06 Dec 2019: UPSC Exam Comprehensive News Analysis

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A. GS1 Related

Category: SOCIAL ISSUES

1. 2018 Sabarimala verdict is not the last word: CJI

Context:

Chief Justice of India S.A. Bobde has orally remarked that a September 2018 judgment of the Supreme Court allowing menstruating women to worship at the Sabarimala temple might, at the moment, not be the last word as the issue has been referred to a larger Bench of seven judges.

To understand the Sabrimala Case, watch Explained: Sabarimala Case and the Review Petition.

Category: HISTORY

1. Bhimrao Ambedkar: revered reformer, forgotten economist

Context:

Three days after completing his final manuscript 'The Buddha and His Dhamma', Ambedkar died in his sleep on 6 December 1956 at his home in Delhi. The 6th of December is observed as Dr. Ambedkar Mahaparinirvan Diwas.

To read more, click here.

Dr. B.R. Ambedkar's contributions:

- Bhimrao Ambedkar is celebrated for his immense vision and contributions to the legal and social framework of the Indian Republic, he was, also by training, one of the foremost Indian economists of his time.
- He first set his mind to the emancipation of smallholder farmers, who were trapped in cycles of debt, with access to inputs restricted to those of privileged castes. As a result, marginal farmers were destined to stay marginalised. Babasaheb was in favour of the pooling of land among small farmers with cooperative management of land. However, he was more concerned with the factors of production and productivity.
- His solution was for the state to attempt to control farm input prices. The idea was central to the planned agricultural growth of the first 50 years of free India. However, the problem today for marginal farmers is not much different than it was in 1918, with input costs still prohibitively high for smaller farmers. The M.S. Swaminathan National Commission on Farmers identified the same truths that Ambedkar had, and suggested a solution of setting an MSP at least 50% higher than the cost of production, as opposed to market-linked mechanisms. The Delhi government earlier this year became one of the few states to implement the panel's recommendations.
- His next goal was to break open the obscure financial relationship between the Centre and States (imperial versus provincial governments). He concluded that a system where fiscal powers were shared between the two entities would be the most stable, an idea which is enshrined in the Constitution. His key finding was that leaving all fiscal powers with either entity had led to more corruption and weaker linkages between revenue and development of a province. This finding is relevant even today, as the Centre with a new tax regime tries to influence the polity of States and territories like Delhi.
- Babasaheb was also instrumental in introducing major labour reforms, making the case for state intervention in labour relations in his writings as "what is called liberty from the control of the state is another name for the dictatorship of the private employer".
- More significantly, the idea of women as a potent force for economic change owes its legal existence in India solely to Ambedkar. He was instrumental in drafting specific laws to protect the rights of women in mines and factories, as well as recognising maternity in the law. Maternity rights in modern India owe their existence to Babasaheb.
- He was also the driving force behind Employees' State Insurance and the collection of industrial and labour statistics to track the progress of labour.
- Ambedkar used his status as the Viceroy's Cabinet Minister on Water and Power to provide a vision for the nation's path to modernity, predicated on free access to utilities without discrimination. Under his leadership, the Central Water Commission and the Central Electricity Authority were convened, and until this day ensure that large-scale water and power management projects account for the needs of all Indians.
- Perhaps his most enduring economic research is focussed on the debates around colonial India's monetary policy, a subject on which he authored two books. In 1934, the Hilton Young Commission was set up to debate this topic. Every member of this Royal Commission on Indian Currency and Finance held a copy of Ambedkar's book, *The Problem of the Rupee*, as Ambedkar argued his case for fiscal stability. As a result, the committee drafted the Reserve Bank of India Act of 1934 with the

express purpose of protecting markets from currency fluctuations through state control. Babasaheb's vision that strong monetary policy and robust institutions were required to ensure economic growth in India still rings true.

B. GS2 Related

Category: POLITY AND GOVERNANCE

1. Protests across Assam over CAB

Context:

Protesters took to the streets across Assam against the Citizenship (Amendment) Bill.

The topic has been covered in the 28th September 2019 Comprehensive News Analysis. Click here to read.

C. GS3 Related

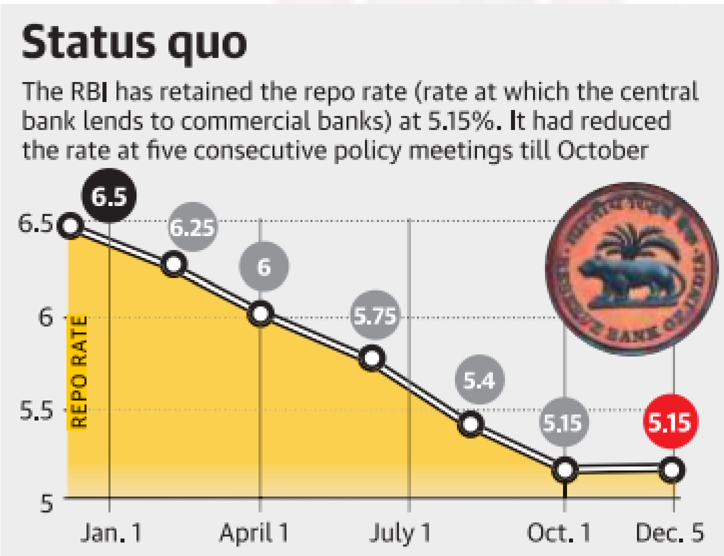
Category: ECONOMY

1. In a surprise, RBI keeps interest rate unchanged

Context:

The Reserve Bank of India (RBI) has kept the policy interest rate unchanged at 5.15% at the fifth bimonthly monetary policy review meeting, despite slowing economic growth, citing inflation concerns.

Details:



- The accommodative stance of the monetary policy has been retained.
- RBI's concern over inflation comes mainly from food prices apart from increase in tariff by telecom players.
- The RBI governor said that there is a need to optimise the impact of rate reduction, indicating that banks are expected to cut lending rates further in response to the earlier 135 bps rate cut.

    - Banks have reduced their one year marginal cost of fund-based lending rate only by 49 bps in response to the 135 bps repo rate cut.
    - Status-quo on repo rates is in a way, positive for banks as they will not have to bring down their lending rates as per new repo rate linked loan pricing.
- However, the RBI indicated there is monetary policy space for future action after considering the fiscal measures in the Budget and more clarity on inflation.

Conclusion:

The RBI runs the risk of blunting the repo rate weapon if it continues to cut rates without the cuts being transmitted down the line. The current move seems to be a strategic pause by the Monetary Policy Committee to watch how inflation moves and what the government does in the budget.

2. Diamantaire Nirav Modi now a fugitive economic offender

Context:

A special Prevention of Money Laundering Act court has declared diamond trader Nirav Modi, an accused in the Punjab National Bank scam case, a fugitive economic offender.

Details:

Fugitive Economic Offenders Act (FEOA) was introduced to deter fugitive economic offenders from evading the process of law in India by staying outside the jurisdiction of Indian courts.

Fugitive Economic Offenders Act (FEOA) has been covered in the 6th January 2019 Comprehensive News Analysis. Click here to read.

3. RS clears Bill to lower corporate tax rate

Context:

The Taxation Laws (Amendment) Bill, 2019 has been cleared in the Rajya Sabha.

Background:

- Earlier, the Finance Minister had announced the lowering of the base corporate tax rate for companies that do not seek exemptions and reduced the rate for some new manufacturing companies to 15 per cent from 25 per cent. Including surcharges and cesses (levies to raise funds for specific purposes), the effective corporate tax rate will fall by nearly 10 per cent to 25.2 per cent.
- The corporate tax cut measure was announced by the government to support the slowing GDP growth. The quarterly GDP growth has been falling for the sixth consecutive quarter - from a high of 8.1 per cent in Q4 of FY18 to 4.5 per cent in Q2 of FY20.
- Besides the reduction in corporate tax rates for existing and new domestic companies, the ordinance also implemented the withdrawal of higher surcharge for non-corporates on certain capital market transactions announced earlier.
- It would also provide relief from buyback tax for listed companies, with respect to buybacks which were publicly announced prior to the Budget announcement 2019.

Details:

- The amendment replaces the ordinance that reduced the tax rate for domestic companies from 30% and 25% (for those with an annual turnover of over Rs.400 crore) to 22% if they don’t claim certain exemptions under the Income Tax Act.

- The rate for new domestic manufacturing companies set up after October 2019 was lowered to 15%.

Note:

- According to rules, the Rajya Sabha cannot amend money bills but can recommend amendments.
- A money bill, that solely concerns taxation or government spending, must be returned to the Lok Sabha within 14 days, or the bill is deemed to have passed in both houses in the form it was originally passed by the Lok Sabha.

D. GS4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Seeds Bill 2019

Context

- It is a bill that seeks to replace the old Seed Act of 1966. The bill is now under Parliament's consideration.

Need of the bill

- According to the government, a new Seeds Bill is necessary to enhance seed replacement rates in Indian agriculture, specify standards for registration of seed varieties and enforce registration from seed producers to seed retailers.
- A law regulating seed production and trade is needed to ensure that farmers are protected against spurious seeds, and that seed producers are obliged to put only seeds of good and reliable quality on the market.

Background

- In 1994, India signed the agreement on **Trade-Related Aspects of Intellectual Property Rights (TRIPS)**.
- In 2002, India also joined the International **Union for the Protection of New Varieties of Plants (UPOV)**
- Both TRIPS and UPOV led to the introduction of some form of Intellectual Property Rights (IPR) over plant varieties. **Member countries had to introduce restrictions on the free use and exchange of seeds** by farmers unless the "breeders" were remunerated.

Balancing Conflicting Aims

TRIPS and UPOV, however, ran counter to other international conventions.

- In 1992, the **Convention on Biological Diversity (CBD)** provided for "prior informed consent" of farmers before the use of genetic resources and "fair and equitable sharing of benefits" arising out of their use.

- In 2001, the **International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)** recognized farmers' rights as the rights to save, use, exchange and sell farm-saved seeds. National governments had the responsibility to protect such farmers' rights.
- As India was a signatory to TRIPS and UPOV (that gave priority to breeders' rights) as well as CBD and ITPGRFA (that emphasised farmers' rights), **any Indian legislation had to be in line with all**. It was this delicate balance that the **Protection of Plant Varieties and Farmers' Rights (PPVFR)** Act of 2001 sought to achieve.

<u>How PPVFR Act balances multiple legislations?</u>

- The PPVFR Act retained the main spirit of TRIPS viz., IPRs as an incentive for technological innovation. However, the Act also had strong provisions to protect farmers' rights.
- It recognised three roles for the farmer: cultivator, breeder and conserver.
    - As cultivators, farmers were entitled to plant-back rights.
    - As breeders, farmers were held equivalent to plant breeders.
    - As conservers, farmers were entitled to rewards from a National Gene Fund.

<u>How this bill helps?</u>

- A shift from farm-saved seeds to certified seeds would raise seed replacement rates which is desirable.
- Certified seeds have higher and more stable yields than farm-saved seeds.

<u>Cause of concern</u>

However, such a shift should be achieved not through policing, but through an enabling atmosphere.

- **Private seed companies** prefer policing because their low-volume, high-value business model is crucially dependent on **forcing farmers** to buy their seeds every season.
- On the other hand, an **enabling atmosphere** is generated by the strong presence of **Public Institutions** in seed research and production. When public institutions, not motivated by profits, are ready to supply quality seeds at affordable prices, policing becomes redundant.
- But this has not been the case in India.
    - From the late-1980s, Indian policy has consciously encouraged the growth of private seed companies, including companies with majority foreign equity.
        - Today, more than 50% of India's seed production is undertaken in the private sector.
    - These firms have been demanding favourable changes in seed laws and deregulation of seed prices, free import and export of germplasm, freedom to self-certify seeds and restrictions on the use by farmers of saved seeds from previous seasons.
- Through the various versions between 2004 and 2019, **private sector interests have guided the formulation of the Seeds Bill**.
    - As a result, even desirable objectives, such as raising the seed replacement rates, have been mixed up with an urge to encourage and protect the business interests of private companies.
    - Not surprisingly, many of the **Bill's provisions deviate from the spirit of the PPVFR Act**, are against farmers' interests and in favor of private seed companies.

<u>Problematic provisions in the bill</u>

- First, the **Seeds Bill insists on compulsory registration of seeds**. However, the PPVFR Act was based on voluntary registration.
    - As a result, many seeds may be registered under the Seeds Bill but may not come under the PPVFR Act. For example, a seed variety developed by a breeder, but derived from a traditional variety.

  - The breeder will get exclusive marketing rights.
  - But no gain will accrue to farmers as benefit-sharing is dealt with in the PPVFR Act, under which the seed is not registered.
- Second, as per the PPVFR Act, all applications for registrations should contain the **complete passport data of the parental lines from which the seed variety was derived**, including contributions made by farmers. This allows for easier identification of beneficiaries and simpler benefit-sharing processes.
  - Seeds Bill, on the other hand, demands no such information while registering a new variety.
  - As a result, an important method of recording the contributions of farmers is overlooked and private companies are left free to claim a derived variety as their own.
- Third, the PPVFR Act, which is based on an IPR like breeders' rights, **does not allow re-registration of seeds after the validity period**.
  - However, as the Seeds Bill is not based on an IPR like breeder's rights, private seed companies can re-register their seeds an infinite number of times after the validity period.
  - Given this "ever-greening" provision, many seed varieties may never enter the open domain for free use.
- Fourth, while a vague **provision for regulation of seed prices** appears in the latest draft of the Seeds Bill, it appears neither sufficient nor credible.
  - In fact, strict control on seed prices has been an important demand raised by farmers' organisations. They have also demanded an official body to regulate seed prices and royalties.
  - In its absence, they feel, **seed companies may be able to fix seed prices as they deem fit**, leading to sharp rises in costs of cultivation.
- Fifth, according to the PPVFR Act, if a **registered variety fails in its promise of performance, farmers can claim compensation before a PPVFR Authority**.
  - This provision is diluted in the Seeds Bill, where disputes on compensation have to be decided as per the Consumer Protection Act.
  - Consumer courts are hardly ideal and friendly institutions that farmers can approach.
- Sixth, according to the Seeds Bill, **farmers become eligible for compensation if a plant variety fails to give expected results under "given conditions"**.
  - "Given conditions" is almost impossible to define in agriculture. Seed companies would always claim that "given conditions" were not ensured, which will be difficult to be disputed with evidence in a consumer court.

The way ahead

- Given the inherent nature of seeds, farmer-friendly pieces of seed legislation are difficult to frame and execute.
- This is particularly so as the **clout of the private sector grows** and technological advances shift seed research towards hybrids rather than varieties. In hybrids, the reuse of seeds is technically constrained.
  - The private sector, thus, has a natural incentive to focus on hybrids. In such a world of hybrids, even progressive seed laws become a weak defence.
- On the other hand, **strong public agricultural research systems** ensure that the choices between hybrids, varieties and farm-saved seeds remain open, and are not based on private profit concerns.
  - Even if hybrids are the appropriate technological choice, seed prices can be kept affordable.
  - For the seed sector and its laws to be truly farmer-friendly, the public sector has to recapture its lost space.

2. Extra Neutral Alcohol (ENA)

Context

- In its letter to NITI Aayog anticipating lower supplies, the Confederation of Indian Alcoholic Beverage Companies has cited the diversion of ethanol for bio-fuel blending by oil marketing companies, and recent floods in Maharashtra and Karnataka that have adversely affected sugarcane crop in the region.
- Anticipating shortage of domestic supplies, they have sought a reduction in duty to make it cost-effective for them to import Extra Neutral Alcohol from global markets.

What is it?

- Extra Neutral Alcohol (ENA) is the primary raw material for making alcoholic beverages.
- It is a colourless food-grade alcohol that does not have any impurities. It has a neutral smell and taste, and typically contains over 95 per cent alcohol by volume.
- It is derived from different sources — sugarcane molasses and grains — and is used in the production of alcoholic beverages such as whiskey, vodka, gin, cane, liqueurs, and alcoholic fruit beverages.
- Like ethanol, ENA is a byproduct of the sugar industry and is formed from molasses that are a residue of sugarcane processing.

Uses

- ENA also serves as an essential ingredient in the manufacture of **cosmetics and personal care products** such as perfumes, toiletries, hair spray, etc.
- Given its properties as a good solvent, ENA also finds **industrial use** and is utilised in the production of some lacquers, paints and ink for the printing industry, as well as in **pharmaceutical products** such as antiseptics, drugs, syrups and medicated sprays.

Source: Indian Express

Category: POLITY

1. Have electoral bonds made a bad system worse?

Kindly read about this topic here:

Electoral Bonds - UPSC Notes

CNA dated 23 Nov 2019 under 'The opacity around electoral bonds'

F. Tidbits

1. Odisha govt. scheme to merge with 'PM-Kisan' yojana

- The Odisha government has decided to merge its flagship scheme to provide assistance to farmers with the Centre's Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) Yojana, apparently due to financial constraint.
- Talks are on with the Union government on the modalities.

PM-Kisan Scheme:

- Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme aims to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income.

- It is a Central Sector Scheme.
- Under this programme, landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support at the rate of Rs. 6,000 per year.
- This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal installments of Rs. 2,000 each.
- The scheme is believed to have immediate impact on reducing hunger, rural poverty and increasing investments in agricultural inputs.

KALIA Scheme:

- KALIA or "Krushak Assistance for Livelihood and Income Augmentation" scheme was launched by the Odisha Government for farmer's welfare.
- The aim of the scheme is to accelerate agricultural prosperity and reduce poverty in the State to encourage cultivation and associated activities.
- The scheme is seen as a viable alternative to farm loan waivers.
- The KALIA covers the landless agricultural labourers too.
- It also seeks to provide help to vulnerable agricultural households, besides promising interest-free crop loans.

2. Foreign Exchange Management Act (FEMA)

The Foreign Exchange Management Act, 1999 is an act of the Indian parliament relating to foreign exchange, external trade and payments in the country.

The topic has been covered in the 23rd October 2019 Comprehensive News Analysis. Click here to read.

3. Rs. 100 crore for setting up women help desks

- The Home Ministry has sanctioned 100 crore from the Nirbhaya Fund for setting up women help desks in police stations across the country.
- These desks would focus on making the police stations more women-friendly, as they would be the first point of contact for any woman walking into a police station.

Read more about Nirbhaya Fund.

4. New norms to make social media more accountable

- The government has said that it is working on rules to mandate social media companies to identify and remove child sexual abuse material, rape images and content promoting terrorism without affecting privacy.
- The government has invited public comments on its draft of amendments to the Intermediary Rules 2011 and has received public inputs on the same.
- The amendments inter alia propose that intermediaries should proactively identify and remove child sexual abuse material, rape/gang-rape imagery and contents promoting terrorism without compromising accuracy or privacy using technology-based tools and mechanisms.
- It was said that the Information Technology (IT) Act, 2000, has adequate provisions for the removal of objectionable online content. Section 69A of the IT Act, 2000, empowers the government to block any information generated, transmitted, received, stored or hosted in any computer resource in the interest of sovereignty and integrity of India, defence of India, security of the state, friendly relations with foreign states or public order or for preventing incitement to the commission of any cognisable offence relating to above.

5. India’s forex reserves cross $450 billion for the first time

- India’s foreign exchange reserves crossed the $450-billion mark for the first time ever on the back of strong inflows which enabled the central bank to buy dollars from the market, thus checking any sharp appreciation of the rupee.
- At $451.7 billion, the country’s import cover is now over 11 months.
- Currency analysts opine that the rise in foreign exchange reserves will give the central bank the firepower to act against any sharp depreciation of the rupee.
- The Reserve Bank has always maintained that it intervenes in the foreign exchange market to curb volatility and does not target a particular level of exchange rate.
- Net foreign direct investment rose to $20.9 billion in the first half of 2019-20 from $17 billion a year ago.
- During the taper tantrums of 2013, (or the collective reactionary panic after the U.S. Federal Reserve said it would apply the brakes on its Quantitative Easing programme), India’s foreign exchange reserves fell to $274.8 billion in 2013, prompting the Centre and RBI to unleash measures to attract inflows. It has been a steady rise for the reserves since then, with $175 billion added in the last six years.

6. RBI lays down guidelines for payments banks’ SFB licence

- Payments banks willing to convert themselves into small finance banks (SFBs) can apply for such a licence only after five years of operations, the Reserve Bank of India (RBI) has said in the final guidelines on on-tap licensing for SFBs.
- Existing payments banks (PBs), which are controlled by residents and have completed five years of operations, are also eligible for conversion into small finance banks after complying with all legal and regulatory requirements of various authorities and if they conform to these guidelines.
- The minimum capital for setting up an SFB has been mandated at 200 crore, adding that for primary (urban) co-operative banks (UCBs), which wish to become SFBs, the initial requirement of net worth will be Rs. 100 crore, which will have to be increased to Rs. 200 crore within five years from the date of commencement of business.
- RBI also added that it decided to bring UCBs with assets of Rs. 500 crore and above, under the reporting framework of the Central Repository of Information on Large Credits (CRILC).

G. Prelims Facts

1. Zero FIR

- A 'Zero FIR' is a document that can be registered by any police station when a complainant approaches them for a cognizable offence, whether the case is in their jurisdiction or not.
- Normally, an FIR is registered by a serial number in the police station having territorial jurisdiction to investigate the Crime.
- Zero FIR can only be registered but not numbered. Such unnumbered FIR is then forwarded to the concerned police station where it gets numbered and then proceeded for investigation.
- Justice Verma Committee Report recommended the provision of Zero FIR, after the December 2012 gang rape in Delhi (Nirbhaya Case).

H. Practice Questions for UPSC Prelims Exam

Q1. Consider the following statements with respect to National Investment and Infrastructure Fund (NIIF):

1. National Investment and Infrastructure Fund is an Indian-government backed entity established to

provide short-term capital to India's infrastructure sector.
2. It was set up as an alternative investment fund (AIF).
3. The government of India's contribution to the AIFs under the NIIF scheme is 49% of the total commitment.

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

a. 1 only
b. 1 and 2 only
c. 2 and 3 only
d. 1, 2 and 3

Answer: c

Explanation:

National Investment and Infrastructure Fund is an Indian-government backed entity established to provide long-term capital to India's infrastructure sector. It was set up as an alternative investment fund (AIF) and is being operationalized by establishing three Alternative Investment Funds (AIFs) under the SEBI Regulations. The government of India's contribution to the AIFs under the NIIF scheme is 49% of the total commitment.

Q2. Consider the following statements with respect to "Nirbhaya Fund":

1. It is a non-lapsable corpus fund for the safety and security of women.
2. It is to be administered by the Department of Economic Affairs (DEA) of the Ministry of Finance (MoF).

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: c

Explanation:

The Nirbhaya Fund Framework provides for a non-lapsable corpus fund for the safety and security of women to be administered by the Department of Economic Affairs (DEA) of the Ministry of Finance (MoF) of the Government of India. Further, it provides for an Empowered Committee (EC) of officers chaired by the Secretary, Ministry of Women & Child Development (MWCD) to appraise and recommend proposals to be funded under this framework.

Q3. Consider the following statements with respect to Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme:

1. Under the scheme, eligible landholding farmer families will be provided direct income support of three equal installments of Rs. 6,000 per year.
2. The income support will be transferred directly into the bank accounts of beneficiary farmers.
3. It is a Centrally Sponsored Scheme.

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

a. 1 only
b. 1 and 3 only
c. 2 and 3 only
d. None of the above

Answer: b

Explanation:

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme aims to supplement the financial needs of the farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income. It is a Central Sector Scheme. Under this programme, landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support at the rate of Rs. 6,000 per year. This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal installments of Rs. 2,000 each.

Q4. Which of the following is/are NOT the books authored by Dr. B.R.Ambedkar:

1. The Annihilation of Caste
2. The Problem of the Rupee: Its Origin and its Solution
3. State and Minorities
4. Pakistan Or Partition Of India

Choose the correct option:

a. 2 only
b. 2 and 4 only
c. 1 and 3 only
d. None of the above

Answer: d

Explanation:

All the books stated in the question were authored by Dr. B.R.Ambedkar.

I. Practice Questions for UPSC Mains Exam

1. The seeds bill violates the rights of the farmers as opposed to what was guaranteed under the Protection of Plant Varieties and Farmers' Rights (PPVFR) Act of 2001. Analyse and suggest measures. (15 Marks, 250 Words).
2. Critically evaluate if the Fugitive Economic Offenders (FEO) Act, 2018 has been able to address the key concerns of economic offences. (10 Marks, 150 Words).