

25 Feb 2021: UPSC Exam Comprehensive News Analysis

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Category: POLITY AND GOVERNANCE

1. Puducherry: Cabinet gives nod for President's Rule

Context:

The Union Cabinet approved a proposal by the Home Ministry to dissolve the Puducherry Assembly and impose President's Rule in the Union Territory.

Details:

- The decision came after the Congress-led government in the Union Territory lost power during a vote of confidence.
- The decision was taken as no party came forward to stake claim to form the government following the resignation of the Chief Minister. Subsequently, Lieutenant-Governor recommended President's Rule.

President's Rule:

- The President's Rule under Article 356 of the Constitution remains valid in the State for the maximum period of six months from the date of issue.
- Article 356 is also referred to as the imposition of the President's Rule in the states.
- According to Article 356, President's Rule can be imposed on any state of India on the grounds of the failure of the constitutional machinery of that particular state.
- President's rule can be imposed if the President receives a report from the state's [Governor](#) or otherwise is convinced or satisfied that the state's situation is such that the state government cannot carry on the governance according to the provisions of the Constitution.

Read more on [President's Rule](#).

Note:

- A Union Territory is a type of administrative division.
- Unlike the states, which have their own governments, a UT is governed directly by the Union Government.
- However, in the case of the National Capital Territory of Delhi and Puducherry, the operation is somewhat different. Both have separately elected governments. The same would be the case with the UT of Jammu and Kashmir.

Category: INTERNATIONAL RELATIONS

1. U.S. will seek to rejoin UNHRC: Blinken

Context:

The U.S Secretary of State has announced that the U.S. will seek re-election to the [United Nations Human Rights Council \(UNHRC\)](#).

Details:

- Stating that America is placing human rights at the centre of its foreign policy, he announced that the United States would seek election to the human rights council for the 2022 to 2024 term.
- He humbly asked for the support of UN member states.

This topic has been covered in the **9th February 2021 Comprehensive News Analysis**.

C. GS 3 Related

Category: ECONOMY

1. Cabinet approves PLI plan for pharmaceuticals, IT hardware

Context:

The Union Cabinet has approved the Production Linked Incentive (PLI) Scheme for the pharmaceuticals and IT hardware sectors.

What is the production linked incentive (PLI) scheme?

- In March 2020, the central government introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The scheme was introduced to boost domestic manufacturing and cut down on import bills.
- Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.
- The objective is to make India more compliant with WTO (World Trade Organisation) commitments and also make it non-discriminatory and neutral with respect to domestic sales and exports.
- The idea of PLI is important as the government cannot continue making investments in some capital-intensive sectors as they need longer times for start giving the returns. Instead, it could invite global companies with adequate capital to set up capacities in India.

Details:

- The scheme entails an outlay of ₹15,000 crore and ₹7,350 crore, for pharmaceuticals and IT hardware sectors respectively.
- The PLI scheme for pharmaceuticals is for nine years till 2028-29.
- For hardware, incentive will be given on net incremental sales of goods manufactured in India for four years.

Significance of PLI Scheme for IT Hardware Sector:

- It will benefit five 'major global players' and ten domestic 'champions' in IT hardware.
- It will enhance the development of the electronics ecosystem in the country.

Significance of PLI Scheme for the Pharma Sector:

- It will benefit domestic manufacturers, help create employment and is expected to contribute to the availability of a wider range of affordable medicines for consumers.
- The scheme is expected to bring in investment of ₹15,000 crore in the pharmaceutical sector.
- It is s expected to promote the production of high-value products in the country and increase the value addition in exports.
- The growth in the sector is expected to add 20,000 direct and 80,000 indirect jobs for both skilled and unskilled personnel.
- The scheme also aims to create global champions from India that have the potential to grow in size and scale using cutting edge technology and thereby penetrate global value chains.

2. Private banks can handle govt. business now: FM

Context:

The Finance Minister announced that the embargo on private banks handling government business had been lifted.

Details:

- The government's decision has been conveyed to the Reserve Bank of India.
 - RBI is entrusted with authorising private banks to undertake handling of government and its agencies' business.
 - Only a few private banks were permitted to take up such business earlier.

Significance:

- This paves way for private banks to handle tax payments, pension payments and even small savings schemes.
- Private banks can now be equal partners in the development of the Indian economy, furthering Govt.'s social sector initiatives, and enhancing customer convenience.

Category: ENVIRONMENT AND ECOLOGY

1. Winter pollution on the rise: CSE

Context:

The Centre for Science and Environment (CSE) – a non-governmental research organisation's study on rising winter pollution.

Key Findings:

- The levels of PM 2.5 worsened in 43 of 99 cities whose winter air in 2020 and 2019 were compared by the research organisation.
- Only 19 registered "substantial improvement" — one of these was Chennai.
- In the aftermath of the lockdown, several cities reported improved pollution levels but by winter, when the restrictions were significantly eased, pollution levels had clawed back to pre-COVID-19 levels.

- In 37 cities that were otherwise showing stable or declining seasonal averages, their peak pollution levels saw a rise, significantly during winter.

Issues:

- During winter, cool and calm weather traps and spikes daily pollution, particularly in north Indian cities located in the Indo-Gangetic Plain.
- The bouncing back of pollution post-lockdown highlights the high impacts of local and regional pollution.

Way Forward:

- This demands quicker regional reforms to curb pollution from vehicles, industry, power plants.
- Waste burning and [stubble burning](#) must be ended to curb winter pollution.
- There is a dire need to sustain annual improvement at a regional scale with speed.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: POLITY AND GOVERNANCE

1. The structural fragility of Union Territories

Context:

- The **political turmoil in the Union Territory of Puducherry**.
 - The sudden resignation of Congress MLAs from the Puducherry Assembly has resulted in the ruling Congress government led by V. Narayanasamy losing its majority.

Background:

- The original Constitution under **Article 239** provided for the **administration of UTs directly by the President through the administrators**. However there was a general perception that this framework fails to meet the democratic aspirations of the people.
- **Article 239A was brought in 1962**, to enable Parliament to create legislatures for the UTs. In this direction, some UTs were provided with a legislature and Council of Ministers to fulfil the democratic aspirations of the people of these territories.

Structural fragility of UTs:

- An analysis of the constitutional provisions and their implementation brings to light the structural fragility of Union Territories (UTs) in the Indian federation.
- This structural fragility makes it easier for the central government to interfere in the functioning of the UTs and destabilise them.

Composition of the legislature:

- As per the constitutional provisions regarding the composition of the legislature in UTs, it is a **body that is elected, or partly elected and partly nominated**.
 - A legislature that is partly elected and partly nominated cannot uphold democratic aspirations. A simple amendment in the Government of Union Territories Act, 1963 can create a legislature with more than 50% nominated members. **A predominantly nominated House cannot promote representative democracy.**
- As per the provisions there can be a Council of Ministers without a legislature, or there can be a legislature as well as a Council of Ministers.
 - A legislature without a Council of Ministers or a Council of Ministers without a legislature is a conceptual absurdity as in our constitutional scheme, a legislature is the law-making body and a legislative proposal is initiated by the government, which is responsible to the legislature. Neither can the legislature exist without a Council of Ministers nor can the Council of Ministers exist without a legislature.

Issue of nomination:

- The issue of nomination of members to the Puducherry Assembly has been a point of controversy. The Government of Union Territories Act provides for a 33-member House for Puducherry of whom three are to be nominated by the Central government. The Union government had nominated three BJP members to the Assembly without consulting the government and this was challenged in the court.
- Unlike the provision for nomination of members to the Rajya Sabha under Article 80 which specifies the fields from which members will be nominated, in the case of nomination to the Puducherry Assembly, **no such qualification is laid down either in Article 239A or the Government of Union Territories Act**. This leaves the field open for the Union government to nominate anyone irrespective of whether he or she is suitable.
 - The purpose of the nomination provisions is to enable the legislative houses to draw on the expertise of those eminent members who are nominated and thus enrich the debate in the House.
- The Supreme Court in the **Lakshminarayanan v. Union of India, 2019** held that the Union government is not required to consult the State government for nominating members to the Assembly and the nominated members have the same right to vote as the elected members.
 - The Supreme Court failed to specify the fields from which those persons could be nominated and also lay down a fair procedure to be followed for nomination of members.

Administrator's power:

- The **UTs have not been granted necessary autonomy** thus depriving them of a fully democratic set-up. **Enormous powers have been vested in the administrator**, who is known as the Lieutenant Governor in the UTs having a legislature.
- Under Section 44 of the Government of Union Territories Act and Article 239 AA(4) of the Constitution, **the administrator has the right to disagree with the decisions of the Council of Ministers and then refer them to the President for a final decision**. The administrator can then take all actions he or she deems fit in the matter in total disregard of the elected government. This

allows the Union government to control the UT through the administrator and is a hindrance to the idea of a free and autonomous government in the UTs.

- The President decides on the advice of the Union government. So, in effect, it is the Union government which finally determines the disputed issue.
- Despite the SC noting in the **NCT of Delhi v. Union of India (2019) case** that the administrator should not misuse his/her power to frustrate the functioning of the elected government in the territory and use it after all methods have failed to reconcile the differences between him/her and the Council of Ministers, there has been no improvement in this regard.
 - In Puducherry, the conflicts between the Lt. Governor and the Chief Minister were perennial.
 - Similarly, in the National Capital Territory of Delhi, the tussle between the Lt. Governor and the CoM continues.

Conclusion:

- Experience shows that the UTs having legislatures with ultimate control vested in the central administrator are not workable. There should be a **relook at the existing legal and constitutional provisions to realize the vision of a free and autonomous government in the UTs.**

2. Federalism and India's human capital

Background:

Poor Human capital indicators:

- India's human capital indicators remain low.
 - India is ranked 116th in the **World Bank's Human Capital Index.**
 - The **National Family Health Survey-5 for 2019-20** notes that malnutrition indicators stagnated or declined in most States.
 - The **National Achievement Survey 2017 and the Annual Status of Education Report 2018** show poor learning outcomes.
- The COVID-19 pandemic is bound to worsen the human capital indicators further.

Government initiatives:

- Several government initiatives have been launched to address the problem of low human capital indicators in India.
 - The **National Health Policy, 2017** seeks to reach everyone in a comprehensive integrated way to move towards wellness. It aims at achieving universal health coverage and delivering quality health care services to all at affordable costs. It proposes free drugs, free diagnostics and free emergency and essential health care services in all public hospitals in a bid to provide access and financial protection.
 - The National Health Policy of 2017 calls for interventions to address malnutrition. The [Poshan Abhiyaan](#) has been launched, as part of the Umbrella Integrated Child Development Scheme. **The Prime Minister's Overarching Scheme for Holistic Nutrition or POSHAN Abhiyaan or National Nutrition Mission**, is the Government of India's flagship programme to improve nutritional outcomes for children, pregnant women and lactating

mothers. The POSHAN Abhiyaan directs the attention of the country towards the problem of malnutrition and addresses it in a mission-mode. The latest Union Budget has announced a '**Mission Poshan 2.0**'.

- **Samagra Shiksha Abhiyan**, the Centre's flagship education scheme is an overarching programme for the school education sector extending from pre-school to class 12, with the broader goal of improving school effectiveness. It subsumes the three schemes of Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan and Teacher Education. This sector-wide development programme/scheme would help harmonise the implementation mechanisms and transaction costs at all levels.

Concerns:

Low allocation to social sector:

- India spends **just 4% of its GDP as public expenditure on human capital** (around 1% and 3% on health and education respectively), making it one of the lowest spenders among its peers.

Poor decentralization:

- International experience suggests a **positive correlation between decentralisation and human capital development**. Globally, there has been a gradual shift in the distribution of expenditures and revenue towards sub-national governments.
- However, India has been plagued by the issue of poor decentralisation. This is one of the main reasons why government interventions in the social sector are not leading to social development.

Details:

Decentralization in India:

- In India, **three tiers of government** are envisaged, the Centre, the States and the local governing bodies in the form of panchayats and municipalities.
- The Constitution divides powers between the Centre and the states as per the three lists under the **Seventh Schedule**.
 - Public health is on the State List. The broader subject of economic and social planning is in the Concurrent List. Education was shifted from the State List to the Concurrent List through the 42nd Amendment.
- The Constitution provides for **fiscal transfers from the Centre to the states through tax devolution and grants-in-aid**. In addition, the Centre can make 'grants for any public purpose' under Article 282 of the Constitution. While fiscal transfers that are part of tax devolution are unconditional, transfers under grants-in-aid or Centrally Sponsored Schemes (CSSs) can be conditional.
- The **73rd and 74th Amendments bolstered decentralisation by constitutionally recognising panchayats and municipalities as the third tier of governance**. They have been allocated significant functions in the Eleventh and Twelfth schedules, including education, health and sanitation, and social welfare for panchayats, and public health and socio-economic development planning for municipalities.

Steps towards decentralisation:

- In recent years, India has taken some steps towards decentralisation.
- The **Fourteenth Finance Commission increased the States' share in tax devolution from 32% to 42%**, which was effectively retained by the Fifteenth Finance Commission. The increase in the States' share of tax devolution represents deepening decentralisation.

Concerns:

Fiscal imbalance:

- Fiscally, while the Constitution assigns the **bulk of expenditure responsibilities to States, the Centre has major revenue sources**. This results in a vertical fiscal imbalance between the Centre and the states.
- Despite some shifts towards greater State autonomy in the form of higher vertical devolution, the centralised nature of India's fiscal architecture has persisted.

Big role for Centrally Sponsored Schemes:

- **Centrally Sponsored Schemes form a sizeable chunk of intergovernmental fiscal transfers, comprising almost 23% of transfers to States in 2021-22.** Its outsized role strays from the intentions of the Constitution.
- There are issues in the design of CSSs as well, with the conditions being overly prescriptive and, typically, input-based. International experience reveals that schemes with output-based conditions are more effective.
- Also, CSSs typically have a **cost-sharing model**, thereby pre-empting the States' fiscal space. Notably many CSSs cover subjects in the State and Concurrent Lists, such as health and education and thus there is some degree of overlap leading to inefficient use of the available resources.

Indirect attempts at reducing financial devolution:

- There have been concerns over the Centre's attempts to offset tax devolution by **altering cost-sharing ratios of CSSs and increasing cesses**.

Ad hoc allotments:

- There has been an increasing share of allotment through the provisions of Article 282.
- **Article 282 of the Constitution is listed as a 'Miscellaneous Financial Provision'**, unlike Articles 270 and 275, which fall under 'Distribution of Revenues between the Union and the States'. Thus the allotments under Article 282 could be characterized as more of a residuary power which can lead to adhocism in fiscal devolution.
- The Supreme Court also in *Bhim Singh vs Union of India* had observed that "**Article 282 is normally meant for special, temporary or ad hoc schemes**".

Reluctance of state governments to empower third tier:

- The Constitution lets States determine how and to what degree the third tier of governance are empowered.
- Many states have been reluctant to functionally and fiscally empower the third tier of governance. They have not clearly demarcated or devolved functions for panchayats and municipalities.

Fiscally disempowered third tier:

- The third-tier governments continue to be fiscally disempowered. The collection of property tax, a major source of revenue for third-tier governments, is very low in India (under 0.2% of GDP, compared to 3% of GDP in some other nations).
- Many States have not constituted or completed **State Finance Commissions (SFCs)** on time, thus not complying with the constitutional provisions pertaining to SFCs. The Constitution envisages State Finance Commissions (SFCs) to make recommendations for matters such as tax devolution and grants-in-aid to the third tier.

Conclusion:

- Investing in human capital through interventions in nutrition, health, and education is critical for sustainable growth. **A decentralised approach and strong local governments can enhance developmental outcomes.**
- States and the third tier of governance should be assigned a bigger role in human capital interventions and should be allocated adequate fiscal resources. The Centre should play an enabling role.

F. Prelims Facts

1. Ghana first country to receive COVAX vaccines

What's in News?

Ghana received the world's first delivery of coronavirus vaccines from the United Nations-backed COVAX initiative.

- This marks the beginning of the largest vaccine procurement and supply operation in history, according to the World Health Organization and [UNICEF](#).
- The aim of the COVAX facility is to ensure that the people from less wealthy countries are not left behind in the race for life-saving vaccines.

COVAX Project:

- The COVAX project is a global risk-sharing mechanism for pooled procurement and fair distribution of COVID-19 vaccines, an ambitious programme based on funding from high and middle-income countries.
- It is a unique case of global cooperation and a strategic shift to enhance global development outcomes.
- COVAX aims to accelerate the development and manufacture of COVID-19 vaccines and to guarantee fair and equitable access for every country in the world.
- It aims to deliver 2 billion doses by the end of 2021.
- COVAX is co-led by Gavi, the Coalition for Epidemic Preparedness Innovations (CEPI) and WHO.

Concerns:

- The initiative has been hampered by the severely limited global supply of doses and logistical problems.
- Although it aims to deliver 2 billion shots by end of 2021, it currently has agreements only for several hundred million shots.

G. Tidbits

1. 'Monetise or modernise' is Modi's mantra for govt. assets

What's in News?

The government has announced its decision to privatise most public sector entities and monetise 'unutilised and underutilised assets' such as airports that have an estimated investment potential of ₹2.5 lakh crore.

- The Prime Minister urged foreign investors to tap investment opportunities thrown up by the government.
- He stated that the government's mantra is 'Monetise or Modernise' stressing that the funds raised from the exercise will help empower citizens.
- He stressed that the private sector can not only bring capital but also introduce global best practices and quality manpower and modernise enterprises.

2. Imran announces \$50 mn defence credit line for Lanka

What's in News?

Pakistani Prime Minister announced a \$50 million defence credit line facility for Sri Lanka.

- Pakistani Prime Minister was on a two-day visit to Colombo, accompanied by a high-level governmental and business delegation.
- It was the first visit by the Pakistani Prime Minister since the formation of the new governments in both countries.
- Both the countries stressed the need for stronger partnership in security, combating terrorism, organised crime and drug and narcotic trafficking, and intelligence-sharing.

H. UPSC Prelims Practice Questions

Q1. Consider the following statements with respect to Assamese Gamosa:

1. Uka and phulam are its two types.
2. It is also known as Bihuwaan.
3. They are made of cotton or Pat silk.

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

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

d. 2 only

Answer: c

Explanation:

- Gamosa is a symbol of Assamese culture, an important marker of cultural identity for the Assamese.
- This small piece of cloth has high esteem and wide usage in Assamese culture.
- It is also known as 'Bihuwaan', as it is an essential part of the Bihu festival of Assam.
- It is generally a white rectangular piece of cloth with primarily a red border on three sides and red woven motifs on the fourth.
- Although cotton yarn is the most common material for making/weaving gamosas, there are special occasion ones made from Pat silk.
- Assam has traditionally had two types of gamosas – the uka and the phulam.
- The uka or plain kind is used to wipe sweat or dry the body after a bath.
- The phulam is decorated with floral motifs to be gifted as a memento or during festivals such as Bihu.

Q2. Senkaku Islands or Diaoyu Islands are located in:

- a. South China Sea
- b. East China Sea
- c. Pacific Ocean
- d. Indian Ocean

Answer: b

Explanation:

- The Senkaku Islands dispute, or Diaoyu Islands dispute, concerns a territorial dispute over a group of uninhabited islands known as the Senkaku Islands in Japan, the Diaoyu Islands in the People's Republic of China (PRC), and Tiaoyutai Islands in the Republic of China (ROC or Taiwan).
- They are a group of uninhabited islands in the East China Sea.
- It concerns a territorial dispute between Japan and China.

Q3. Consider the following statements with respect to President's Rule in a state:

1. President's Rule is valid initially for a period of six months. Later, it can be extended for a period of five years with parliamentary approval annually.
2. When President's rule is imposed, the governor carries on with the administration of the state on behalf of the President.
3. Revocation of the President's rule in a state does not require approval by the Parliament.

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

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

Answer: b

Explanation:

- President's Rule is initially valid for a period of six months. Later, it can be extended for a period of three years with parliamentary approval, every six months.
- When President's rule is imposed, the governor carries on with the administration of the state on behalf of the President.
- President's Rule can be revoked anytime after such a proclamation has been made by a subsequent proclamation by the President. A proclamation of revocation does not require approval by the Parliament.

Q4. Consider the following statements with respect to the Production Linked Incentive (PLI) scheme:

1. It aims to give companies incentives on incremental sales from products manufactured in domestic units.
2. It offers incentives to boost domestic manufacturing and cut down on import bills.
3. The scheme has been extended to the pharmaceuticals sector and IT hardware.

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

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

Answer: c

Explanation:

- In March 2020, the central government introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
- The scheme was introduced to boost domestic manufacturing and cut down on import bills.
- Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.
- The objective is to make India more compliant with WTO (World Trade Organisation) commitments and also make it non-discriminatory and neutral with respect to domestic sales and exports.

- The Union Cabinet has approved the Production Linked Incentive (PLI) Scheme for the pharmaceuticals and IT hardware sectors, among others.

I. UPSC Mains Practice Questions

1. Recent events have highlighted the structural fragility of Union Territories (UTs) in the Indian federation and the issues in the functioning of Union Territories having legislatures but ultimate control having been vested in the central administrator. Analyze. (15 marks, 250 words) [GS-2, Polity and Governance]
2. Fiscal federalism lies at the core of decentralization. In this regard, discuss the relevant constitutional provisions and initiatives taken to deepen fiscal federalism in India. Also discuss the associated concerns and challenges. (15 marks, 250 words) [GS-2, Polity and Governance]

