

## 29 Jan 2020: UPSC Exam Comprehensive News Analysis

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## B. GS 2 Related

### Category: INTERNATIONAL RELATIONS

#### 1. Trump unveils West Asia plan, Palestinians protest

##### Context:

U.S. President's **West Asia plan**.

##### Details:

- The West Asia plan is a part of a **peace plan to end decades of conflict in the region**.
- The major highlights of the proposed West Asia plan:
  - The proposal involves the **creation of a Palestinian state with capital in eastern Jerusalem**. The fulfillment of this proposal will depend on the Palestinians taking steps to become self-governing.
  - **Recognition to Israeli settlements on the occupied West Bank**. In exchange, Israel would agree to accept a four-year freeze on new settlement activity.

##### Concerns:

- The **lack of consultations with the Palestinians** during the formulation of the proposal and the absence of any Palestinian representative during the announcement of the plan is likely to fuel **criticism that the plan favours Israel**. This would lead to **Palestinian skepticism** about the proposal.

For more information on this topic: [check CNA dated 27 Jan 2020](#)

### Category: POLITY AND GOVERNANCE

#### 1. SC gives 10 days for pleas on entry of women in religious places

##### Context:

- Proceedings in the case dealing with the scope of [judicial review](#) in situations when religious faith and women's equality were at odds.

##### Background:

- The [Supreme Court](#), while looking into the **review petition with reference to its 2018 Sabarimala verdict**, had concluded that its 2018 judgment lifting age restrictions on the entry of women into the Sabarimala hill shrine **may impinge on the affairs of other religions too and will require a more detailed examination**.
- The Supreme Court had decided that petitions seeking review of the verdict will be kept pending till a larger bench takes **a call on the larger issues of law arising from similar practices**.

##### Details:

- The 9 bench judge is expected to address the issue of the **scope of judicial review in situations when religious faith and women's equality were at odds.**
- The Solicitor-General has informed the Supreme Court that there was no consensus yet among the petitioning lawyers, on framing questions for the nine-judge Bench to examine.
- The Solicitor-General has suggested that the court frame the larger issues involved.
- The Bench had clarified that it would not be restricted to the Sabarimala women entry case but would examine larger issues of law arising from practices such as the **prohibition of women from entering mosques and temples, female genital mutilation** among Dawoodi Bohras and the **ban on Parsi women who married inter-faith from entering the fire temple**, concerning multiple faiths.

For more information on this issue refer the following articles

1. [Sabarimala case: Larger Supreme Court bench to decide role of courts in religion](#)
2. [SC not to review Sabarimala case, to examine 'larger issues'](#)

## C. GS 3 Related

### Category: ENVIRONMENT AND ECOLOGY

#### 1. African cheetahs to prowl Indian forests

##### Context:

The Supreme Court has lifted its stay on a proposal to introduce African cheetahs into the Indian habitat.

##### Background:

- There have been previous proposals to introduce African cheetahs in India, as part of a plan **to revive the Indian cheetah population**. The proposal was to introduce African cheetahs into the **Palpur Kuno Sanctuary in Madhya Pradesh on an experimental basis**.
- However, **the Supreme Court had stalled the plan in 2012.**
- The SC had expressed concerns that the proposed introduction of cheetahs in the given sanctuary, may come into conflict with a **parallel project to reintroduce lions into the sanctuary** and delay its implementation.
- The court had also expressed doubts over the choice of the sanctuary for the re-introduction proposal, over **doubts on the abundance of prey**. It had opined that the Kuno Sanctuary was not a natural habitat for the African cheetah.
- The court also took into consideration many **scientific studies** which claimed that the **introduction of an alien species involves considerable risk** of destabilizing the ecological balance and should **be considered only if no suitable native species are available for re-introduction.**

##### Details:

- Following a **favourable view from the National Tiger Conservation Authority (NTCA)**, the Supreme Court has lifted its seven-year stay on a proposal to introduce African cheetahs from Namibia into the Indian habitat on an experimental basis.
- The hearing came on an application filed by the NTCA.
- The court has asked for the right precautions to be taken during the process and ensure every effort is taken to ensure that the re-introduction is a success.

- The court has called for a **proper survey to be done to identify the best possible habitat for the cheetahs.**
- The SC has set up a **three-member committee, to guide the NTCA** in the implementation of the re-introduction programme. The Committee will have to file a **progress report every four months** on the progress made. The committee would help, advice and monitor the NTCA in the programme.

### Significance:

The possible gains from introducing the cheetah in India include:

- The move would **boost wildlife tourism** in the region. This would provide impetus to the development of the surrounding regions.
- The introduction of cheetahs could lead to the **improvement of grasslands.** They could help control the population of the herbivores in the region.
- The success of the initiative would help bring **global recognition for India** for having been able to successfully revive the Cheetah in India.
- The lessons learned in the implementation of the programme could help **guide similar efforts in the re-introduction of other species.**

### Concerns:

- Given the fact that **cheetahs do not breed well in captivity and require vast stretches of grassland and access to adequate prey to thrive,** officials at the NTCA feel that the actual process of translocation and its success might be a long-drawn effort.

## 2. 10 more wetlands in India declared as Ramsar sites

### Context:

Union Environment Minister's announcement on the addition of new wetlands from India to the Ramsar Convention.

### Background:

#### Wetland:

Wetland constitutes a land area **covered by water, either temporarily/seasonally or permanently.** It has the characteristics of a **distinct ecosystem.**

#### Ramsar Convention:

- The Ramsar Convention on Wetlands of International Importance is an international treaty for the **conservation and sustainable use of wetlands.** The Convention, **signed in 1971,** is one of the oldest inter-governmental accords for preserving the ecological character of wetlands.
- It aims to **develop a global network of wetlands for the conservation of biological diversity and for sustaining human life.**
- The Convention is also known as the **Convention on Wetlands.** It is named after the city of Ramsar in Iran, where the Convention was signed.
- Wetlands declared as Ramsar sites are **protected under strict guidelines.** Certain activities are prohibited within wetlands.

### Significance of wetlands:

- Wetlands provide a wide range of important resources and ecosystem services such as food, water, fibre, **groundwater recharge, water purification, flood moderation, erosion control, and climate regulation.**
- The wetlands also **support a large number of migratory birds.**
- **The wetlands are, in fact, a major source of water.** The main supply of freshwater comes from an array of wetlands that help soak rainfall and recharge groundwater.

#### Government efforts:

- Recognizing the importance of wetlands and the increasing risk faced by them due to anthropogenic activities, the Ministry of Environment, Forest and Climate Change has prepared **a four-pronged strategy for the restoration of wetlands.**
- The strategy includes preparing **baseline data, wetland health cards, enlisting wetland Mitras and preparing targeted Integrated Management Plans.**

#### Details:

- India has added 10 more wetlands to sites protected by the Ramsar Convention.
- Among the 10 new Ramsar sites is **Nandur Madhameshwar, the first Ramsar site in Maharashtra.**
- Punjab, which has three Ramsar sites, added three more including the Keshopur-Miani, Beas Conservation Reserve and Nangal.
- UP, which had one Ramsar site previously, has added six more including Nawabganj, Parvati Agra, Saman, Samaspur, Sandi and Sarsai Nawar.
- The other Ramsar sites are in the states of Rajasthan, Kerala, Odisha, Madhya Pradesh, Himachal Pradesh, Assam, West Bengal, Jammu and Kashmir, Andhra Pradesh, Manipur, Gujarat, Tamil Nadu, and Tripura.
- With the new additions, **a total of 37 sites in the country have been recognized under the international treaty.**
- The new additions are expected to bring renewed focus and commitment to the conservation of wetlands in India.

#### Additional Information:

- The countries with most sites are the United Kingdom and Mexico. And, the country with the greatest area of listed wetlands is Bolivia.

For more information on Ramsar Convention and Sites in India: [Click Here](#)

### 3. 'E-commerce giants need to set up system for collecting plastic waste'

#### Context:

The Central Pollution Control Board submission to the [National Green Tribunal \(NGT\)](#).

#### Background:

- A plea was filed in the NGT to stop **e-commerce giants** Amazon and Flipkart from **excessive plastic use in the packaging of their goods.**

#### Details:

- **The Central Pollution Control Board, which is the apex pollution monitoring body in India**, has asked the E-commerce giants to fulfill their **extended producer responsibility under the Plastic Waste Management Rules, 2016**.
- The CPCB has emphasized on the need to establish a system for collecting back the plastic waste generated due to the packaging of the products.
- The provision 9(2) of the Plastic Waste Management Rules, 2016, states that the **primary responsibility for the collection of used multi-layered plastic** sachet or pouches or packaging **is of producers, importers and brand owners** who introduce the products in the market.
- Notably, the E-commerce giants have responded positively to the developments. Amazon India has stated that it is working to **reduce single-use plastic in its supply chain**. Flipkart has stated that it is working on **finding eco-friendly alternatives for plastic packaging** which would be resilient and help keep the product safe during transit.

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

### Category: INTERNATIONAL RELATIONS

#### 1. The continuing theme of uncertainty, volatility

##### Issue:

Geopolitical fault-lines widened in 2019. As the year 2020 commences, together with increased turbulence across the globe, it is evident that the world is regressing in several directions. Democracy and democratic freedoms are coming under increasing attack accompanied by a retreat from liberalism and globalisation. This is not limited to any one country or a group of countries but is evident across much of the world.

##### Background:

- America's leadership of the world came under increasing threat from countries such as China.
- The future of the United Kingdom, under the shadow of Brexit, remained unclear.
- Europe seemed to be in eclipse.
- Latin and Central America were in turmoil.
- In Asia, Afghanistan appeared to be at a crossroads in its history.
- Instability plagued Syria, Iraq, Lebanon and Egypt.
- Civil war conditions prevailed in many regions.
- Violent protests raged in many domains, including Hong Kong, once a symbol of "One Country Two Systems".

Existing threats to the security of nations remained unchanged, even as offensive cyber-attacks became the new weapon of choice in many situations.

##### The U.S – Iran war:



- Exertion of maximum pressure by the U.S. to minimise Iran's influence and reduce its support to proxies in the region and elsewhere, combined with Iran's only slightly less provocative posture as seen towards the end of 2019, had resulted in a major stand-off by the beginning of 2020.
- Following the assassination of Qasem Soleimani, one of Iran's top Generals and Commander of its Qods Force, and several of his associates in a U.S.-directed airstrike, the extent of fury in Iran and Iraq has been intense.
- This has put both the region and the world in grave jeopardy.

### **Domestic Tensions:**

- Political tensions had intensified in the first half of the year in view of the General Elections.
- Acrimony over allegations of corruption, especially over the Rafale fighter aircraft deal, had further vitiated the political atmosphere.
- In February 2019, a relative calm that had existed on the terror front since November 2008 (though in the intervening years, terror attacks of a lesser magnitude had taken place) had been shattered when a suicide bomber (owing allegiance to Pakistan's Jaish-e-Mohammed), carried out a massive explosive attack on a Central Reserve Police Force (CRPF) convoy in Pulwama. In retaliation, India carried out an aerial strike on a JeM training camp in Balakot, inside Pakistan, causing unspecified damage, the first time since 1971 that India had used air power to attack targets inside Pakistan. It briefly raised the spectre of a direct confrontation with Pakistan.
- In the second half of 2019, the Government embarked on two controversial pieces of legislation.
  - In August 2019, Parliament diluted [Article 370](#) of the Constitution. This was accompanied by a massive clampdown, including a communication blackout, and the arrest of almost the entire top leadership of the political establishment in J&K.
  - In the final weeks of 2019, the Government initiated another controversial move to push through the Citizenship (Amendment) Act, which is implicitly seen as linked to a National Register of Citizens.
  - It provoked widespread protests on the ground that the legislation violated some of the basic precepts of the Constitution, and applied the test of religion, to exclude refugees from neighbouring countries such as Pakistan, Bangladesh and Afghanistan, from being given Indian citizenship.

### **Neighbourhood ties:**

- As 2020 commences, India's foreign policy challenges remain very considerable.
- India-Pakistan relations remain frozen, even as Pakistan continues to make overtures to the U.S., and further cements its relationship with China at one level and Saudi Arabia at another.
- Sino-Indian relations continue to be riddled with numerous problems.
  - The vexed Sino-Indian border dispute remains in deep freeze.
  - China, meanwhile, has embarked more aggressively on establishing its leadership across Asia; in the shadow play for influence across parts of Asia, including South Asia, China seems to be gaining at India's expense.
- India's attempts at creating a supportive environment in its immediate neighbourhood in 2020 remains equally challenging.
  - While relations with the Maldives improved during the past year, the advent of a new Government in Sri Lanka, headed by the Rajapaksas, does not augur too well for India.

- Relations with Bangladesh appear satisfactory on the surface, but underlying strains are emerging.
- Relations with the United Arab Emirates are better than at any time previously, but the India-Saudi Arabia relationship can at best be termed uncertain.
- Relations with Iran are likely to become highly problematic, in view of India's "tilt" towards the U.S., and the open hostility on display currently between Iran and the U.S.

### **Issues within:**

On the domestic front, India again will need to find solutions to quite a few problems.

- Removing tight controls in J&K and restoring civil liberties there, including the release of senior political leaders, will require very deft handling.
- While India appears reasonably well-positioned to deal with some of the other internal threats, including insurgencies in the North-east, Naxalite violence, and the terror imperative, the fallout of protests over the CAA has the potential to become India's most serious threat in decades.
- Already, the controversy over this and other disparate issues are beginning to unite into a major whirlpool of protests. Perceived insensitivity by those in authority to such protests, and misguided attempts to polarise opinion in these circumstances can prove to be short-sighted.

### **Managing the economy**

- Given the current economic malaise facing the country, which can hardly be treated as a cyclical phenomenon, the economic portents for 2020 also do not look too good.
- For several months now, the country has witnessed the slowing down of the economy and India's growth story appears set to lose much of its shine.
- A sustained below 5% GDP growth could become a recipe for disaster. Already, India is being mentioned as among 2020's top geopolitical risks.

### **Conclusion:**

Given the total impact of the various aspects, those in charge would do well to be aware of and prepare for the major problems that lie ahead. The digital revolution that is underway and the awesome power of Artificial Intelligence, Machine-Learning, Quantum Computing and Bio-Technology may not be enough in the circumstances.

## **2. Dissent won't hurt a nation's foreign policy agenda**

### **Context:**

The ongoing protests against issues linked to citizenship are serious and there have been arguments that government has to find a way to reassure the protesters. The editorial elaborates that the international order envisaged in the UN Charter is based on sovereignty, and interfering in the internal affairs of other nations is specifically prohibited. Therefore, it would be much of a stretch to say that the demonstrations will hurt India's foreign policy interests.

The editorial asserts that the old dictum that **the success of foreign policy depends on the capacity of the country to help or harm others and not on the absence of internal protests** is still valid.

### **Examples from history:**



- During the Cold War, human rights issues were used selectively to discredit governments, but even for apartheid, South Africa was not isolated fully.
- The Non-Aligned Movement was composed of several countries ruled by dictators who oppressed their people. India took pride in siding with them on the plea that internal policies had nothing to do with non-aligned solidarity and fight against imperialism and colonialism.
- The only time New Delhi opposed a country from rejoining the Non-Aligned Movement on grounds of repression of its people was in 1991 when the Burmese military regime imprisoned Aung San Suu Kyi after she had won the elections. But India quickly changed its stand, recognised the regime and began dealing with it to protect its national interests.
- Even after the Cold War, countries were singled out for criticism on political grounds. While Cuba, for instance, was singled out citing human rights violations, China escaped action by resorting to gimmicks like no action motions.
- India generally refrained from condemning individual nations for alleged violations of human rights and, at one stage, even declared that it will not support any resolution against individual countries if it was not a consensus resolution.
- The U.S. agitated once, in 2003, about Libya becoming the chair of the Human Rights Commission and suggested that countries guilty of human rights violations should be expelled from such bodies.
  - It even started a move to prescribe the criteria for membership of such organisations. But it found the outcome of the long negotiations so unsatisfactory that it had to vote against its own resolution.
- Similarly, no country has abandoned China on account of the unrest in Hong Kong. India has been silent during such protests and has continued its diplomatic engagement with these countries.

If the absence of internal dissent or the existence of democratic institutions are considered the criteria for engagement, Russia and China will not be able to have any strategic partnership. During the golden era of Indo-Soviet relations, India had proclaimed that it was an ideal relationship between countries with different political systems.

### Way forward:

- Strategic partnerships and cordial relations with other governments do not prevent criticism of a country's internal developments.
- Reporting on the treatment of minorities in different countries is a task assigned to agencies like the U.S. Commission on International Religious Freedom and these organisations carry out their work even when bilateral ties are at their best.
  - In certain cases, the U.S. Congress even moves resolutions to reduce aid to countries.
  - The annual Burton Amendment in Congress was a sword of Damocles hanging over India during the Khalistan movement. India had to invest heavily in lobbying to defeat the Burton Amendment.
  - Further, even when there were controversial remarks, like those on religious freedom by President Barack Obama during his India visit in 2015; India took such criticism in its stride and built bilateral relationship on the basis of mutuality of interests.
- Independent nations take action on bilateral and multilateral ties on merits, even if decisions by other governments lead to internal protests.
- A country's own Constitution is the only guide and the Supreme Court, the prime arbiter on whether or not a particular action is constitutional.

- Such display of dissent cannot affect a country's foreign policy as friends in the international sphere are chosen for the contribution they make for the common good or for bilateral benefits.
- Equally, the absence of protests in a diverse country like India does not guarantee a trouble-free relationship.

## **Category:POLITY AND GOVERNANCE**

### **1. Restructuring or bureaucratic overkill?**

#### **Context:**

The editorial talks about how, while the decision of reorganising the Railway Board is an unexceptionable step, recasting the recruitment system is problematic.

#### **Background:**

**This topic has been covered in the 25<sup>th</sup> December 2019 Comprehensive News Analysis. [Click here](#) to read.**

#### **Issues:**

- It is believed that the proposal to recruit officers/managers to a single service or cadre to be called Indian Railways Management Service (IRMS) for which the Union Public Service Commission (UPSC) will conduct a separate competitive examination — also replacing the existing system of recruitment through the Civil Services Examinations and Engineering Services Examinations into the eight organised services within the Railways (excluding the Medical and Security Departments) is audacious.
- The new system does not differ from the existing one, except by way of a common recruitment examination.
- It is also believed that the assertion that Railway officers are constrained to function within departmental silos right through their service except at the level of the Chairman, Railway Board is a bit of a stretch.
  - A majority of Railway managers of all departments serve in one of the 68 operational Divisions of the Railways. So even at present, the ethos of coordinated working and broad exposure to departments other than one's own is inherent in the system.
  - Also, there are non-silo general management posts at various levels, meant specifically to provide interdepartmental coordination such as Additional Divisional Railway Manager, Divisional Railway Manager, Additional General Manager and General Manager, to which officers who have been assessed to have the necessary competence and temperament are appointed. It is out of this cohort of officers that the future Railway Board Members, including the Chairman, emerge.
- There is no proper justification to overhaul the recruitment procedure, the results of which may become apparent only after more than 25- 30 years, when those recruited through the new scheme reach senior positions. It raises questions as to "What happens during the intervening period?" and "How will the existing personnel be integrated into the new system?"

#### **Way forward:**

- The new recruitment procedure appears to target the wrong problem: that of disparity in promotional prospects between departments in a particular recruitment year. It needs emphasising that departmental rivalry is not a seniority problem but domain-related.
  - A longer stint in a particular department or discipline is the basic requirement for developing domain expertise. It also generates a sense of allegiance, belonging, ownership, professional pride and loyalty to that department, which in turn could sometimes transform into empire building.

These, and not seniority, are the predominant factors that influence a manager's outlook or decisions, in the context of departmental rivalry.

- A single management cadre cannot make the functions performed by the different departments in the Railways to disappear. Some measure of departmental rivalry may be beneficial as a means of competitive tension. It is the job of those charged with the coordinating function at various levels to ensure that departmental rivalry does not get out of hand.
- The ostensible reason for this mega-merger is to counter silo mentality and inter-departmental rivalries that sometimes adversely impact the working of the Railways.
  - Silolessness carried to the extreme can only lead to apathy, neglect and chaos. It is wise to hasten slowly. As a first step, the merger between the Mechanical and Electrical disciplines, already proposed at the apex level, should be implemented down the line.

## 2. The many problems of delayed data

Publications such as 'Crime in India' (CII), which is brought out annually by the National Crime Records Bureau (NCRB), offer some hope that at least some people, including researchers and discerning citizens, will give up sweeping analyses and rest their case on a rational platform. It is true that they have many infirmities. But the NCRB is the only source of crime data we have today.

### Challenges faced by NCRB:

- The first is the lackadaisical approach of some of the States in providing data.
  - The NCRB merely assembles the figures it receives from the State police forces and does not tinker with them to reach a predetermined conclusion.
  - It hits a roadblock when a few States either don't bother to send the figures or send them much after the volume is published.
- The second problem is that questions are raised over the utility of the data.
  - There was a two-year delay in releasing the crime statistics for 2017.
  - Just two months after it was published, the 'Crime in India' 2018 report was released. These numbers are only relevant to researchers, not policymakers.
  - It is strange that there are such delays in an age of computerisation, when we boast of efficient and swift online services.
  - Part of the blame rests on State police agencies. It is intriguing why they cannot send preliminary figures to the NCRB by mid-January every year and fine-tune the figures a few months later. A fossilised CII is meaningless.
- The third problem lies with the police and the public.
  - The police are notorious the world over for not registering complaints. They do this so that they can present a false picture of a decline in crime. This pernicious practice is often encouraged by the top leadership.
  - The public is also not very enthusiastic about reporting crimes to the police. They are fearful of being harassed at the police station or do not believe that the police are capable of solving the crime. This is a Catch-22 situation.

Read more about the issues in the NCRB report at [EPW Nov Week 2 Summary](#).

### Conclusion:

- NCRB has more than justified its existence. The CII is used extensively by researchers.

- However, there is scope for more dynamism on the NCRB's part, especially in the area of educating the public on the realities of crime and its reporting.
- The NCRB will also have to be conscious of the expectation that it should bring greater pressure on States to make them stick to schedules and look upon this responsibility as a sacred national duty.

## Category:ECONOMY

### 1. Maharaja on sale

#### Context:

The government has kicked off the disinvestment process of Air India for the second time after it failed to receive a single bid in the first attempt back in 2018.

- In line with the disinvestment plans last time, the Centre has issued a preliminary information memorandum for expressions of interest to sell its stake in Air India, Air India Express and ground-handling company Air India-SATS.
- The government has made some key changes to what is on offer. The terms this time are exceptionally favourable and clearly appear to be tailored based on feedback from prospective buyers.
- In order to improve investor confidence, the government has also engaged a third party to carry out due diligence and the report will be shared with the potential buyers before the request for proposal (RFP) stage.
- This has renewed hopes among many about the airline finally getting a new lease of life at the hands of a private operator.

**This topic has been covered in the 28<sup>th</sup> January Comprehensive News Analysis. [Click here](#) to read.**

#### Concerns:

- The government has not addressed a prime hurdle to the stake sale — the fates of 17,984 employees of Air India and Air India Express, 9,617 of whom are permanent.
- Of the three troublesome factors that put off bidders the last time around, the first two have been addressed but not the last one:
  1. The government's insistence on holding a 24% stake in the airline post-privatisation.
  2. The large debt that it was expecting the buyer to assume.
  3. The employee issues.
- Apart from the huge employee base, the successful bidder will also have to deal with pension liability for the airline's retired employees and their perks such as free/rebated tickets.
- There is no escaping the fact that whoever buys the airline will have to shed surplus labour. A turnaround will not be possible without pruning employee costs.

#### Way forward:

- A moratorium for a specified period on forced attrition could have been spelt out. This would have helped bidders make up their minds.
- There has been criticism that a nationalist government is selling off the national airline.
- But such criticism has to take into account that precious taxpayer money has been washed down the drain trying to save the airline. A whopping Rs.30,500 crore has been sunk into Air India since 2012 despite which it has been posting losses.

- The best way to save the airline, its jobs and the national exchequer is to sell it. And sell it on the best possible terms with minimum compromise on employee interests.

## 2. Examining the slowdown

Setting aside the gloomy projections based on short-term economic trends, the editorial discusses what the long-term and comparative evidence reveals about the health of the Indian economy.

### Few facts and figures:

- After the 1991 economic reforms, the Indian economy reached a higher growth plateau of 7% compared to a prior rate of 3.85%.
  - India witnessed a high growth momentum during 2003-04 and 2010-11 with a period average of 8.45% (GDP with base 2004-05) or 7% (base 2011-12).
  - The momentum lost steam in 2011-12 and 2012-13, picked up again gradually to reach the 8% mark in 2015-16, and then started falling consistently to reach 6.63% in 2018-19.
  - This trend suggests that India's current growth challenge has a structural dimension as it began in 2011-12.
- Despite these fluctuations from 2011-12, on average, India clocked a growth rate of 7.07% from 2011 to 2019, a decent figure compared to China's and the world's economic growth rates. Whereas like India, the growth of the world economy was fluctuating since 2011, China's growth declined consistently from 10.64% in 2010 to 6.60% in 2018.
- India's exports-GDP ratio declined from 24.54% to 19.74% during 2011-2019. The decline started from 2014-15, coinciding with a similar trend in the world export-GDP ratio.
  - However, the drop in India's exports was significantly larger than the world, a cause for concern.
  - The exports- and NFDI-GDP ratio has deteriorated sharply and consistently in China after 2006.
  - This, together with the consistent fall in China's GDP growth after 2010, proves that the Indian economy is doing better than China.

### Why couldn't India's growth momentum be sustained after 2010-11?

- To answer this, an in-depth analysis of trends in five key macroeconomic variables — consumption, investment, savings, exports, and net foreign direct investment (NFDI) inflows — was done for two different periods: 2003-04 to 2010-11 and 2011-12 to 2018-19.
  - The results reveal that compared to 2003-2011, investment and savings rates and exports-GDP ratio declined in the 2011-2019 period.
  - The investment rate declined from 34.31% of GDP in 2011-12 to 29.30% in 2018-19, caused mainly by the household sector and to some extent by the public sector, but not the corporate sector.
  - The slump in the domestic investment rate in the 2011-2019 period was compensated by increased NFDI inflows. On average, NFDI inflow was 1.31% of GDP during 2011-2019 compared to 0.89% during 2003-2011.
- The decline in household sector investment justifies the package of measures introduced by the Central government to revive the housing sector.

### Savings and consumption:



- The savings rate declined almost consistently from 34.27% of GDP to 30.51% between 2011 and 2018. This was also caused by a significant fall in the savings of the household sector in financial assets. Corporate savings did not fall.
- The decline in household savings has pushed up private final consumption expenditure consistently from 56.21% of GDP in 2011-12 to 59.39% in 2018-19. This suggests that economic growth during 2011-2019 was powered by consumption, not investment. In contrast, during 2003-2011, growth was powered by investments.

### Conclusion:

- The fall in household financial savings is alarming and needs to be arrested. Savings are required to meet the requirements of those who want to borrow for their investment needs. Lower household savings imply lesser funds available in the domestic market for investment spending.
- The questionable policy, however, is the steep cut in the corporate income tax rate from 30% to 22%, aimed at boosting private investment.
- The popular view that economic slowdown was caused due to a slowdown in consumption demand needs to be re-examined. There is no concrete evidence to suggest that the economy is facing a structural consumption slowdown.
- Given that the corporate investment rate has not eroded severely during 2011-2019, one wonders if the tax cut would help economic revival. A part of the largesse offered to Corporate India could have been used to spur rural consumption.

## F. Tidbits

### 1. 'One nation holding up SAARC'

- India has been playing a lead role in connectivity in the South Asian region through efforts like **the SAARC Motor Vehicles Agreement initiated in the SAARC Kathmandu session of 2015.**
- SAARC has **not been able to hold a formal meet in the past four years due to tensions between India and Pakistan.**
- With the **intra-regional trade being abysmally low**, the full potential of the South Asian Association for Regional Cooperation (SAARC) is not being utilized due to Pakistan's preference to use terrorism as a state policy towards India, rather than the peaceful settlement of disputes through dialogue. This has **obstructed efforts aimed at regional cooperation.**
- **The use of terror as an instrument of its foreign and security policy has promoted radicalism and terrorism in the region.**
- There is a need to ensure that terrorists do not receive state support. Efforts should be directed at **cutting the ideological and financial network supplying the terrorists.**

### 2. Government should make labour codes a reality by April, says ISF

- Indian Staffing Federation (ISF), the apex body representing the staffing industry in the country, has asked the government to get the labour codes operational at the earliest.
- India currently has many Central and State labour laws, Central and State labour filings and Central and State labour compliances.
- There is a **need for simplification, rationalization and digitization of labour laws to make them comprehensive, effective and easy to comply.**



- The government needs to ensure **optimum utilization of budgetary allocation towards infrastructure and development**, which would help **decongest cities and create more jobs** across tier II and tier III cities, which will put more money in the hands of people and help improve consumption.

## G. Prelims Facts

*Nothing here for today!!!*

## H. UPSC Prelims Practice Questions

Q1. Which of the following statements is/are correct with respect to Kuno National Park?

1. It is in Madhya Pradesh.
2. It is part of the Kathiawar-Gir dry deciduous forests ecoregion.

**Options:**

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

**Answer**

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Q2. Which of the following pairs of wetland and state is wrongly matched?

- a. Harike Wetlands: Punjab
- b. Pong Dam lake: Himachal Pradesh
- c. Nandur Madhameshwar: Maharashtra
- d. Sarsai Nawar: Madhya Pradesh

**Answer**

Q3. Arrange the following cities from north to south:

1. Beirut
2. Tel Aviv
3. Damascus
4. Jerusalem

**Options:**

- a. 1,3,2,4
- b. 1,2,3,4
- c. 3,1,2,4
- d. 3,1,4,2

**Answer**

**Q4. Which of the following statements is/are correct with respect to Plastic Waste Management Rules?**

- 1. It stipulates a minimum thickness of 50 microns for plastic sheets.
- 2. The Rules lay down the phasing out of all Multilayered Plastics.

**Options:**

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

**Answer**

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## I. UPSC Mains Practice Questions

- 1. In the backdrop of the renewed efforts by the government to disinvest its share in Air India, discuss the significance of disinvestment as a policy measure and the associated concerns. (10 marks, 150 words)
- 2. The Supreme Court decision to allow the introduction of cheetahs into Indian forests is a significant step forward. Comment. (10 marks, 150 words)