

## Gist of EPW January Week 1, 2022

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### 1. Are Subsidies Trade-distortionary?

#### Context:

On a complaint by Australia, Brazil and Guatemala, a dispute settlement panel has found India's domestic support and export subsidy measures in the sugar sector to be in violation of international trade rules. This article will discuss the issue in detail.

#### Background:

- Three countries, Australia, Brazil and Guatemala, complained about “support allegedly provided by India in favour of producers of sugarcane and sugar (domestic support measures), as well as all export subsidies that India allegedly provides for sugar and sugarcane (export subsidy measures)”.
- Hence, a panel was set up by the [World Trade Organization \(WTO\)](#) on India's Sugar and Sugarcane Subsidy. The panel has presented its report that ruled against India's Sugar Subsidies.

#### What is the issue?

- Australia, Brazil, and Guatemala complained that India provides domestic support to sugarcane producers that exceed the de minimis level of 10% of the total value of sugarcane production, which they said was inconsistent with the Agreement on Agriculture.
- They also raised the issue of India's alleged export subsidies, subsidies under the production assistance and buffer stock schemes, and the marketing and transportation scheme.
- The three countries said India's domestic support and export subsidy measures appeared to be inconsistent with various articles of the WTO's Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures (SCM), and Article XVI (which concerns subsidies) of the [General Agreement on Trade and Tariffs \(GATT\)](#).
- Brazil said that due to export subsidies on sugar, the global prices were put down by approximately 25% which in turn created a loss of trade for them.

- Many countries also complained that India has not provided any declaration on its agri-export subsidies for more than eight years.

### **What is De Minimis?**

Minimal amounts of domestic support are allowed even though they distort trade up to 5% of the value of production for developed countries, 10% for developing countries.

### **Agreement on Agriculture:**

- The Agreement on Agriculture (AoA) came into force in 1995. This agreement was created to address trade-distorting government policies. The objectives of this agreement are:
  - To reduce trade barriers and subsidies.
  - To promote fairer, more transparent, and competitive markets.

Read more on the [Agreement on Agriculture](#) in the linked article.

### **Sugar Subsidies in India:**

- The issues of contention between India and WTO are the fair and remunerative prices (FRP) and the state-advised prices (SAP) provided by India as market prices.
- According to the WTO rules, India's sugar subsidies have a cap of 10% de minimis limit of the total value of production that is estimated on the average prices of 1986-88.
- Since India did not provide subsidies on sugar exports (in 1995), it is now difficult for it to make provisions for such subsidies unless the country makes a formal declaration of subsidies in its Schedule.

### **Sugar Pricing in India:**

- The central government, on the recommendations of the [Commission for Agricultural Costs and Prices \(CACP\)](#), set the price of sugar - FRP and SAP after consultation with the state governments and sugar mills associations. But, the central government is not responsible for the payments.
- However, due to the weak bargaining power of small and marginal farmers against the large sugar mills, intervention by the government becomes necessary.
- The price of sugar in India is based on a market-driven approach and the payments made to the farmers on the behalf of the sugar mills are made on the basis of recovery rate.
  - Recovery rate is defined as the percentage of sugar extracted from sugarcane.
- Government makes the payments to the farmers on behalf of the sugar mills and it intends to provide remuneration to the farmers in a timely manner for the next sowing season. It is a kind of insurance to the farmers against price crashes.

- The calculation of the Minimum Support Price (MSP) on sugar is based on the FRP of sugarcane and the minimum conversion cost of the most efficient sugar mill.
- India is constituted of a large number of small farmers and sugar mills. If the procurement price of sugarcane is determined on the basis of market forces of demand and supply, then there will be no inconsistency in fixing the prices of sugarcane.
- The sugar mills generally manipulate the prices in their favour, which ends up in the exploitation of farmers.

#### **India's stand on the report:**

- Part IV of Article 6.2 of WTO states that encouragement of agricultural and rural development is an integral part of the development programmes of developing countries.
- Investment subsidies that are generally available to agriculture in developing countries, agricultural input subsidies that are generally available to low-income or resource-poor producers in developing countries shall be exempted from domestic support reduction commitments of WTO and they shall also be not included in "Current Total Aggregate Measure of Support" of the Member.
- India has invoked this Part IV of Article 6.2 against the ruling of WTO. India said that the "complainants have failed to meet their burden of showing" that India's market price support for sugarcane, and its various schemes violate the Agreement on Agriculture.
- India also argued that the requirements of Article 3 of the Subsidies and Countervailing Measures (SCM) Agreement are not yet applicable to India and that India has a phase-out period of 8 years to eliminate export subsidies.
- According to the panel of the WTO, the eight-year transition period under Article 27.2(b) starts from the date of entry into force of the WTO agreement. The report concludes that this special and differential treatment provision (Article 9.4b of the AoA) is not applicable to India.

#### **Methodology of WTO:**

- The WTO has adopted the methodology for *de minimis* that is based on the prices in 1986-88. In 1986, the economic growth in India was low and subsidies were also not present in India as well as in other developing countries.
- Hence, providing that level will hamper our development in the present.

#### **Measures to be taken:**

##### **Green Box Subsidy:**

- To comply with the WTO subsidy reduction commitments for primary agricultural products, India can provide ethanol production subsidies that come under the "green box" of the WTO traffic light approach.

- Ethanol (by-product of sugarcane) based subsidy is considered as the clean alternative fuel that can be used as a control measure of air pollution without any reduction commitments at the WTO.

### Financial Assistance:

- The MSP is considered as an amber box subsidy under the WTO terminology. The government can replace the MSP with financial assistance to the farmers.
- Targeted educational workshops to improve farming should be conducted to protect the farmers. These practices come under the green box of WTO terminology and they comply with the WTO rules as well.

### Conclusion:

India has initiated all measures necessary to protect its interests and filed an appeal at the WTO against the report, to protect the interests of its farmers. India believes that its measures are consistent with its obligations under the WTO agreements.

## 2. Electoral Rolls and Aadhaar

### Context

The Election Laws (Amendment) Bill, 2021 (ELB), which seeks to amend the law relating to elections was recently passed in the Lok Sabha. The bill amends both the [Representation of the People Acts](#) of 1950 and 1951. The bill also aims to link the electoral rolls with the Aadhaar ecosystem.

### Key Amendments

- **Additional qualifying dates:** The new amendment will allow four “qualifying” dates for eligible people to register as voters instead of one date currently available.
  - Currently, January 1st of every year is the only qualifying date. People turning 18 on or before January 1 can only register as voters in that particular year.
  - The Bill amends this provision to provide four qualifying dates in a calendar year, which will be January 1, April 1, July 1, and October 1.
- **Provision for “gender-neutral”:** The new amendment will replace the word “wife” with “spouse” in the provisions relating to service voters.
- **Occupy premises for election purposes:** The Bill expands the purposes for which premises like polling stations can be occupied.

- This includes using the premises for counting, storing [EVMs](#), and accommodation for polling officials.
- **Linking of Aadhar and electoral ID:** The amendment will allow for the linking of the electoral roll data with the Aadhaar ecosystem.
  - The Bill will allow electoral registration officers to ask for the Aadhaar number of new applicants wanting to register as voters and will also allow them to ask for the Aadhaar number from persons already included in the electoral roll.

### **Criticism**

- Linking the electoral roll with Aadhaar has generated concerns around the privacy of personal data and its impact on electoral integrity.
- Connecting the electoral roll with Aadhaar raises the problem of conflicting logic associated with the two “identification regimes.”
  - The voter ID card is for citizens.
    - The electoral roll based on “universal adult franchise” was prepared after independence, from which the future Parliament would draw its legitimacy.
  - Aadhaar is not proof of citizenship.
    - It is an identification document strengthened by biometric information that came to solve problems in the implementation of welfare schemes.
- The Supreme Court in the [Puttaswamy judgement](#) directed the Parliament to institute a strong data protection regime and restrict the use of Aadhaar, to identify beneficiaries of welfare schemes.
  - Despite the Court’s order, the Aadhaar has been used as an “identity card”.
- The merging of the Aadhaar into the electoral roll has two serious implications on democracy:
  - It undermines the [Election Commission of India’s \(ECI\)](#) constitutional mandate of regulating the “superintendence, direction, and control of the preparation of electoral rolls;”
  - Changes the idea of “the vote” from a right driven by the sovereign power of the people to bring about regime change, into a “subsidy,” “benefit,” and “service” delivered to a “targeted” population under Aadhaar.
- The direction for eligibility in the ELB indicates a nationwide exercise of verification of the electoral roll in tandem with the National Population Register.
  - In this context when there is no personal data protection regime, critics point out that the linking of the electoral roll to the Aadhaar ecosystem will make citizens vulnerable to manipulation by the regime.

### **Linking Aadhaar with Electoral roll in the past**

In 2015, the ECI had initiated the **National Electoral Roll Purification and Authentication Programme linking the Electoral Photo Identity Card (EPIC)** with Aadhaar number.



- The initiative was stayed by the [Supreme Court](#).
- Reports suggested that by linking millions of EPICs to Aadhaar, the program bypassed the thin line between responsible data sharing practices and violation of privacy.
- The idea of allowing third parties to access non-biometric identity data stored by the Unique Identification Authority of India has serious personal privacy violations.
- Investigations by journalists revealed that in Telangana, a state where the template for electoral roll purification and authentication was used, “the software played a role in the elimination of 2.2 million voters from Telangana’s electoral rolls.”

### **Conclusion**

While the already existing regimes like the preparation of and deletions from the electoral rolls, and anonymous donations from the [electoral bonds](#) have favoured the ruling party, critics believe that the induction of new law aimed at linking Aadhaar with the electoral rolls would further empower the ruling party affecting the electoral competition.

## **3. Climate Crisis and Environmental Degradation**

### **Context**

“Climate refugees” are increasing with people losing their lands and livelihoods due to climate hazards. India is one of the most vulnerable countries and suffers from the severity of the climate crisis.

### **Details**

- Homo Sapiens, i.e. the humans are the product of past climatic changes.
- Both humans and various animal species have developed different physiological adaptations (teeth or paw shapes) to survive different climatic conditions.
- Similarly, our present societies and constructions have been shaped due to shifting climate patterns.
- Historian John McNeill, explains the influence of geography and environment on the region's politics.
- Theories suggest that geographical position, temperate climate, and access to the sea made societies powerful.
- Simultaneously, drought and landlocked regions were easy targets to the military regimes.
- Droughts have led to huge food scarcity and mismanagement of the food shortages have resulted in widespread famines.

### **Background**

- From the start of the agricultural revolution, we are also shaping the environment as it has shaped us.
- The industrial revolution further made a notable impact on the face of already existing climatic degradation.
- Since 1880, the earth's average surface temperature has been rising by  $0.07^{\circ}\text{C}$  in every decade.
- This change is natural in geological view, and the environment has been evolving since the geological past.
- Since the start of the 19th century, greenhouse gas emissions have resulted in the rise of global temperature that has accelerated change.
- The unprecedented and alarming rate of transformation, along with frequent natural hazards, exposed the gaps in knowledge in the area of nature and the environment.
- In 1988, the Intergovernmental Panel on Climate Change (IPCC) was formed to evaluate, analyze, and share the state of the current technical, scientific and socio-economic knowledge about climate change.

### **Ramifications of Climate Change**

- The IPCC (2021) report claims that human actions are the main cause of global warming and present the biggest challenge to humans.
- The increasing average temperature has resulted in changing rainfall patterns, rising sea levels, extreme weather events, melting ice caps and glaciers, and ocean acidification.
- At the present rate, the IPCC 2018 reports project that between 2030 and 2052, the global temperature will increase by  $1.5^{\circ}\text{C}$  and the climate-induced calamities will be numerous.
- The United Nations Office for Disaster Risk Reduction (UNDRR) has reported around 13 lakh deaths being associated with different disasters between 1998 and 2017.
- Reducing arable land, food stocks and increasing flood and water crises are in many regions across the world as an impact of climate change.
- Deaths and climatic disasters are the factors for human displacements resulting in Climate refugees.
- Reports suggest that disaster-related losses have increased up to 151% in the last 20 years.
- The changes severely impact the ecosystem, water resources, and increase socio-economic stress.
- Disastrous weather events diminish food and water resources and further cause outbreaks of new infectious diseases and pose health threats.
- Climate change affects lives and livelihoods, forcing people to migrate.
- Political instability may also emerge due to poverty, riots, terrorism, and migration with persisting problems in the sectors like water, agriculture, forestry, and fisheries.

### **Case studies for the magnitude of the crisis**

- **The Sundarbans Biosphere Reserve**
  - Sundarbans is a dynamic ecosystem with huge mangrove forests.

- Global warming has increased the frequency of cyclones, floods, and storms affecting the local communities.
- Various studies present evidence of dwellers in the region becoming vulnerable due to alteration in the salinity caused due to anthropogenic activities such as the unplanned expansion of habitation, man-made exploration, etc.
- Changed salinity is affecting the mangrove ecosystem, exposing the dwellers to disasters, threatening their livelihoods.
- Due to poor economic conditions and lack of infrastructure healthcare facilities, the state of the local dwellers has been further worsened post the cyclones like Amphan, Yaas, and Fani.
- **Mumbai**
  - Not just Sundarbans, but metros like Mumbai also face similar effects due to human disruptions.
  - Unsustainable urbanisation has caused severe damage to coastal environments.
  - Cyclones are becoming more frequent, like Tauktae in 2021, Vayu in 2019, and Nisarga 2020.
  - Recent studies by the scientists at the Indian Institute of Technology Bombay have highlighted severe violation of coastal regulation zones (CRZs) along the coastline of Maharashtra.
  - Places like Kochi, Chennai, and other coastal cities also face similar threats.

### **Looming Threat**

- India has 7,200 km of Coastline.
- The IPCC (2021) cautions the Indian subcontinent of the terrible costs of these human-induced climatic effects.
- Around 17 crore people live in the coastal regions, and nearly 49% of Indians depend on the coast in direct or indirect ways.
- unsustainable and unscientific socio-economic practices are causing damage to the ecosystem.
- Around 235 sq km of coastal land has been eroded between 1990 and 2016.
- Due to the loss of livelihoods and households, people are compelled to migrate away from their roots.
- As per the Internal Displacement Monitoring Centre data, displacement of almost 3.8 million Indians took place in 2020 due to flooding caused by heavy monsoon rainfall.
  - The displacement of almost 14 lakh people in Kerala due to the 2018 flood is a strong example of the impact.
- Reports indicate that,
  - 5 cm of sea-level rise has taken place along the Indian coastline in the last fifty years.
  - In the last 26 years, severe erosion has altered almost 70% of West Bengal's coastline, followed by Kerala (65%), Gujarat (60%), and Odisha (50%).



- This could result in the displacement of almost 36 million people residing in those areas by 2100.
- Communities living in the coastal regions of the Bay of Bengal will be exposed to tropical storms.
- The Brahmaputra, Ganges, and Yamuna River basins will face threats from flood-related erosion.

### **Way Forward**

- Understanding the severity of extreme weather events and their implication on local communities is essential and can be achieved through education and awareness programs.
- There is a need for a holistic vulnerability framework and inclusion of local communities in preparing a sustainable management plan.
- Sustainable embankments along the rivers and villages in coastal areas will lead to better livelihood opportunities.
- Mangrove conservation and disaster risk management policies are needed to support the ecosystem and socio-economic setup of the coastal regions.
- There is a lack of policy interventions and a need for more research on adaptation and mitigation strategies for better ecosystem management.
- The existing policies in India do not recognise migrated victims of environmental degradation. With the current challenges and consequences of the climate crisis, repositioning different coastal communities and settlements should be a preventive disaster management strategy.
- Considering the fact that climate change is unavoidable, a futuristic national-level policy on sustainable coast management is required.
- Formulating a climate vulnerability index (CVI) of states and union territories that could identify zones with critical vulnerabilities would help in building resilient and climate-proof economies and infrastructure.

### **Conclusion**

History suggests that anthropogenic environmental degradation caused the collapse of societies like the Maya, Harappa, Easter Island, etc. Environmental degradation directly damages the natural resources which are important for the livelihood of communities. The diminishing resources lead to conflicts and wars. Hence, the threats associated with climate change are to be addressed with appropriate actions with the help of scholars and experts.

## **4. Sustainable Development Goals: A Road Map for the North-eastern States**

### **Context**

- The article assesses the current status of the North East under various Sustainable Development Goals and highlights the gaps compared to the rest of the country. The article further suggests some policy prescriptions in order to bridge the developmental gaps in the northeast region.

**Note:** The analysis is based on the SDG India Index 2019 constructed and released by the NITI Aayog. The third and the latest SDG India Index 2021 was released in June 2021.

## Background

- The Sustainable Development Goals are a set of targets across various sectors to be met by member states of the United Nations (UN) by 2030.
- The SDGs have 17 goals, 169 related targets and 232 indicators.
- These were adopted by 193 countries, including India, at the UN General Assembly in 2015.
- The 2030 Agenda for Sustainable Development provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.
- This Agenda is a plan of action for people, the planet and prosperity. It also seeks to strengthen universal peace in larger freedom.

Also, read about the [Sustainable Development Goals](#).

## SDG India Index

- The SDG India Index computes goal-wise scores for each State and Union Territory.
- The SDG India Index is constructed and released by the [NITI Aayog](#).
- Overall State and UT scores are generated from goal-wise scores to measure the aggregate performance of the sub-national unit based on its performance across the 16 SDGs.
- These scores range between 0–100, and if a State/UT achieves a score of 100, it signifies it has achieved the 2030 targets.
- States and Union Territories are classified as below based on their SDG India Index score:
  - Aspirant: 0–49
  - Performer: 50–64
  - Front-Runner: 65–99
  - Achiever: 100

## India's Progress on the SGD Index

- The country's overall SDG score improved by 6 points—from 60 in 2019 to 66 in 2020–21.
- During 2018–19, the country's overall score increased by three points, from 57 as per the 2018 index to 60 as per the 2019 index.
- Kerala, with an index score of 70, retained the top rank among 28 states, while Bihar, with an index score of 50, was at the bottom of the ladder.

- Among union territories, Chandigarh, with an index score of 70, also maintained its top position among eight union territories.
- During 2018–19, among 28 states, 22 improved their index score, three states' index score remained constant, and the index score of three states declined.
- Based on the 2019 Index, no state/union territory in the country was in the achiever and aspirant categories.

### **Performance of the North Eastern States**

- The northeast of India includes the states of Sikkim and the seven “sisters” of Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, and Tripura.
- Among all states in the North East, only Sikkim was in the front runner category, while all the remaining were in the performer category.
- Based on the overall index score, among 28 states, four North-East states have a rank below 20: Arunachal Pradesh (26th), Meghalaya (25th), Assam (23rd), and Mizoram (21st).
- Three states have a rank between 10 and 20: Nagaland (18th), Tripura (15th), and Manipur (13th).
- Among the North East states, four improved both their score and rank, three improved their score, but their rank fell, and in the case of one state, both the score and rank declined.
- The North-East states like Sikkim, Tripura, Nagaland, and Assam improved their rank over 2018, with Sikkim showing the best performance with a jump of eight positions.
- Manipur slipped by one rank, Mizoram by nine ranks, Meghalaya by four ranks, and Arunachal Pradesh by three ranks.
- Except for Manipur and Sikkim, the score of the other North-East states is below the national average.

### **Policies & Projects for Northeastern Region**

- The NER is relatively the less developed region of the country as it faces many challenges like poor infrastructure, particularly in the area of connectivity; remoteness; hilly and difficult terrain; high operational costs; lack of employment opportunities, etc.
- A separate Ministry of Development of North Eastern Region (DoNER) was set up to coordinate the developmental efforts in the NER.
- The central assistance is provided to NER states on a 90:10 basis. Each non-exempted central ministry/department is mandated to spend 10% of its gross budgetary support on the central sector and centrally sponsored schemes for NER.
- The four capital rail connectivity projects to connect the capitals of Sikkim, Manipur, Mizoram, and Nagaland are underway and likely to be completed by 2022–23.
- The entire metre gauge has been converted to broad gauge, and it is aimed to electrify the entire 2,352 km by 2023.

- The work on the Bogibeel bridge, Asia's second, and India's longest railroad bridge over the Brahmaputra river in Assam, which was stalled since 2012, was completed in 2018.
- The three road capital connectivity projects (Kohima, Itanagar, and Gangtok) will also get completed by 2022–23.
- Under the Special Accelerated Road Development Programme for North East, out of 6,418 km of approved roads, 3,323 km of roads have been completed.
  - It has ensured that all the state capitals are connected by two lanes, and four-laning work for Kohima and Itanagar is underway.
- The work on a new greenfield airport at Pakyong (Sikkim) was completed in 2018 and work on another greenfield airport at Halong (Arunachal Pradesh) has started, which is likely to be completed by 2022.
- The government also plans to expand and improve the facilities at existing airports at Guwahati, Imphal, Dimapur, and Dibrugarh.

Also read [North East Special Infrastructure Development Scheme](#)

### Strength Areas to Explore in the Northeastern Region

- The region is endowed with abundant, untapped rich natural resources, varied topography, vibrant human resource, and bountiful nature, which offer vast potential for agriculture, horticulture, and forestry.
- The NER is endowed with a rich bamboo stock and diversity.
  - In 2017, the government also amended the [Forest Act](#), bringing bamboo outside the definition of tree.
  - Bamboo has also been identified as one of the five key sectors for the development of NER by the NITI Forum for the North East.
  - Amongst some of the recent initiatives taken by the government to promote bamboo in NER is the establishment of a Bamboo Industrial Park at Manderdisa in Dima Hasao district of Assam and setting up of a bio-refining plant at Numaligarh in Assam, which will take bamboo as feedstock from all the states in the North East.
- The NER has a strong comparative advantage in a variety of horticulture crops.
- The major spices produced in NER are ginger, turmeric, and chilli which have unique properties and a better recovery rate of active ingredients when hydrated.
- The NER can capitalize on rising demand for fresh fruits and vegetables and for fresh high-quality spices.
- The NER can be developed as an organic hub.
- The NER is rich in all facades of tourism and has a great potential for developing into a major contributor to the state exchequer, providing livelihood options to the locals, employment to skilled/unskilled local population, without damaging the sensitive ecology of the region.

## Overview

- In line with India's commitment to achieving SDGs the North East states have taken many initiatives to implement the SDGs.
- The states prepared vision documents and action plans, setting up implementation and coordination structures at different levels.
- Entrepreneurship can play an important role in addressing various social and economic challenges like unemployment, poverty, low rate of health and well-being, etc, and contribute to the achievement of the SDGs.
- The North-East states need to strengthen their institutions and capacity in localizing the SDGs and put in concentrated efforts to achieve these goals.
- Education is the main driver of development, especially in achieving all the other SDGs.
  - The North-East states need to strengthen their early education interventions, bring all out-of-school children within schooling, and ensure inclusive schooling.
  - There is a need to develop vocational and skill-based learning.

## Conclusion

- The NER has immense potential for development and can be a new engine of India's growth.
- The North-East states need to adopt a holistic approach for the industrial and economic development of the region.
- These efforts will facilitate timely achievement of the SDGs as per the set timelines.
- Also, the governments alone cannot achieve the SDGs, other key stakeholders also have to play a vital role in turning the SDGs into reality.