

# 22 Aug 2019: UPSC Exam Comprehensive News Analysis

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## A. GS1 Related

#### **Category: GEOGRAPHY**

1. Fossils Show that Kutch Desert was once a Forest



A team of Indian and French researchers has found that the hot arid desert of Kutch was once a humid subtropical forest.

#### The Discovery:

- The conclusion is based on the discovery of a tranche of vertebrate fossils from nearly 14 million years ago in a geological period known as the Miocene.
- The fossils, consisting mostly of ribs, and parts of teeth and bones, were unearthed from Palasava village of Rapar taluk in Kutch, Gujarat.
- After the discovery, the research team took nearly 12 years for analysis.

#### **Details of the 'Forest':**

- The fossil finds suggest that a rich diversity of fauna and flora sustained in warm, humid/wet, tropical to subtropical environmental conditions.
- The forest may have supported a variety of birds, freshwater fish and possibly giraffes and rhinos.
- The bulk of fossils unearthed in Kutch have so far been mainly marine organisms, due to their proximity to the Arabian Sea.
- Geological changes eventually closed off the salt-flats' connection to the sea and the region turned into a large lake, eventually becoming salty wetlands.

#### **Importance of the Discovery:**

- The findings point to clues on how mammals dispersed between Africa and the Indian subcontinent when a part of India was in the Gondwanaland supercontinent that existed nearly 300 million years ago.
- The findings also showed Kutch to be a potential treasure trove of mammal fossils with possible continuity to vertebrate fossils in the Siwalik, spanning Pakistan to Nepal.

## B. GS2 Related

## **Category: POLITY**

#### **1. Former Finance Minister Arrested by CBI**

#### **Context:**

• The Central Bureau of Investigation took former Finance Minister P. Chidambaram into custody on charges against him in the INX Media case.

#### **Details:**

- Chidambaram had held a press conference immediately before the arrest, refuting all the charges against him.
- A CBI team along with a team of Enforcement Directorate (ED) entered his residence to take him into custody.
- His plea for anticipatory bail was denied by the Delhi High Court and was not entertained by the Supreme Court.



- The main offence revolves around certain 'illegal' approvals by the Foreign Investment Promotion Board (FIPB) during his tenure as former Finance Minister and alleged kickbacks received by his son through shell companies
- The agencies allege that in several cases, including Aircel-Maxis and INX Media, 'illegal' approvals were granted.

### **Erstwhile FIPB:**

- Foreign Investment Promotion Board (FIPB) was operated under the Department of Economic Affairs, Ministry of Finance.
- It used to provide for a time bound and transparent mechanism for considering Foreign Direct Investment (FDI) proposals requiring Government approval.
- In 2017, the Union Cabinet has approved the abolition of the FIPB.

#### **Shell Companies:**

- A shell company is described as a non-trading organization that does not engage in any activity but exists only as a medium for another organization's business activity.
- Shell companies are usually listed on the stock exchange and are not illegal inherently.
- However, a large number of them are used as a vehicle for illegal activities like tax avoidance or for trying to cover up a trail of money.
- These companies exist only on paper and have no physical presence.

#### Allegations based on Shell Companies:

- In one Shell Company, deposits of more than ₹300 Cr. were made.
- One firm received payments from a British Virgin Islands-based company, which had figured in the Panama Papers.
- The ED is pursuing money-laundering charges and investments in movable/immovable assets in India and countries such as the U.K., Spain and Malaysia.
- It claims to have identified more than two dozen foreign bank accounts.
- The shareholders and directors of a main shell company had made a Will transferring the entire shareholding to Chidambaram's granddaughter, according to the ED.

## Category: INTERNATIONAL RELATIONS

#### 1. Afghan President Warns India over a Possible Deal between U.S. and Pakistan

#### **Context:**

Afghan President Hamid Karzai warned that India should be wary of a possible U.S.-Pakistan deal on Afghanistan.

#### **Details:**

- Karzai, who was in Delhi to meet Prime Minister Narendra Modi, External Affairs Minister S. Jaishankar, said that he had conveyed the fear and concern associated with the possibility of a deal that involved Pakistan.
- He added that the Afghans have suffered massively the consequences of American-Pakistani deals.
- He also rejected Pakistan's threat that India's move on Article 370 would have consequences for the



Afghan peace process.

• According to him, Pakistan's desire to link the two indicates that it still sees Afghanistan as a place for 'strategic depth'.

#### **Background:**

- U.S. special envoy Zalmay Khalilzad was set to begin another round of talks in Doha to try and reach a deal with the Taliban.
- Afghanistan has made it clear with Ambassador Khalilzad that they will fully back negotiations for peace.

#### 2. Trump Snubs Denmark over Greenland

#### **Context:**

U.S. President Donald Trump cancelled a visit to Denmark after his idea to buy Greenland was refused.

#### **Details:**

- Denmark is a NATO ally of the U.S.
- Greenland is the world's largest island and an autonomous Danish territory rich in natural resources.
- In Greenland, the U.S. has a military presence at the Thule Air Base under a U.S.-Danish treaty dating to 1951.
- Greenland has been gaining attention from China, Russia and the U.S., due to its strategic location and mineral wealth.
- It is underdeveloped and relies on Denmark for economic support.

#### **Consequences:**

- Trump's proposal at first drew amazement and humour from politicians in Denmark.
- Trump called off the visit after Prime Minister Mette Frederiksen called his idea 'absurd'.
- Danes voiced shock and disbelief after the cancellation of the visit, although Prime Minister Frederiksen said that she believed relations would not be affected.

#### **Category: SOCIAL JUSTICE**

#### **1. Super 50: An Initiative for Tribal Students**

#### **Context:**

Maharashtra's Tribal Development Department launched an academic programme for young tribal students aspiring to be doctors and engineers.

#### **Details:**

- The programme was launched in association with the Pace Educational Trust.
- It is inspired by the work of Patna's Anand Kumar and his Super 30, which prepares smart but underprivileged students to sit for IIT entrance exams.
- The Super 50 programme will mentor 50 most meritorious tribal students from the State and prepare them for engineering and medical exams.
- 34 students were selected for the engineering course and 16 for the medical course training programme.



- It will be a two-year residential programme, where the students will be provided hostel and mess facilities, a tablet, NCERT books, and career counselling.
- All selected students are from government-run Adivasi ashram schools, Eklavya Nivasi ashram schools, and English medium ashram schools.

## Public Private Participation:

- The Pace Academy took the initiative to propose the project for tribal students who have passed their Class X examinations.
- The Tribal Development Department then formed a working committee for its evaluation, and submitted a proposal to the Union government.
- After seeking approvals, the department held two rounds of entrance test to the programme.

## 2. Children from Shelter Homes Unable to Find Work

#### **Context:**

A study conducted by an NGO across five States found that children who leave shelter homes after turning 18 are unable to complete schooling, find paid work and are unaware of their after-care entitlements under the law.

#### The Study:

- The study was conducted in Delhi, Gujarat, Karnataka, Maharashtra and Rajasthan by the NGO Udayan Care and was supported by the TATA Trusts and UNICEF (United Nations Children's Fund).
- The study is based on the testimonies of 435 "care leavers" and 100 other key stakeholders such as functionaries working on the ground for child protection.
- The age of the care leavers was between 17 years and 30 years.

#### The Findings:

- It was found that out of the children who leave shelter homes after turning 18
  - Nearly 40% are unable to complete schooling.
  - 34% dropped out during transitioning from home to independent living.
  - 48% did not have an independent source of earning, and those who earned had an average monthly salary of between ₹7,500 and ₹8,500.
  - Almost 70% are unaware of their after-care entitlements under the law.
- While 48% of these young adults were from government-run institutions, 52% were from NGO-run institutions.
- Out of the total care leavers, 55% were male and the rest were female.

#### **After-Care Provisions:**

- The survey highlights the poor implementation of after-care provisions prescribed under the Juvenile Justice Act (JJ Act), 2015, for those who leave child care institutions on turning 18.
  - 27% of children did not receive any form of after-care support such as housing, medical facilities, legal awareness, or emotional support after they left their shelter home.
  - 78% of them did not have health insurance.
  - $\circ$  67% were not aware of these services and other schemes designed for them.
  - 44% of them had never been consulted over their care and rehabilitation planning during their



stay at a home, as is required under JJ Act.

#### **Need For Family:**

- The findings emphasise the importance of shifting away from institutionalisation of children.
  - Every child has the right to grow up in a family environment.
  - Placing children in an institution is the last resort.
  - Unfortunately, the trend is the opposite.
  - Globally, evidence shows negative consequences of institutionalisation.
  - When children can't be reunited with their families, they must be placed in alternate familylike environments such as through sponsorship or foster-care.

## C. GS3 Related

### **Category: ENVIRONMENT**

#### **1. Dairy Co-Operatives Asked to Halve Plastic Use**

#### **Context:**

The Centre has asked all milk cooperatives and private dairies to halve plastic usage by October 2.

#### **Background:**

- In his Independence Day speech, Prime Minister Narendra Modi had called for an end to single use plastics.
- The milk industry is one of the largest users of single use plastics, with the growing use of disposable pouches replacing milk vendors and vending machines.

#### **Implementation:**

- By subsidising 1 litre packs to discourage the use of 500 ml packs.
- By creating a protocol and action plan to recycle milk pouches.
- By reusing pouches.

#### **Extended Producer Responsibility:**

- Under the Extended Producer Responsibility component of the Plastic Waste Management (PWM) Rules, revised in 2018, industries are already required to recover and recycle part of the plastic packaging they generate.
- Dairy industry has been asked to offer a rebate to customers who return the plastic pouches, which can then be recycled.

#### **Challenge:**

• The country's biggest milk coop, which generates about 2.8 Cr. plastic packets per day, said that such buyback schemes are not viable.

## Category: INTERNAL SECURITY

## 1. Reorganisation of the Army Headquarters (AHQ)



Defence Minister has approved certain decisions on reorganisation of the Army Headquarters (AHQ).

#### **Details:**

- These measures are part of the four studies being undertaken by the Army for force restructuring and transformation.
- It will initiate the biggest transformation exercise in the Army since Independence.
- The measures approved include:
  - A separate Vigilance Cell under the Chief of the Army Staff (COAS) with tri-service representation. It would be the nodal point to examine any HR violation reports.
  - An umbrella organisation under the Vice-Chief of the Army Staff (VCOAS) for enhanced focus on human rights (HR) issues. A police officer of SSP/SP rank would be taken on deputation to enhance transparency and ensure the best of investigative expertise.
  - Relocation of 206 Army officers from the AHQ to formations/units in the field.

#### **Reasons behind the Move:**

- At present, the vigilance function of the COAS is through multiple agencies and there is no single-point interface.
- There is a need to give high priority to rights convention and values related to human rights.

## **Category: ECONOMY**

#### **1. SEBI Simplifies Norms for Foreign Investors**

#### **Context:**

The Securities and Exchange Board of India (SEBI) has simplified the compliance and operational requirements for foreign portfolio investors (FPIs), to make the regulatory framework more investor-friendly.

#### Background:

- The move coincides with a period when foreign investors are selling Indian shares in huge quantum.
- FPIs have cumulatively sold shares worth over ₹22,000 Cr. in July and August.
- SEBI has expressed concerns over the recent proposal of the government to increase the minimum threshold of public holding in listed companies from the current 25% to 35%.

#### **Details:**

- The SEBI board decided to do away with the requirement that every FPI should have at least 20 investors.
- It has also simplified the KYC (Know-Your-Customer) document requirement for overseas investors.
- It has also allowed central banks of countries that are not members of Bank for International Settlement (BIS) to register as FPIs in India.
  - As per SEBI, such entities are "relatively long term, low risk investors directly/indirectly managed by the government".



#### **Protection of Whistle Blowers:**

- The regulator has also amended the Prohibition of Insider Trading Regulations to include a clause to reward whistle-blowers up to ₹1 Cr. if the information leads to a disgorgement order of at least ₹1 Cr.
- It has also brought in clauses to protect the informant from victimisation in the form of termination, suspension or demotion, among other things.

#### **Objectives:**

- The key focus of the proposed regulations is to ease the operational constraints and compliance requirements.
- It will impart a much-needed boost to the FPI route, which had been languishing on account of multiple issues in the past few months.

#### **Challenge:**

• A significant number of listed public sector undertakings are yet to comply with the 25% public holding norm and have been given time till August 2020 to comply.

#### 2. Centre to Ease Approval Process for Mining Leases

#### **Context:**

The Centre is planning to scrap the need for State governments to take an approval from the Centre prior to granting a mining lease to companies.

#### **Details:**

- Union Coal Secretary expressed the plan while kicking off a stakeholder consultation process on coal sector issues.
- It is required to be effected through an amendment in Parliament.

#### **Background:**

- Currently, before granting a mining lease, the State Governments are required to put the proposed project, through a process called 'prior approval'.
- Under the process, the State Governments had to file an application with the Centre seeking its nod for a project for which clearances had been already granted.
- Among the several measures being taken to hasten coal projects in the pipeline was allowing the sale of 25% of coal in case of allocation of specific end-use

#### **Reasons behind the Move:**

- State-level clearances are necessary but 'prior approval' amounts to duplication and time wastage.
- Although since 2014, about 80 allocations were auctioned or nominated for coal mining, the conversion to production has not been great.
- There was reluctance on the part of the allotted entities to go the extra mile to operationalize mines as they continue to have coal linkages.
- As steps are taken for import-substitution and correction of structural issues in power sector, the coal sector needs to gear up for meeting an additional demand of 400 to 425 million tonnes per annum



(MTPA) beyond the usual growth.

#### **Objectives:**

- It would be among the government's initiatives to speed up operationalization of coal mines.
- The move will reduce the entire process by around a year.
- The government is pursuing a carrot-and-stick policy by promoting ease-of-doing business on the one-hand and strict implementation of existing rules, on the other.
- This would boost the profitability of the firms implementing the projects.
- The move will also bring in more players in coal exploration.

## **D. GS4 Related**

#### Nothing here for today!!!

## **E. Editorials**

## **Category: POLITY**

#### **1. Online Content Management**

#### Context:

On behalf of the **Tamil Nadu government**, a submission has been presented in **the Supreme Court** to support linking **social media profiles** of registered users with their **Aadhaar numbers**.

#### Cybercrimes:

• The State government is batting for better assistance from intermediaries and social media companies to trace offending messages.

#### Petitions in the Madras High Court:

- At the same time, petitioners had approached the High Court on the ground that many people got away with **inflammatory posts** on social media because of the **lack of traceability**.
- However, the Bench has expanded the scope of the **writ** petitions to examine the adequacy of the **legal framework on cybercrimes** and the **responsibilities of intermediaries** who provide **telecommunication and online services**.

#### Madras High Court's Stand:

- The Court observed that, following the Supreme Court's decision in the Aadhaar case, the unique **12-digit-number** can be used **only for subsidies and welfare benefits**.
- It also pointed out that Section 57 of the Aadhaar Act has been struck down to the extent that it authorised body corporate and individuals to use the number to establish someone's identity.

#### **Too Many Petitions?**

- **Two other High Courts** are also hearing similar matters.
- Hence, **Facebook**, **WhatsApp and Twitter** have sought a transfer of all these cases to the apex court so that there are **no conflicting judgments**.



• While the Supreme Court will decide the question of transferring these cases to itself, the Madras High Court will continue its hearing.

#### New Draft Rules:

- The Union Ministry of Electronics and Information Technology notified new draft rules for intermediaries last year and called for public comments.
- The proposed rules envisaged a new **obligation for service providers** that they should help **identify originators of offensive content.**

#### **Challenges**

- The draft rule has created some opposition at a time when there is widespread suspicion about **online surveillance**.
  - Technology companies that use **end-to-end encryption** have pleaded inability to open a back door for identifying originators.
  - The issue concerns the **global policy of these companies** as well as the **wider public interest** of millions of registered users.

#### Right to Privacy:

- After the **S. Puttaswamy judgement (2017)**, any state intervention in the regulation of online content has to pass the **test of proportionality** laid down by the court.
- It will be desirable if courts stay away from expressing needless urgency to the process of **introducing a balanced regulatory regime** to curb content that promotes undesirable activities such as **child pornography, sectarian conflict and mob violence**, without affecting individual privacy.

#### Conclusion:

A **balance** must be struck between protecting the privacy of individuals and allowing the state to curb cyber crimes.

#### 2. Sacrificing Liberty for National Security

#### Context:

The Amendment to the Unlawful Activities (Prevention) (UAPA) Act could prove catastrophic for fundamental rights.

#### Details:

- The Bill empowers the Central government to **name any individual a terrorist** if it believes him or her to be one.
- It also gives similar powers in terms of naming suspected **organizations**.

#### <u>Need for the Amendment:</u>

- Home Minister has expressed that the amendment is for **fighting terror** only, and has no other purpose.
- When one organisation is banned, another one comes up by the same individual.



- There is no need for FIR, charge sheet, trial in a court, or conviction.
- There is **ambiguity on the definition of grounds** in which an individual will be named a terrorist.
- There is no need to name an individual as a terrorist when the organisation he is affiliated to is already banned.
- The Government is accused of seeking increased powers to deal with liberty of citizens.
  - Those who would be declared unlawful would go underground.
    - Making arrests may not help win the **battle of thoughts**.
- A judicial determination at a later stage will not be able to retrieve the losses happened to a wrongly accused person.
- There's a close parallel between **sedition** and unlawful activity.
  - In **Bhima Koregaon**, all the accused were activists.

#### History of UAPA:

- The UAPA was passed in **1967** by the Indira Gandhi government.
- Its political justification was based on the need to deal with the **secessionist utterances** of the Dravidian movement.
- During the **1962 war**, the **Communist Party** blamed Jawaharlal Nehru and did not wholeheartedly support the Indian troops.
- In 1966, Hindu Sadhus protesting against cow slaughter marched in front of Parliament.
- An unlawful activity was defined as any action taken:
  - Which is intended, or supports any claim, to bring about, on any ground whatsoever, the cession of a part of the territory of India or the secession of a part of the territory of India from the Union, or which incites any individual or group of individuals to bring about such **cession or secession**; or
  - Which disclaims, questions, disrupts or is intended to disrupt the **sovereignty and territorial integrity** of India; or
  - Which causes or is intended to cause **disaffection against India**.
- It was assured that the Government was seeking a right to take action against those who wanted to **disintegrate the country**.
- The **Rashtriya Swayamsevak Sangh** had been declared unlawful under the UAPA by a notification issued in 1992.
  - However, its leaders and other individual members of banned organisations were not arrested solely on grounds of being a member of such an organisation.
- The UAPA was **amended in 2004** to bring into its fold cases of terrorism.
  - A large list of organisations such as the Liberation Tigers of Tamil Eelam, the Hizbul Mujahideen and the Khalistan Commando Force have been included in the schedule to the UAPA as banned organisations.
  - Most of these bans are not challenged, and judicial tribunals have upheld the imposition of such bans from time to time.

#### **Other Acts:**

- In the past, two draconian anti-terrorist legislation were repealed due to repeated misuse by law enforcement authorities:
- The Terrorist and Disruptive Activities (Prevention) Act and
- The Prevention of Terrorism Act

#### **Consequences of the Amendment:**

• Banning an organisation renders its members vulnerable to prosecution.



- The Act itself is broadly framed, to sweep in all kinds of suspect organisations.
- Other than **imprisonment**, consequences include **loss of property** linked to terrorism.
- To avoid such drastic results, a member of such an organisation may prove that he or she has not interacted with the organisation after the ban order.
- The organisation itself may challenge the notification in a judicial tribunal.
- However, all these defences will vanish if an individual is notified as a terrorist.
  - $\circ$   $\;$  No link to any organisation needs to be proved.
  - People consorting in any manner with a notified individual can also be roped in under the Act.
  - It can be **catastrophic** at the level of his **fundamental rights**.
  - An utterance on **social media** can be construed as one 'which causes or is intended to cause disaffection against India'.

#### Conclusion:

Benjamin Franklin said: "Those who would give up essential Liberty, to purchase a little temporary Safety, deserve neither Liberty nor Safety." UAPA Amendment is an ill-thought-out parliamentary misadventure and Indians deserve better respect for their liberties.

#### 3. State-Breaking is Not Nation Making

#### Context:

The abrogation of Article 370 guaranteed by the Constitution, and the downgrading of the State of Jammu and Kashmir (J&K) reminds the need to introspect the long-held demands by different groups for separate states.

#### Demands for Statehood:

- Most of the linguistic and ethnic groups in India aspire for a State of their own.
- Militants have taken up arms against the government and against other groups to achieve this particular objective.
- The Government has now given the **perception** that it has the power to demote any State for whatever reason.
- Codes, principles and constitutional sanctions protecting federalism has been violated by the Central government in the recent action on J&K.

#### In World History:

- The world saw a rush of **State-breaking and State-making** after the **collapse of the Berlin Wall** in 1989.
- Countries melted away and a number of **new States** emerged out of the debris of old ones.
- It happened often through processes of civil war, ethnic cleansing and genocide.
- A new lease of life was infused into dormant separatist movements. Some examples were:
  - Nagas and the Bodos in India.
  - Chechens in Russia.
  - Separatist movements in Azerbaijan (Nagorno-Karabakh) and Moldova (Trans-Dniester).
  - **Baluchistan** in Pakistan.
  - West Papua in Indonesia.
  - **Oromos and the Somalis** in the Ethiopia-Somali region.
  - **Kurds** in Turkey.
  - Tamils in Sri Lanka.



- South Ossetia and Abkhazia in Georgia.
- The rise of protest politics in the Kashmir Valley.
- Regional elites in Quebec (Canada), Scotland (the United Kingdom) and Catalonia, the Basque country and Corsica (Europe).

#### **Co-existence and Identity:**

- Coexistence of people who speak **different languages**, worship **different gods**, and follow **different belief systems** was an important concern.
  - Scholars agreed that **federalism** is the best answer to the question of coexistence.
    - Federalism has since long been offered as an antidote to the **centralisation of power**.
      - **Decentralisation and regional autonomy** ensure responsive governance, fiscal prudence and efficiency as well as popular participation.
- But in the 1990s, scholars realised that individuals do not only seek economic benefits.
  - Individuals need to have an identity.
  - They need **community of language, religion, memory, or shared traditions**.
- Some people identify strongly with their community, others identify weakly.
- A third kind of people move on and adopt the meaning systems of another community.
  - But most of the time, most of us, are intimately attached to the **community of birth**.
    - $\circ~$  It simply allows us to make sense of ourselves, our worlds, and of our relationships with others.
    - They believe that neither the state nor society should harm their community.
    - Human beings without community are lesser human beings who are homeless wanderers.
  - The loss of community breeds trauma, struggle or even a civil war.
- Across the world we see two kinds of struggle, the struggle for material resources, and the struggle for identity.

#### The Threats by the State:

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- The most important institution that threatens community is the **nation state**.
- Nations do not emerge as fully-fashioned entities.
  - They are created by states through flattening out of diverse languages, religions, cultures, through **education and coercion**.
- Attempts by States in the post-colonial world to forge nations out of diverse populations have resulted in tremendous harm.
  - **In Sri Lanka**, the official estimate was that under 7,000 people were killed, and 72,000 civilians were displaced from their homes by the Sri Lankan Army, as well as by the secessionist group, the Liberation Tigers of Tamil Eelam in the last phase of the civil war, in 2009 alone.
  - Thousands of innocent people died as a result of suicide bombings, grenade explosions, attacks on government buildings and installations, indiscriminate murders, assassinations, arson and crossfire.
  - In 1971, when East Pakistan declared itself independent of Pakistan, an estimated 3 million people died in the war between the new state of Bangladesh and the parent country. About 8 to 10 million were rendered homeless.

#### Way Forward:

- These are political wars which **cannot be resolved by military means**.
- The only way to ward off the innumerable tragedies is to strengthen
  - A decentralised political system enables participation.
  - It also protects **minority identities**.
  - o This was the precise logic that governed the linguistic reorganisation of States in India in



the 1950s.

- The logic also gave to **J&K**, along with other constituent States of the Indian federal system, regional autonomy.
- Mature democracies do not destroy **diversity** or oppress minorities.
  - A monochromatic society is, by definition, soulless and bare.
    - Life in a plural society promises adventure.
    - The best way to protect diversity is through the grant of **regional autonomy**.

## **Category: SOCIAL JUSTICE**

#### 1. An Unsustainable Kerala Model

#### Context:

Recurring natural calamities question the sustainability of the much-lauded Kerala Model of development.

#### **Recurring Floods:**

- In **2018** Kerala was hit by **flooding combined with landslides** that caused many deaths.
- The flooding was due to inept **dam management** and the vulnerability of the terrain induced by **the pattern of land use**.
- In 2019, landslides have caused more deaths when compared with flooding.
- Fountains sprouting out of the earth due to 'water piping' caused greater havoc.

#### <u>Kerala Model:</u>

- Kerala Model is a term used to describe the economic policy underpinning the State's recent growth and development history.
- The model was lauded for the **high human development indicators** it is believed to have bestowed upon the State.
- According to Amartya Sen, the State seemed to have attained high social development at a relatively low level of income.
- It was soon welcomed by the political class including artists and intellectuals who collaborate with state power.
- The perception contributed to a **self-congratulatory** discourse.
- Any lack of enthusiasm towards the model was greeted with intolerance.

#### Failure of the Model:

- The recent phenomenon points to the role of **uncontrolled economic expansion** behind it.
- The model suffers from the inability to meet the **employment aspirations** of the people.
- It pushed them to live under authoritarian regimes (Gulf countries) overseas.
- The public provision of **health and education** has been financed by **borrowing**.
  - Kerala has the highest per capita public debt among States.
- The state has not done so well when viewed through the lens of **gender justice**.
  - High levels of female education have not led to an equally high participation of women in the labour force or in governance.
  - However, they participate equally in elections.
- There has been overbuilding in Kerala, with **absentee owners** having invested in luxury houses they do not always occupy.
  - At the same time, poorer households are crowded out of safe locations on the plains to



dangerous ones on the hills.

#### Drawbacks in Public Policy:

- Public policy has failed miserably to regulate land use which led to **rampant quarrying**, which destabilised the earth's surface.
- In 2015, the state did away with **environmental clearance** for quarries in existence for three years.
- In 2017, the rules for quarrying was relaxed further.
  - It also weakened the provisions of the legislation governing **conversion of agricultural land into construction sites**.
  - The rice paddies had produced food and served as massive sinks for rainwater.
  - Kerala's principal political parties, irrespective of their **ideologies**, have responded to commercial interests over the welfare of ordinary people.

#### Conclusion:

The people of Kerala need to acknowledge that their **consumption pattern must change** as it has adversely impacted the natural environment. They are unlikely to be guided by the State's politicians and intellectuals who led them into this dead end in the first place.

## **Category: ECONOMY**

#### 1. A Politically Inconvenient Data Nugget

#### Context:

Data on **demonetisation's contribution** to the **deepening economic slowdown** may have been suppressed by the Government.

#### Task Force Reports:

- In September, 2017, at the **Rajasva Gyan Sangam** (an annual conference of senior tax administrators), **Prime Minister Narendra Modi** had made an observation regarding the need to redraft the Income Tax Act, 1961.
- The Union Finance Ministry proceeded with the objective of making direct taxes simple and in consonance with India's economic needs.
- In 2017, it appointed a six-member **Task Force**, headed by Arbind Modi, for drafting a New Direct Tax Legislation.
- The task force submitted the report and draft legislation to the Finance Minister and the Finance Secretary.
- In 2018, the Finance Ministry appointed **Akhilesh Ranjan**, to succeed Mr. Modi as the task force convenor.
- Ranjan submitted his report to the Finance Minister in 2019.

#### <u>Arbind Modi's Report:</u>

- Arbind Modi's report had proposed **two alternative approaches** along with draft legislation corresponding to each of the models for a new direct taxes law.
- It drew insights from the **tax department's database of annual tax returns** filed by corporate firms and individuals.



- The following data is taken from The Hindu editorial, but it has not been published by the government.
- A table given in the report is a significant piece of evidence for how demonetisation may have affected companies.
- The table shows **aggregates of investments** corporate firms disclosed in their annual tax return filings.
- The aggregate of investments disclosed in the assessment year 2017-18, or financial year 2016-17, dropped to ₹4,25,051 Cr., a drop of nearly 60% from the previous year.
- The investments by corporate firms that filed annual returns in each of the years from 2010-11 to 2016-17 as a percentage of GDP were 15%, 10.5%, 10.2%, 9.8%, 9%, 7.5% and 7%.
- The aggregate figures are sourced from companies' statutory disclosures, and not the estimates or findings of a survey.
- Thus, the data is an undeniable evidence of demonetisation's contribution to the deepening economic slowdown.

#### **Other Concerns:**

- The report reveals a few more worrying trends:
  - The share of loss-making companies has increased from 42% in 2013-14 to 45% in 2017-18.
  - There has been a **decline in the number of corporate filers** from the manufacturing sector over the period 2013-14 to 2017-18.
  - Only about 50% of the companies registered with the Registrar of Companies filed their income tax returns for the financial year 2016-17.
  - The **return on equity declined** from 16.4% in 2013-14 to 15.5% in AY 2015-16 and thereafter has reversed the trend and increased to 16.5% in 2017-18.
  - **The productivity of the corporate tax is extremely low** at 7.5% over the period 2013-14 to 2017-18.
  - The productivity points to the policy choices regarding tax concessions and the overall levels of non-compliance.
  - Given the limited fiscal space available to the Government, economic growth would necessarily have to be driven by **private investment.**
  - But, corporate investments have remained virtually stagnant despite the availability of sufficient retained earnings.

#### **GDP Growth Estimates:**

- In the report, the trend in aggregate corporate investments figures corresponds to the **investment slowdown** apparent in the official GDP estimates for 2011-12 onwards.
- However, the investments aggregate figure for 2016-17 brings into question the GDP growth estimate for the demonetisation year.
- In the latest round of scheduled revisions, the government had revised upwards the 2016-17 GDP growth estimate, from 1% to 8.2%.
- As per the revised estimate, the demonetisation year, is the best in the Modi government's first tenure as far as GDP growth is concerned.
- However, nearly every industry association reported sharp drops in sales that year.

## The Need for Making the Reports Public:

- The Finance Ministry has so far not made published both the task force reports.
- Earlier, the government had initially held back and even challenged the validity of the National Sample Survey Office (NSSO) periodic labour force survey results.



- The results said that the **unemployment rate** reached a **45 year high** in 2017-18, the demonetisation year.
- The National Statistical Commission had duly cleared the findings.
- The findings were subsequently only released after the completion of the 2019 elections.

## **F.** Tidbits

#### 1. No Plan to Curb Social Media: HC

- The Madras High Court on Wednesday made it clear that it was not interested in addressing a plea made by two public interest litigation (PIL) petitioners to link Aadhaar or any other government authorised identity proof with social media accounts held by individuals.
- The court clarified that they had expanded the scope of the two PIL petitions long back and had issued notices to Facebook, YouTube, Google, WhatsApp, Twitter and a few others only to make them share information with the police in cases involving cyber crimes.
- Some petitioners had moved the Supreme Court with a plea to transfer the cases pending in Madras High Court, as well as similar cases pending in other High Courts, to the top court in order to avoid contradictory verdicts.
- In a majority opinion delivered in Justice K.S. Puttaswamy's case in September, 2018, the Supreme Court had held that there was nothing wrong in linking Aadhaar with the Permanent Account Number (PAN) issued by the Income Tax department but declared as unconstitutional its linkage with bank accounts and SIM cards.
- The court had also insulated children from the Aadhaar regime and ordered that educational institutions should not insist on production of Aadhaar cards.
- However, when the State police complained to the court about the lack of cooperation by most of the social media giants in solving cyber crimes, the Bench decided to adjudicate that issue alone in terms of the provisions of the Information Technology Act of 2000 and the statutory rules framed thereunder.
- The High Court also said that it was polite from their part to await the decision of the superior court.

## **G. Prelims Facts**

#### 1. National Initiative for School Heads' and Teachers' Holistic Advancement (NISHTHA)

- NISHTHA is a national Initiative launched by the Ministry of Human Resource Development to train more than 42 lakh teachers and principals of primary and elementary-age government schools across the country.
- They will undergo a five-day training programme over the next few months.
- The objectives of the programme include learning of the following:
  - Innovative teaching methods.
  - Use of art and technology in the classroom.
  - Basic counselling techniques.
- It is being called the world's largest teacher training programme.
- It will support teachers to encourage critical thinking among students rather than rote learning.

#### 2. Nilackal Base Camp

- A full-fledged base camp for Ayyappa pilgrims is being planned to be set up at Nilackal, about 20 km from the Pamba River on the base of Sabarimala.
- The base camp will be set up in view of the forthcoming Mandalam-Makaravilakku season.
- 'Viri' (Retiring facility) will be provided for 20,000 people at Nilackal in addition to the existing facility to accommodate 15,000 people.



- Three sewage treatment plants with a total capacity to treat 10,000 million litres a day will be installed too.
- A survey by the Revenue Department, in association with the Forest Department and the Travancore Devaswom Board (TDB), had put the land allotted to the TDB at Sabarimala as 94.428 acres.
- However, the Forest Department raised objections claiming that the TDB had only 63 acres there.

#### 3. Tirur Vettila

- Tirur Vettila (betel leaf), a product of Kerala, obtains Geographical Indication (GI) tag.
- It is grown in Tirur and nearby areas of Malappuram district.
- It is unique for its significantly high content of total chlorophyll and protein in fresh leaves.
- Eugenol is the major essential oil in Tirur betel leaf contributing to its pungency.

#### 4. Ordnance Factory Board (OFB)

- The Ordnance Factory Board (OFB) functions under the Department of Defence Production.
- The ordnance factories form an integrated base for indigenous production of defence hardware and equipment, with the primary objective of self-reliance.
- It is headquartered in Kolkata.
- It has 41 factories spread across the country.
- Every decision and action of OFB needs the approval of the Cabinet.
- On the other hand, Defence Public Sector Undertakings (DPSU) do not have such hassles and have been establishing joint ventures and partnerships for technology development and other things.
- There are nine Central Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence:
- 1. Hindustan Aeronautics Limited
- 2. Bharat Electronics Limited
- 3. Bharat Dynamics Limited
- 4. Bharat Earth Movers Limited
- 5. Mishra Dhatu Nigam Limited
- 6. Mazagon Dock Shipbuilders Limited
- 7. Garden Reach Shipbuilders And Engineers Limited
- 8. Goa Shipyard Limited
- 9. Hindustan Shipyard Limited
- The total support to OFB is around ₹6,500 Cr. both from indents from the Army and direct budgetary support.
- The Government is set to form a high-level committee to examine the aspects of corporatisation of the Ordnance Factory Board (OFB) and work out the modalities.
- There have been apprehensions from employees that there is an attempt at privatise OFB.

#### 5. e-Mandate for Cards

- The Reserve Bank of India (RBI) has decided to permit processing of e-mandate on cards for recurring transactions.
- It will be done with an Additional Factor Authentication (AFA) during registration.
- While processing the first transaction in e-mandate-based recurring transaction series, AFA validation shall be performed.
- If the first transaction is being performed along with the registration of e-mandate, then AFA validation may be done along with it.
- This will be applicable for transactions done using all types of cards, debit and credit cards and Prepaid Payment Instruments, including wallets.



The maximum limit for such a transaction will be ₹2,000.

#### 6. Rs.1 Lakh e-tractor

- Central Mechanical Engineering Research Institute (CMERI) said it is developing a small electronic tractor which will be the cheapest in Indian market at little over ₹1 lakh.
- It is targeting to conduct the first trial within the next one year at its West Bengal facility.
- It will be a less weight product, which is efficient for farmers having smaller land parcels.
- CMERI is a Council of Scientific and Industrial Research (CSIR) institute.

### 7. Guru Ravidas Temple

- Guru Ravidas was born in the 15th century in Varanasi.
- He was a social reformer and a part of the Bhakti movement who stood for the empowerment of the deprived sections.
- In the early 16th century, Sikander Lodhi, a follower of Guru Ravidas, had given the land for constructing a temple at Delhi.
- In 1959, Union Minister Jagjivan Ram laid its foundation.
- The temple was demolished earlier this month by the Delhi Development Authority following a Supreme Court order.
- A protest by Dalit organisations against the demolition of a Guru Ravidas temple in the Tughlakabad forest area turned violent in south-east Delhi.
- The police detaining over 50 protesters.
- Protestors have been demanding the reconstruction of the temple at the same location where it stood before demolition.

## **H. Practice Questions for UPSC Prelims Exam**

#### Q1. What is the importance of NISHTHA programme in India's education sector?

a) It is a scheme to promote sports education in schools.

b) It is a financial inclusion programme to bring every student in Indian Universities under institutionalised banking systems.

c) It is an initiative by the Ministry of Tribal Affairs to educate children of inaccessible tribal hamlets across India.

d) It is an initiative to train more than 42 lakh teachers and principals of primary and elementary government schools across the country.

Ans: d

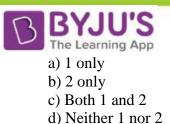
Explanation:

It is an initiative to train more than 42 lakh teachers and principals of primary and elementary government schools across the country.

#### Q2. Consider the following statements with reference to Guru Ravidas:

- 1. Guru Ravidas was born in the 6th century in present-day Tamil Nadu.
- 2. He was a social reformer and a part of the Bhakti movement.

Which of the statement/s is/are correct?



Ans: b

Explanation:

Guru Ravidas was born in the 15th century in Varanasi.

Q3. With reference to Greenland, consider the following statements:

- 1. Greenland is the world's largest island.
- 2. It is an autonomous territory of the United Kingdom.
- 3. The U.S. has a military base on the island.

Which of the statement/s is/are correct?

a) 1 onlyb) 2 onlyc) 1 and 3 onlyd) 1 and 2 only

Ans: c

Explanation:

Greenland is an autonomous territory of Denmark.

Q4. Consider the following statements about Kutch region in Gujarat:

- 1. Kutch is the largest district in India.
- 2. Rann Utsav is an annual festival held in the region.
- 3. Indian Wild Ass Sanctuary is located in the Kutch region.

Which of the statement/s is/are correct?

a) 2 onlyb) 1 and 2 onlyc) 1 and 3 onlyd) 1, 2 and 3 only

Ans: d

Explanation:

All three statements are correct.

## I. UPSC Mains Practise Questions

1. Special status given to some states have helped in the reduction of secessionist demands of ethnic



groups. Critically Analyse. (250 words, 15 marks)

What are the likelihoods of India gaining a permanent seat in the UNSC? Suggest measures to expedite the UNSC reforms in favour of India. (250 words, 15 marks)

