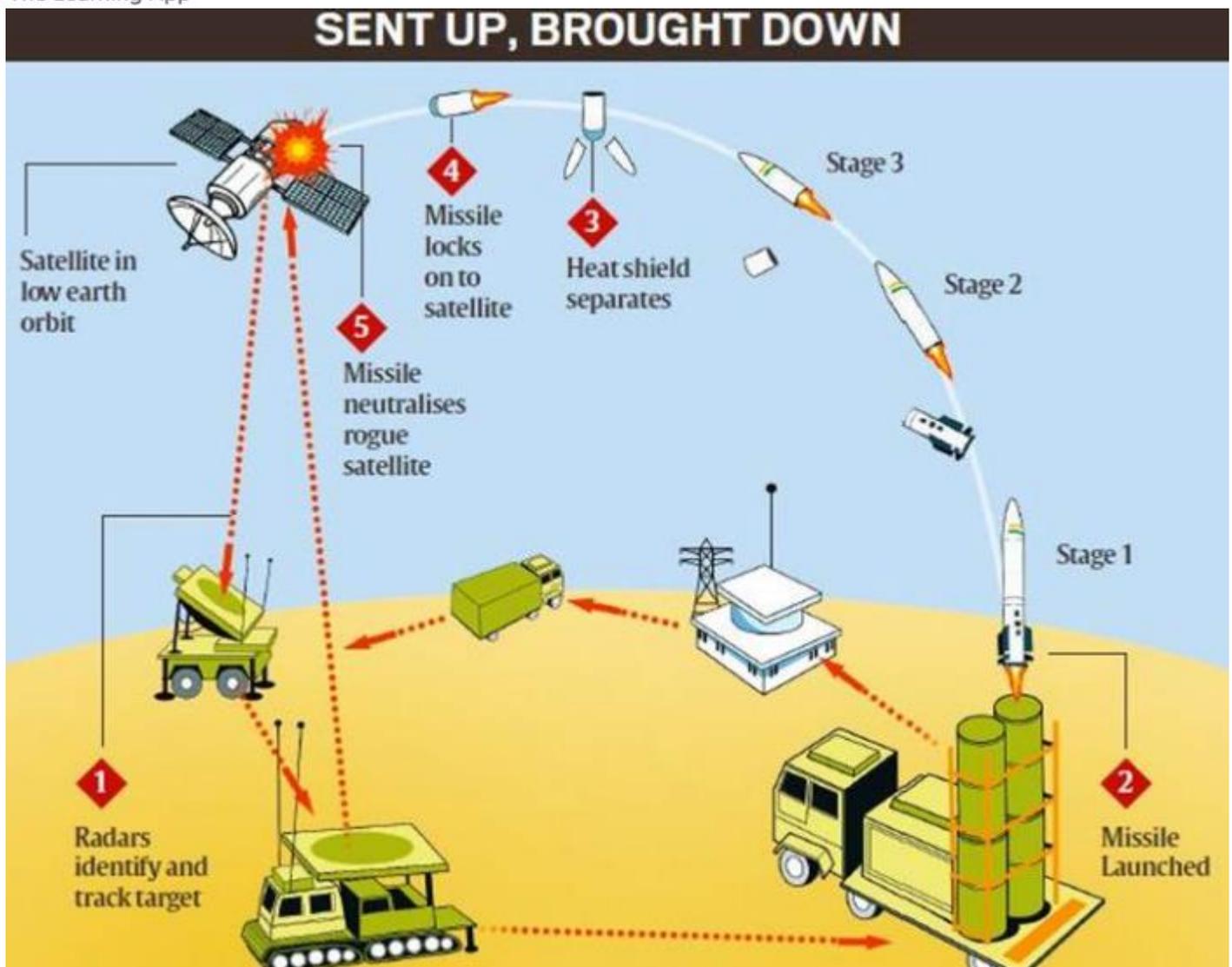
- They are missile-based systems to attack moving satellites. So far the United States, China and Russia were the only ones who've reported the ability to shoot down space objects from ground or

airborne sources.

- The development of such systems has a long history — fuelled by the Cold War between the United States and the former Soviet Union
- In the Cold War/Space Race era, 1985 was the last time that the United States had used an anti-satellite system to destroy its P-781 satellite that had instruments aboard to study solar radiation.

Why was the test done now?

- The test was done to verify that India has the capability to safeguard our space assets. It is the Government of India's responsibility to defend the country's interests in outer space.
 - Satellites are extremely critical infrastructure of any country these days. A large number of crucial applications are now satellite-based.
 - These include navigation systems, communication networks, broadcasting, banking systems, stock markets, weather forecasting, disaster management, land and ocean mapping and monitoring tools, and military applications.
 - Destroying a satellite would render these applications useless. It can cripple enemy infrastructure, and bring it down on knees, without causing any threat to human lives.
- The tests were done after India acquired the required degree of confidence to ensure its success, and reflects the intention of the government to enhance India's national security.
- The test, however, can be carried out only on one's own satellite. There are a large number of satellites currently in space, many of which have outlived their utility and orbiting aimlessly. One such satellite was chosen for the test.



Steps taken by India to conduct the test:

- As is mandatory for any missile test, India did issue a Notice to Airmen (NOTAM) to airline authorities across the world informing them about an impending missile test. This notice does not have to specify the kind of missile being tested, only the flight path and the region affected, so that airborne systems are able to avoid it.
 - NOTAM: It is a notice filed with an aviation authority to alert aircraft pilots of potential hazards along a flight route or at a location that could affect the safety of the flight

Examples:

- Anti-satellite weapons came back into popular currency after China conducted an anti-satellite missile test in 2007.
 - The target was a Chinese weather satellite — the FY-1C – that sailed at an altitude of 865 kilometres (537 mi).
- The United States launched ‘Operation Burnt Frost,’ the code name to intercept and destroy a non-functioning U.S. National Reconnaissance Office (NRO) satellite named USA-193.

What are India’s capabilities so far?

- While 'Mission Shakti' may have targeted an object in outer space, India has long developed the ability to intercept incoming missiles.

- In 2011, a modified Prithvi missile, mimicked the trajectory of a ballistic missile with a 600-km range. Radars at different locations swung into action, tracking the “enemy” missile, constructing its trajectory and passing on the information in real time to the Mission Control Centre (MCC) to launch the interceptor, an Advanced Air Defence (AAD) missile.
- It had a directional warhead to go close to the adversarial missile before exploding to inflict damage on it.

What are Low-Earth Orbit satellites?

- The Indian satellite that was shot down was a Low-Earth Orbit (LEO) satellite. These are satellites roughly at an altitude of 2,000 kilometres from the earth and that’s the region where majority of satellites are concentrated.
- A database from the Union of Concerned Scientists, a non-government organization based in the United States, says that there are at least 5 known Indian satellites in LEO: India PiSat, Resourcesat 2, Radar Imaging Satellites 1 and 2 and SRMsat.

Does the test create space debris?

- The test was done in the lower atmosphere to ensure that there is no space debris. Whatever debris that is generated will decay and fall back onto the earth within weeks.

Is India entering into an arms race in outer space?

- India has no intention of entering into an arms race in outer space. India has always maintained that space must be used only for peaceful purposes. India is against the weaponization of Outer Space and support international efforts to reinforce the safety and security of space based assets.
- India believes that Outer space is the common heritage of humankind and it is the responsibility of all space-faring nations to preserve and promote the benefits flowing from advances made in space technology and its applications for all.
- India is a party to all the major international treaties relating to Outer Space. India already implements a number of Transparency and Confidence Building Measures (TCBMs) – including registering space objects with the UN register, pre-launch notifications, measures in harmony with the UN Space Mitigation Guidelines, participation in Inter Agency Space Debris Coordination (IADC) activities with regard to space debris management, undertaking SOPA (Space Object Proximity Awareness and COLA (Collision Avoidance) Analysis and numerous international cooperation activities, including hosting the UN affiliated Centre for Space and Science Technology Education in Asia and Pacific. India has been participating in all sessions of the UN Committee on the Peaceful Uses of Outer Space.
- India supported UNGA resolution 69/32 on No First Placement of Weapons on Outer Space. India’s sees the No First Placement of weapons in outer space as only an interim step and not a substitute for concluding substantive legal measures to ensure the prevention of an arms race in outer space, which should continue to be a priority for the international community.
- India supports the substantive consideration of the issue of Prevention of an Arms Race in Outer Space (PAROS) in the Conference on Disarmament where it has been on the agenda since 1982.

What is the international law on weapons in outer space?

- 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.
- India expects to play a role in the future in the drafting of international law on prevention of an arms race in outer space including inter alia on the prevention of the placement of weapons in outer space in its capacity as a major space faring nation with proven space technology.

- India is not in violation of any international law or Treaty to which it is a Party or any national obligation.

Is this the only way to target enemy satellites?

- Countries have explored alternative options of making enemy satellites dysfunctional, options which do not involve direct destruction of the target or creation of the debris. For example, technologies have been developed to jam the communication from the satellites by interfering with its radio signals. This can be attempted during the uplink or the downlink.
- Another option that has been explored is the possibility of sending satellites that could just approach a target close enough to deviate it from its selected orbit, without destroying it. Several countries and organisations including China, Japan, Russia and the European Space Agency are said to be working on developing these 'close proximity' anti-satellite technologies.
- The third option is the possible use of ground-based lasers to 'dazzle' the sensors of the satellites and make them at least "partially blind" so that they are unable to work efficiently.

Significance:

- The use of ASAT is seen as crossing new frontier just like India's 1998 nuclear tests. The technology is aimed at destroying, if necessary, satellites owned by enemy countries.
- The fact that this anti-satellite technology is indigenously developed adds to India's credentials, given that for many decades India was kept away from acquiring key technologies, forcing the country to develop its own space and nuclear capabilities.
- The anti-satellite space technology shows India's focus on security challenges, emanating beyond Pakistan.
- The acquisition of this technology is expected to have spin-offs that India can exploit for commercial use, both domestic and globally.

Category: ENVIRONMENT AND ECOLOGY

1. Komodo Dragon

- It is a species of lizard found in the Indonesian islands of Komodo, Rinca, Flores, Gili Motang, and Padar
- IUCN Red list: Vulnerable
- It is the largest living species of lizard, growing to a maximum length of 3 metres
- Their unusually large size has been attributed to island gigantism, since no other carnivorous animals fill the niche on the islands where they live
- The dragon has venom glands that are loaded with toxins that lower blood pressure, cause massive bleeding, prevent clotting, and induce shock. They bite down with serrated teeth and pull back with powerful neck muscles resulting in huge gaping wounds. The venom then quickens the loss of blood and sends the prey into shock.

D. GS4 Related

Nothing here for today!!!

E. Editorials

Category: POLITY AND GOVERNANCE

1. A blow against Article 370

Note to Students:

Issues concerning Article 35A and Article 370 of the Constitution of India have repeatedly featured in the news time and again. We at BYJU'S have covered a detailed video-based analysis of these articles as part of our YouTube video release, available on the below link:

Why in the news?

- On March 1, 2019, the 77th and 103rd constitutional amendments were extended to Jammu and Kashmir (J&K) by a presidential order, with the concurrence of the J&K Governor.
- These relate to reservations in promotions for Scheduled Castes and Scheduled Tribes in the State services and special provisions for the advancement of economically weaker sections, respectively. However, on March 18, this was challenged before the J&K High Court.

Editorial Analysis:

Larger Background and status quo:

- The constitutional relationship between J&K and the Indian Union has been the subject of numerous discussions in recent times. This has rekindled the long-standing debate on the continued relevance of Article 370.
- As in Article 370, the provisions of the Indian Constitution do not automatically apply to J&K. To extend constitutional provisions and amendments to the State, a presidential order to that effect has to be passed.
- This order requires the concurrence of the State government, where the subject matter does not relate to the subjects specified in the Instrument of Accession (defence, external affairs, and communications). For other cases, only consultation is required.
- Accordingly, a 1954 presidential order extended various provisions of the Indian Constitution to J&K. This order was made with the concurrence of the State government and also ratified by the State Constituent Assembly.
- After the J&K Constitution came into effect in 1957, the State Constituent Assembly was dissolved. Since then, more than 40 such orders have been made, through which most constitutional provisions have been extended to the State.
- Some experts take the view that the sheer number of such orders, as well as the circumstances under which they were made, have considerably eroded J&K's special status under Article 370.
- **Having said this, it is also important to note that the state of J&K is not unique; there are special provisions for several States which are listed in Article 371 and Articles 371-A to 371-I.**

A gradual decline: Different Stages of dilution

1. First Stage of Dilution

- From the 1950s there has been a gradual dilution of the procedural norms followed by these presidential orders.
- In passing the 1954 order, procedural propriety was followed in the fullest possible sense as the requisite concurrence was obtained not only from an elected State government but also the State Constituent Assembly.
- The presidential orders made after the dissolution of the State Constituent Assembly — except a 1986 order extending Article 249, and the present 2019 order — can be seen as the first level of dilution.

- This is so because for all these orders, while the concurrence of an elected State government was obtained, the State Constituent Assembly did not exist and, therefore, could not give its ratification.
- Further, although the Supreme Court upheld this practice in the Sampat Prakash case (1968), it has been criticised as being beyond the scope of Article 370.

2. Second Stage of Dilution

- The 1986 order represents a second level of dilution.
- This is because it was made when J&K was under Governor's rule as per Section 92 of the J&K Constitution.
- In the absence of an elected council of ministers, the Governor could not have validly given the requisite concurrence to the presidential order.
- It is important to note that even if the Governor acting without a popularly elected government can be considered as a "state government" for the purposes of concurrence, the Governor must at least have had some nexus with the State and some independence from the Centre.
- However, this is not the case in practice, since the Governor is not only an unelected nominee of the Central Government but also holds office during the latter's pleasure. Not surprisingly, the 1986 order was challenged in the J&K High Court; it is still pending.

3. Third Stage of Dilution

- Some experts point out that if the 1986 order was problematic, the third level of dilution brought about by the 2019 order is almost the final blow.
- In December 2018, the President assumed all the functions of the State government and the Governor through a proclamation under Article 356.
- In an order passed on the same day, the President directed that all powers assumed by him would be exercisable by the Governor as well, "subject to the superintendence, direction, and control of the President".
- This is the main point of distinction between the 1986 and 2019 orders.
- During Governor's rule, as was the case in 1986, the Governor is at least on paper expected to act independently.
- However, in the present case involving President's rule, the Governor is reduced to a mere delegate of the Centre and is expected to act as per the aid and advice of the Central Government.
- It is important to note that a presidential order made through obtaining such a Governor's concurrence is tantamount to the Centre talking into a mirror and makes a mockery of Article 370.

The spirit of federalism: Concluding Remarks

- The manner in which the 2019 order was made also goes against the spirit of federalism, which is a salient constitutional principle.
- President's rule is an exception to the general constitutional scheme that envisages representative government at the State level to accommodate regional aspirations.
- Extending constitutional provisions to the State during this exceptional state of affairs is suspicious.
- Some experts take the view that if the Centre had legitimate intentions, it should have waited until the formation of an elected government in J&K.
- In the absence of popular will backing it, the 2019 order clearly falls foul of the principles of constitutional and political morality.
- Commenting on the 1986 order, the Sarkaria Commission had observed that "every action which is legally permissible may not be necessarily prudent or proper from the political stand-point".
- In conclusion, not only is the recent presidential order against federalism generally and the spirit of Article 370 in particular but it also violates the letter of the Constitution.

2. Slow on sanitation

Background:

- Scavenging has been an occupation imposed upon certain citizens of the country by the society, which later on continued as a traditional occupation where a section of people among the Scheduled Castes, were ordained to clean the night soil and carry it manually on their heads. This class of citizens of India is known as Manual Scavengers.
- Manual scavenging exists primarily because of absence of water borne latrines.
- Using a broom, a tin plate and a drum, they clear and carry human excreta from toilets, more often on their heads, to dumping grounds and disposal sites.
- They are exposed to the most virulent forms of viral and bacterial infections that affect their skin, eyes, limbs, respiratory and gastrointestinal systems.
- Their children are also caught up in this quagmire.
- Under these circumstances, it is almost impossible for their children to become educated.
- Mostly, the women of the families of the scavengers are engaged in scavenging. Even though, in modern times these people desire to leave the profession, their social, economic, educational and cultural aspects have made it difficult for them to find an alternate profession.
- The social stigma of untouchability continues to stick, in one form or the other largely because of the unclean nature of their occupation.

The Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013” (MS Act, 2013) has been enacted by the Parliament in September, 2013.

This Act intends to, inter alia, achieve the following objectives:-

1. Eliminate the insanitary latrines.
2. Prohibit:- a) Employment as Manual Scavengers b) Hazardous manual cleaning of sewer and septic tanks.
3. Survey of Manual Scavengers and their rehabilitation

Why in the news?

- The recent news of the tragic death of six people who entered a septic tank in Tamil Nadu’s Sriperumbudur town is a grim reminder that sanitation remains a low-priority area despite the high political profile of the Swachh Bharat.

Editorial Analysis:

- It is unfortunate to note that public understanding of the science of managing septic tanks continues to be poor, and the availability of cheap labour to clean these structures has slowed efforts to develop technologies that can safely remove and transport the waste.
- Sanitation thus remains a challenge in thousands of unsewered towns.
- What sets the incident apart from the several instances of people dying of asphyxiation in the tanks is that some of the victims were the owners of the property and not workers.
- Three people collapsed while inspecting their residential septic tank, and others who tried to save them also perished. Although workers were not affected in this case, it confirms Tamil Nadu’s abysmal overall record at raising sanitation standards.

A Look at Some Unfortunate Statistics:

- Since 1993, when the first law was passed against manual cleaning, there were at least 144 worker deaths in Tamil Nadu as of November 2018, according to official data reported to the Centre for

grant of compensation.

- Further, the states of Karnataka, Uttar Pradesh and Punjab also fared badly with a cumulative toll of 146 lives lost during that period.
- However, this is obviously a gross underestimate, since the **Safai Karmachari Andolan**, which has litigated in the Supreme Court seeking to aggressively prosecute offenders, contends that septic tank cleaning claimed nearly 1,500 lives between 2014 and 2016. Unfortunately, more reports of deaths continue to come in.
- Every death of a manual worker represents a crime, since the **Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013** makes the use of such labour to clean septic tanks an offence punishable with imprisonment of two years or with a fine of ₹2 lakh or both even in the first instance.

Perspective on New Technologies: The Way Forward

- Experts point out that if State governments are reluctant to prosecute offenders, they are also slow to adopt newer technologies such as **Faecal Sludge Treatment Plants (FSTP)**, which can be combined with omniprocessors for safe treatment of waste.
- For the task of cleaning the tanks, indigenous innovation in robotics looks promising.
- A prototype is planned to be tested by the Indian Institute of Technology Madras and such devices can potentially transform sanitation in India and other developing countries.
- But the pace of adoption will depend on the priority that governments accord to the long-neglected problem.
- As a matter of fact, last year (2018), Tamil Nadu, and some other States, notably Andhra Pradesh and Odisha, announced plans to scale up FSTP infrastructure.
- This is a task that deserves the highest importance, and needs to be completed on deadline.
- In conclusion, what happened in Sriperumbudur highlights the heavy price that communities pay for the lack of scientific sanitation.
- If governments remain apathetic, citizens would expect the courts to step in to uphold the law against manual scavenging and make individual departments accountable. The science on sanitation has advanced, and policy must urgently catch up.

3. A deal at last?

What's in the news?

- The Naga Framework Agreement is back in the news after the Centre's main interlocutor in Nagaland, R.N. Ravi, visited the State to tie up loose ends before a final deal is sealed.

Brief look at the Past:

- It is interesting that the formation of the Naga Club in 1918 was the first collective expression by different tribes inhabiting Nagaland and the hills of Manipur to come under a common umbrella.
- The Naga men who were drafted by British rulers in the Labour Corps as soldiers, porters, builders, etc. felt the need for a united front after they returned from battle in the First World War.
- The word Naga itself is shrouded in multiple interpretations.
- Consciousness about borders and boundaries came with the arrival of the British who practised statecraft in the way they knew best — through a policy of divide and rule.
- Unable to win over the tribes who raided them time and again, the British designed an instrument called the **Bengal Eastern Frontier Regulation Act (1873)** to keep them at bay. The tribes were not allowed to venture beyond this line. That was their first idea of borders.
- As a matter of fact, the labourers and porters enlisted by the British during World War 1 and sent to France felt lost and alone and longed for a fraternal bond. They agreed that after returning to their homeland, they would work towards solidarity among the different Naga tribes.

- The British were convinced that the Nagas needed a common identity, especially after Christianity came to the Naga hills.
- In the Naga Club's centenary year, ironically, differences have emerged between its members and the Naga Students' Federation.

Perspective on the Naga Framework Agreement signed in August 2015:

- In the year 2015, the Government of India and the National Socialist Council of Nagaland (NSCN) successfully concluded the dialogue on Naga political issue, which had existed for six decades, and signed an agreement in the presence of the Hon'ble Prime Minister Shri Narendra Modi.
- Government's Interlocutor for Naga Peace Talks, Shri R.N. Ravi, signed the Agreement on behalf of the Government of India. Shri Isak Chishi Swu, Chairman and Shri Th. Muivah, General Secretary were the signatories on behalf of the NSCN.
- One of the central ideas of this agreement was to end the oldest insurgency in the country.
- Another guiding objective was to restore peace and pave the way for prosperity in the North East, and to advance a life of dignity, opportunity and equity for the Naga people, based on their genius and consistent with the uniqueness of the Naga people and their culture and traditions.
- It is important to note that attempts were made from time to time to resolve the issue through discussion with representatives of the Naga people. A fresh attempt for a comprehensive resolution was initiated with the NSCN in 1997.
- The current central government on assuming power in May 2014 accorded highest priority to this lingering problem.
- Prime Minister Shri Narendra Modi had on a number of occasions, including during visits to the Northeast region, articulated his vision for transforming the Northeast and has attached the highest priority to peace, security, connectivity and economic development in the region. This has also been at the heart of the Government's foreign policy, especially 'Act East' Policy.
- The sustained dialogue between the two sides, conducted in a spirit of equality, respect and trust, deepened their mutual understanding and confidence, and enabled the two sides to reach an equitable agreement. The Government of India recognized the unique history, culture and position of the Nagas and their sentiments and aspirations. The NSCN understood and appreciated the Indian political system and governance.
- The Government interlocutor also held frequent consultations with broad spectrum of Naga leaders, including those from the traditional tribal bodies, civil society, youth and students' bodies, women's groups, elected representatives and other stakeholders. These consultations helped in distilling the popular aspirations of the Naga people and in enhancing a healthy atmosphere of trust and understanding.

Editorial Analysis:

- There is a sentiment among young Naga leaders with political acumen, that if anyone could solve the Naga crisis, it is the National Democratic Alliance government because it is perceived as a strong entity, and Prime Minister Narendra Modi as a no-nonsense leader.
- Some experts believe that this is true to a large extent. A vacillating leadership in Delhi will have neither the bandwidth nor the determination to go ahead with a considered decision, irrespective of the consequences. And there would definitely be consequences, whichever way we look at the Naga conundrum.

A Diaspora spread across States

- Nagas don't live in a single territory.
- They are spread across Manipur, Assam and Arunachal Pradesh.
- The Nagas of Manipur, particularly those in Ukhrul, home of the Tangkhuls, are the most vocal because that is also the home of the National Socialist Council of Nagaland (Isac-Muivah) general

secretary, Th. Muivah.

- A large chunk of the youth who have joined the outfit are also from there. They dream of ‘Nagalim’, a unique homeland where all Nagas can live with dignity.
- This is of course a utopian idea considering that there really is no basis for that unity.
- Nagas have always been driven by clan and tribe loyalty. These divisive tendencies cannot be brushed under the carpet to be resolved after the deal with the government is signed.
- The utopian idea is one that a pragmatic, modern, progressive Naga will not entertain.
- This mindset is held by those of the former generation who experienced the Naga struggle for sovereignty and lost their family members to the cause.
- Experts opine that today, the struggle, or what’s left of it, has morphed into something that leaves even Nagas resentful. There is extortion galore by the so-called Naga national workers, a euphemism for the NSCN(IM) cadres and the other subgroups that have emerged over the years.
- There is not a single item entering Nagaland that is not taxed by these armed groups.
- The idea of a Nagaland that would be free from this perverse and arbitrary taxation is what young Naga entrepreneurs are expecting. The question that arises is: Is that a possibility?

Concluding Remarks:

- The politics of Nagaland is complex.
- Tribal loyalties have not vanished because of a unifying religion, Christianity.
- Corruption is widespread, as is evident in the absence of motorable roads. There is not much visible by way of ‘development’ either.
- Against the backdrop of this complexity, where identities are contested, and ghosts of unresolved tribal differences lurk, the **Naga Framework Agreement was signed in August 2015.**
- It was a bold and ambitious step for the then one-year-old Modi government.
- Since 2015, Mr. Ravi has held consultations with every known Naga political group, first to try and understand their genuine concerns and later to seek their wise counsel on the best possible solution to the long-standing conflict.
- One would have to wait and watch for the final outcome now that the Centre’s main interlocutor in Nagaland, R.N. Ravi, says substantive issues have all been ironed out.

Category: ECONOMY

1. Saving Jet

Larger Background:

What’s in the news?

- Over the past few weeks, two-thirds of Jet Airways’ fleet has been grounded as talks over a bailout continue among Jet, its lenders and Etihad, which owns a 24% stake in the airline.
- Jet Airways has cancelled flights and suspended operations to several destinations, including Abu Dhabi.

How did Jet’s fortunes nosedive?

- Jet Airways is an example of what soaring fuel prices and loss of pricing power due to relentless competition in the market can do to an airline company.
- Aviation turbine fuel accounts for more than half of the costs of an airline company, and the company has no control over it.
- As a full-service carrier, Jet also has a higher cost structure than low-cost carriers such as IndiGo or SpiceJet. In the ten years to 2017-18, Jet has reported a net profit only thrice, for the years ended

March 2017, 2016 and a small profit in 2011, according to BSE data.

- With a negative net worth of over ₹7,242 crore and cash flows under strain, the airline could not repay its dues to banks and aircraft lessors on time.
- While the banks — Jet owes them ₹8,414 crore — have exhibited patience and tried to work with the company to help it take off again, the lessors have lost patience and repossessed their aircraft. Now, just about a third of Jet's fleet is in the air, with the rest either grounded or repossessed by lessors.

What is Etihad's role?

- Jet roped in Etihad in April 2013 with a \$379 million investment, a move that was expected to help lower debt while bringing in operational efficiency.
- The airline has again sought the help of Etihad, but the latter, plagued by its own losses, has refused to play ball.
- The Gulf-based carrier hasn't cleared the restructuring scheme designed by a lender consortium as it would have meant a reduction in its equity stake in the company.
- Etihad also wants Jet promoter and Chairman Naresh Goyal to play a less important role, going by its insistence on capping his stake in the airline at 24%. Mr. Goyal is obviously not pleased. The banks, whose money is at stake, seem to be caught between the two.

Is Jet the only carrier to suffer?

- No, the entire airline industry is in trouble of one kind or another that can be directly traced to high costs. Fresh trouble arose when the new Airbus A320neo planes of IndiGo reported problems with the Pratt & Whitney engine that could lead to stalling of the aircraft or even a forced shutdown of the engine mid-air. IndiGo had to ground these planes until the engine manufacturer fixed the problem.
- The recent crashes of the Boeing 737 MAX 8 plane, flown by Indonesia's Lion Air and Ethiopian Airways, have caused problems for SpiceJet and Jet Airways which fly these aircraft in India.
- While Jet's planes were already grounded, SpiceJet was forced to ground 15 of its Max 8 planes, recently.
- IndiGo has already curtailed its schedule until the end of this month owing to pilot shortage. IndiGo, which reported profits for the three years ended March 2018, recorded a loss in the quarter ended September 2018.

Editorial Analysis:

- The recent decision of Naresh Goyal and Anita Goyal, his wife, to step down from the board of Jet Airways and cede control to its lenders has come not a moment too soon.
- As a matter of fact, by hanging on to the troubled airline and refusing to let go, Mr. Goyal brought Jet to the brink, imperilling 16,000 direct jobs and ₹6,000 crore of outstanding debt to banks.
- Even as banks, obviously prodded by the government, stepped in with a rescue plan in February, 2019 that would give them a controlling stake in the airline through conversion of a part of their dues, Mr. Goyal refused to keep his side of the bargain.
- In the meanwhile, the airline continued to nosedive with aircraft being repossessed by lessors, pilots threatening to strike work and schedules going for a toss.
- It is just as well that Mr. Goyal finally saw reason and resigned from the Jet Airways board.
- This signals the start of a rescue act to save the airline, but whether it succeeds will depend on a host of factors, including the ability of banks to quickly find a buyer to pilot it.

Role Played by Banks:

- Meanwhile, the active role played by banks in devising the rescue plan and also committing fresh funds of ₹1,500 crore has already come under question.

- The Insolvency and Bankruptcy Code was enacted precisely to handle situations such as what Jet found itself in.
- In the normal course, the airline would have been dragged to bankruptcy court for a resolution as many other truant borrowers have been in the last two years.
- However, just ahead of elections, the government obviously did not want a high-profile bankruptcy with thousands of jobs lost and inconvenience to the public through disrupted flight schedules and higher airfares. While this explains why banks were prodded into rescuing Jet, the fact remains that they are ill-suited to run an airline.

An Unwelcome Precedent: Concluding Remarks

- Besides, there is the risk of setting a precedent for other defaulters to try to stay out of the tentacles of the IBC.
- Already, fugitive economic offender Vijay Mallya, whose Kingfisher Airlines collapsed, is asking why he was not offered a bailout as Jet has been.
- That said, the priority of banks now is to exit from Jet as soon as they can with their money intact. That means finding an investor or a strategic buyer to offload their stake quickly. That is not going to be an easy task, but the alternative for the banks — of running the airline themselves — is not a practical option.
- Lastly, experts take the view that banks also have to guard against Mr. Goyal trying to stage a comeback in some manner in the event that the lenders fail to find a buyer.
- Such an eventuality would be a violation of the spirit of the IBC and also encourage recalcitrant borrowers.

Category: ENVIRONMENT AND ECOLOGY

1. What we need is a commons manifesto

Note to Students:

- This is a critically worded article on some of the key areas concerning the environment that needs to be looked into by policy makers. Critics have pointed out that in the run up to the upcoming general elections, there hasn't been much talk and debate on critical issues concerning the environment.
- Do go through the arguments raised in the subsequent paragraphs and read about some of these issues more in detail. Many of the environmental issues raised here have been featured in previous editions of our news analysis.

Editorial Analysis:

- Experts point out that although another election is upon us, we are preoccupied with some matters that are grave and many that are not.
- However, noticeable by its absence in any of the manifestos and declarations by political parties is a debate about the future of human civilisation.
- In October 2018, UN's **Intergovernmental Panel on Climate Change** warned that without radical course correction, the world will exhaust its carbon budget to keep **global temperature increase below 1.5°C by 2030**, just two general elections away.
- It is important to note that any increase above that will trigger runaway changes to global climate that could leave large portions of the planet uninhabitable.
- Further, in March, 2019, UN's Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services warned that human societies are using up nature faster than it can renew itself and compromising its ability to sustain life on the planet.

A short-sighted preoccupation:

- Scientists reassure us, though, that it is still not too late to avert the worst-case scenarios of ecosystem collapse and a climate-run riot. But for that, the world would need to reframe its engagement with climate change and abandon its myopic preoccupation with greenhouse gas emissions and carbon budgets.
- Some experts take the view that India's obsession with 100 GW solar electricity targets may fetch high ratings from the international green energy cheerleaders. But that alone will do nothing to fortify ordinary Indians from the impending disasters. Real resilience will result only from improving the health of the lands they live in and depend on.
- Further, around the world, governments, multinational charities and technology companies are peddling a simplistic story of false solutions — that crisis can be averted by changing the fuel that powers our economy.
- By themselves, renewable energy systems will not make an inherently unsustainable economy sustainable or correct an unjust social system. They may even make it worse.
- In December, 2018, during the climate summit in Katowice, Poland, the Environment Minister declared that India was on track to meet its climate goals ahead of the deadline. However, critics point out that the same government is also changing laws to dilute environmental protection, facilitate corporate land grabs, disempower local communities and criminalise any dissent against its grand schemes.
- Critics also point out that in the month of March, 2019, the Union government proposed amendments to the Indian Forest Act, 1927, which in their view, will make the draconian Act even harsher.
- According to Campaign for Survival and Dignity, “These amendments would give forest officials the power to shoot people without any liability; allow forest officials... to relocate people against their will; to hand over forests to private companies for afforestation, and to grab other forests in the name of ‘carbon sequestration’.”
- Critics observe that these amendments are a targeted attack on forest dwellers; if passed, they will criminalise the cultures that hold the key to rebuilding our broken relationship with nature.
- Critics further point out that in February 2019, the Coastal Regulation Zone Notification, which regulates “development” along India's 7,500-km shoreline, was diluted to allow denser construction closer to the sea.
- The notification cites tourism jobs to justify the construction of temporary facilities within 10 m of the waterline.
- Mega infrastructure, such as ports and roads, will be permitted anywhere — inside the sea, over dunes, through mangroves and tidal marshes — if they are declared to be “strategic” projects. Critics point out that these policies need to be revisited. Even the government acknowledges that sea levels can rise by 3.5 to 34.6 inches by 2100 and inundate India's coastline. How India handles land use change, not climate change, will decide whether it can improve the lot of millions without warming the world.

Grassroots campaigns

- It is important to note that across the country, people are rising up to protest against certain kinds of ‘development’ — for example, the Mumbai coastal expressway, and the proposed ports in Ennore and Kanyakumari.
- Farmers are mobilising against the bullet train, and indigenous people are fighting against the opening up of forests for mines and dams. Although these fights may have positive consequences for the climate, they have never been explicitly about reducing the kinds of greenhouse gas emissions associated with ‘development’. Rather, they are about how we relate to the lands that sustain us and who gets to define ‘development’.
- Even today, agrarian and indigenous cultures acknowledge the importance of open, unbuilt spaces. The medieval Tamil word ‘**Poromboke**’ refers to communally held commons such as water bodies, grazing lands and community forests.

- Unlike the free-for-all landscapes referred to in predicting a tragedy of the commons, Poromboke lands are carefully managed to yield value to the community, and subject to strict regulation. Poromboke lands cannot be bought or sold. Barring a few exceptions, they cannot be paved over nor covered by a roof.
- Far from advocating for pristine nature or a hands-off approach, open earth economies emphasise management, transformation and value extraction through activities that do not kill the proverbial goose that lays golden eggs. The opposing and dominant world view of the ‘developmentalists’ is predicated on the value of built infrastructure, and requires the constant colonisation of open land.
- Paved surfaces, the hallmark of built-earth economies, disrupt water flows, reduce groundwater recharge and obliterate biodiversity. Such economies impoverish local communities and increase their vulnerability to natural shocks. In places like Chennai, which witnessed disastrous flooding in 2015, paved surfaces increased from 47 sq km in 1980 to 402 sq km in 2010, according to a study by the Chennai-based research group Care Earth. Meanwhile, wetlands dipped from 187 sq km to 71 sq km during the same period.
- Urban flooding, though, is not only a third world phenomenon. Hurricane Sandy and the New York floods of 2015, the European floods of 2016, the 2017 floods in Mumbai and Houston, the 2018 floods in Japan, and the ongoing flooding of the Missouri in the U.S. all expose the vulnerabilities of urban areas where climate change meets mindless land use change. In all these instances, land had been paved over, unmindful of the need for water to flow and stay.

Concluding Remarks:

- In conclusion, what is desperately needed at this moment is a manifesto for the protection of the commons and open lands, and for the re-creation of economies that derive value out of healing wounded landscapes and covering open lands with diverse vegetation, water and life.

F. Tidbits

1. SC for as few tribunals as possible

- Chief Justice of India Ranjan Gogoi said that the numerous tribunals, once meant to lighten the burden of high courts across the country, have now become virtually non-functional, crippled by a chronic lack of infrastructure, manpower and an irregular appointment mechanism.
- Heading a Constitution Bench, Chief Justice said, a “practical solution” would be to have “as few tribunals as possible.”
- The Bench is hearing a batch of petitions, led by the Madras Bar Association, challenging the amendments in the Finance Act, 2017 which have modified the terms of appointment and functioning in various key statutory tribunals, including the National Green Tribunal (NGT). The petitioners allege that the amendments amount to dilution of judicial independence and a threat to the Constitution.
- The CJI said, in the past, the selection committee to NCLT and the NCLAT headed by him had recommended over 20 names, but only three or four were appointed.
- “There is no reason assigned for turning down recommendations of the selection committee,” the Chief Justice observed.
- The CJI said the Centre should make it clear whether it wanted the tribunals to continue or not.

G. Prelims Facts

1. El Nino

El Nino refers to the large-scale ocean-atmosphere climate interaction linked to a periodic warming in sea surface temperatures across the central and east-central Equatorial Pacific. It is associated with high pressure

in the western Pacific. El Nino adversely impacts the Indian monsoons and hence, agriculture in India.

What happens because of El Nino?

The cool surface water off the Peruvian coast goes warm because of El Nino. When the water is warm, the normal trade winds get lost or reverse their direction. Hence, the flow of moisture-laden winds is directed towards the coast of Peru from the western Pacific (the region near northern Australia and South East Asia). This causes heavy rains in Peru during the El Nino years robbing the Indian subcontinent of its normal monsoon rains. The larger the temperature and pressure difference, the larger the rainfall shortage in India.

El Nino Effects

- El Nino results in the rise of sea surface temperatures
- It also weakens the trade winds of the affected region
- In India, Australia, it can bring about drought conditions. This affects crop productivity largely. It has been also observed certain times, that EL Nino may not bring drought but cause heavy rainfall. In both the cases, it causes heavy damage.
- However, in some other countries, it may result in a complete reversal, i.e., excessive rainfall.

H. Practice Questions for UPSC Prelims Exam

Q1. "Abhedya" recently seen in news is:

- a. A military exercise
- b. A Nuclear, Biological, Chemical (NBC) Training Facility
- c. A heavy lift helicopter
- d. A new scheme to provide financial assistance to SHGs

Answer: b

Explanation:

Chief of the Naval Staff recently commissioned a state of the art "Nuclear, Biological, Chemical (NBC) Training Facility – ABHEDYA", at INS Shivaji, Lonavla.

- "Abhedya", Sanskrit for impenetrable, will help train personnel of naval ships fitted with nuclear, biological and chemical detection and protection systems.
- This unique facility will assist Indian Navy in providing realistic simulation of Nuclear, Chemical & Biological warfare to its personnel during their NBC damage control training, which till now was limited to theoretical training largely.

Q2. Consider the following statements about Fag/Phag festival:

1. It is celebrated in the state of Arunachal Pradesh.
2. It is celebrated to welcome the Hindu New Year.

Which of the given statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2

d. Neither 1 nor 2

Answer: b

Explanation:

The Fag festival/ Phag fair is a historic traditional festival is celebrated in the state of Himachal Pradesh to welcome Hindu New Year. Phag is derived from the Sanskrit word Phalgun or Fagun. The Phag festival showcases the cultural heritage of Himachalis (the residents of Himachal Pradesh). Fourteen deities from five districts; Shimla, Kullu, Manali, Kinnaur and Lahaul and Spiti, take part in the fair that is celebrated with much devotion and cultural display. Villagers from Kullu and Shimla districts on both sides of Sutlej River come to take the blessings of the deities. Apart from being an auspicious fair, Phag festivities are also an occasion for the farmers to congregate and meet each other.

Q3. World Energy Outlook is published by

- a. Organization of the Petroleum Exporting Countries (OPEC)
- b. United Nations Environment Programme (UNEP)
- c. International Energy Agency (IEA)
- d. International Energy Forum (IEF)

Answer: c

Explanation:

World Energy Outlook and Global Energy & CO₂ Status Report is published by the International Energy Agency (IEA).

Q4. Global Energy Transition Index is released by

- a. International Energy Agency (IEA)
- b. World Economic Forum (WEF)
- c. United Nations Environment Programme (UNEP)
- d. International Energy Forum (IEF)

Answer: b

Explanation:

The Global Energy Transition index 2019 report has been released by the World Economic Forum (WEF). The index compares the energy sectors of 115 countries and analyses their readiness for energy transition. The index benchmarks the countries energy systems based on an energy triangle”, comprised of energy security and access, economic development and growth, environmental sustainability and how well they are set-up to succeed in the future. The index takes into account six individual indicators: capital and investment, regulation and political commitment, institutions and governance, institutions and innovative business environment, human capital and consumer participation, and energy system structure.

Q5. Consider the following statements about the seals found in Harappan civilisation:

1. The seals are made of Steatite.
2. They were also used as amulets.

Which of the following statements are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer: c

Explanation:

More than 2,500 seals have been found in Harappan Civilisation. These are made of steatite. They mostly depict a single animal-unicorn bull, elephant, rhinoceros etc. but some also depict trees, semi-human, and human figurines; in some cases, participating in a ceremony. The purpose was mainly commercial. They were also used as amulets, carried on the persons of their owners, perhaps as modern identity cards.

I. UPSC Mains Practice Questions

1. With the successful anti-satellite missile test there is emergence of New India. Draw the parallel between India's Pokhran II and Mission Shakti and discuss its significance. (15 Marks)
2. Anti-graft laws in India have exhibited a marked tendency to grind slowly. Discuss the implications on accountability and transparency. (10 Marks)