

14 Feb 2022: UPSC Exam Comprehensive News Analysis

TABLE OF CONTENTS

A. GS 1 Related

B. GS 2 Related

POLITY AND GOVERNANCE

1. [India non-committal on funding curbs on U.K. NGOs](#)

C. GS 3 Related

ECONOMY

1. [Center readies for LIC listing, to offload 5% stake in insurer](#)

INTERNAL SECURITY

1. [SC examines allegations of rampant misuse of PMLA](#)

D. GS 4 Related

E. Editorials

POLITY

1. [The era of combative federalism](#)

HEALTH

1. [A dipping graph in occupational safety and health](#)

SCIENCE & TECHNOLOGY

1. [India's semiconductor dream](#)

F. Prelims Facts

1. [Chandernagore's French heritage awaits facelift](#)
2. [Kovind unveils gold Ramanujacharya statue](#)

G. Tidbits

H. UPSC Prelims Practice Questions

I. UPSC Mains Practice Questions

A. GS 1 Related

Nothing here for today!!!

B. GS 2 Related

Category: POLITY AND GOVERNANCE

1. India non-committal on funding curbs on U.K. NGOs

Syllabus: Development processes and the development industry — the role of NGOs

Prelims: Foreign Contribution Regulation Act 2020

Mains: Critical evaluation of Foreign Contribution Regulation and its impact on the working of NGO.

Context:

U.K. officials requested India to reconsider its decision to deny Oxfam India's registration renewal application under the [Foreign Contribution Regulation Act \(FCRA\)](#).

Foreign Contribution Regulation Act (Amendment), Act, 2020: –

- Foreign Contribution Regulation Act (Amendment), Act, 2020 has amended the FCRA 2010, which regulates the use and acceptance of foreign contribution by individuals and organizations.
- The Act prohibits foreign contribution for any activities that pose a danger to national interest.
- Know more about [FCRA Act, 2020](#)

Arguments Against the FCRA Amendment Act 2020: –

- The FCRA 2020 amendments have placed steep obstacles for Non-Governmental Organizations (NGOs) to receive foreign funding.
- It has been argued that these restrictions will hamper the functioning of NGOs and add difficulties in receiving foreign funds.
- The Amendment was challenged under Articles 14, 19 and 21 as the blanket requirement to open an account at one specific SBI branch serves no rational purpose, violating the right to equality.
- Further, they argue that the Amendment lacks a legitimate objective and has a disproportionate impact on NGOs.
- FCRA 2020 amendments will overload the NGOs with new bureaucratic tasks, and open the floodgates for arbitrary, vindictive action by the authorities.

Nut Graf

Restraining non-profit organizations is equal to restraining democracy itself. The proposed amendments will increase the cost of doing business for India's non-profits, while making them further vulnerable to harassment.

C. GS 3 Related

Category: ECONOMY

1. Center readies for LIC listing, to offload 5% stake in insurer

Syllabus: issues relating to mobilization of resources, growth, and development.

Prelims: Initial public offering (IPO); Life Insurance Corporation (LIC)

Mains: Significance and challenges with LIC IPO and its impact on Economy

Context: The government is planning to sell 5 percent of its stake in Life Insurance Corporation (LIC), through an [initial public offering \(IPO\)](#).

What is the Issue?

- LIC Initial public offer comprises the net offer, the employee reservation portion and the policyholder reservation portion.
- The IPO works out to five per cent of the total capital shares with the government retaining the remaining 95 per cent.
- The IPO is an 100% OFS [offer for sale] by the Government of India and entails no fresh issue of shares by LIC.
- KNow more about [Initial Public Offering\(IPO\)](#)

What does it mean for the government and LIC?

- **Benefits For Government:**
 - The government will be entitled to the entire proceeds of the offer after deducting the offer expenses and relevant taxes thereon. LIC will not receive any proceeds from the offer.
 - It will be a big boost to the government's revenues and aid in bringing down the deficit.
- **Benefits For LIC:**
 - The listing of the shares means higher visibility and profile. Investors will be able to actively trade in its shares on the stock exchanges.
 - It also means more transparency from the LIC side which was hitherto answerable only to the government.
 - LIC will be accountable to the investors and meet their expectations.
 - Investors are expected to demand a high level of corporate governance from the corporation.

LIC IPO: Impact on Economy

- The LIC IPO is an "excellent development" not only for India's capital markets, but also for the country's economic growth.
- A good listing could help LIC raise as much as \$10 billion from the IPO, with a minimum dilution of 5 per cent.
- In such a scenario, it would be the third biggest IPO globally involving an insurer.
- It will help the government substantially reduce its disinvestment target deficit for the ongoing fiscal year.
- The massive listing could result in an expanded market capitalisation of the Indian market with greater liquidity.

What are the challenges to the issue?

- Inflation has been a growing concern worldwide and the central banks around the world are looking to raise the interest rates.
- The equity markets are likely to remain under pressure in the near future.
- A rise in interest rates in the US and in other developed markets would mean that Foreign portfolio investment(FPIs) will pull out money from emerging markets especially from the equity markets and move them into US treasury bonds.
- It will put pressure on the secondary market but even reduce the liquidity availability for investments into primary market issuances.
- A decline in equity markets in the near term would also reduce the government's ability to command a higher premium for the issue.

- In order to help a large issue sail through, the government may have to settle down to a lower price in order to make it attractive for the investors.
- Investors will have to carefully look at the pricing of the issue and do their due diligence on valuation.

Nut Graf

The mega initial public offering (IPO) of Life Insurance Corporation (LIC) is coming at a time when the markets are showing volatility and foreign portfolio investors are pulling out from Indian stocks in the wake of the US Fed rate tightening.

Category: INTERNAL SECURITY

1. SC examines allegations of rampant misuse of PMLA

Syllabus: Money-laundering and its prevention.

Prelims: Prevention of Money Laundering Act (PMLA)

Mains: Issues with the Prevention of Money Laundering Act

Context:

The Supreme Court is looking into holding back-to-back hearings on petitions complaining of the alleged subversion of the Prevention of Money Laundering Act (PMLA).

What is the Prevention of Money Laundering Act (PMLA)?

- PMLA refers to the Prevention of Money Laundering Act, 2002.
- PMLA enables the Government or the public authority to confiscate the property earned from the illegally gained proceeds.
- **Objectives:**
 - To prevent money-laundering.
 - To provide for confiscation of property in money-laundering.
 - To punish those who commit the offense of money laundering.
- Know more about the [Prevention of Money Laundering Act](https://byjus.com/prevention-of-money-laundering-act/)

What are the issues with the Prevention of Money Laundering Act?

- The Directorate of Enforcement(ED) is empowered to issue summons, record statements, make arrests, and search and seize property. Despite having powers of investigation, the ED has not been classified as a 'police agency'.
- Critics challenged the powers of these specialized investigation agencies that deal with economic offenses.
- The Act takes away the presumption of innocence usually afforded to accused persons under criminal law.
- To be granted bail, the accused must prove prima facie that they were not guilty, and satisfy the Court that they will not commit any further offense.
- The offenses mentioned in the Act are extremely overbroad, and in several cases, have absolutely no relation to either narcotics or organized crime.
- Besides, there is a lack of clarity about the ED's selection of cases to investigate.

Nut Graf

The PMLA was enacted in response to India's global commitment to combat the menace of money laundering. The discretion exercised under the PMLA should be guided by rule of law. It must not be "arbitrary, vague and fanciful".

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: POLITY

1. The era of combative federalism

Syllabus: Issues and challenges pertaining to the federal structure

Mains: Threats to the federal principles of the Constitution in India.

Context

The proposed amendments to the Indian Administrative Service (Cadre) Rules of 1954 have brought the debate on cooperative federalism into the limelight.

Background

- The amendments proposed by the Department of Personnel and Training, are said to be against the federal structure of the constitution as they take away certain powers from the state governments.
- States like Tamil Nadu, Kerala, West Bengal, Jharkhand, Rajasthan, Chhattisgarh and Telangana have objected to the amendments.
- The proposed changes are said to be examples of the evolution of the combative nature of federalism in India.

Read about the [Proposed amendments to the IAS \(Cadre\) Rules-1954.](#)

Cooperative Federalism

- Cooperative Federalism in India reflects an ideology of a stable relationship between the centre and other units.
- Cooperative federalism means cooperation and interdependence between the Centre and the States to ensure smooth governance of the country.
- It guides all the governing bodies to come forward and cooperate to resolve common social, political, economic and civic problems.

To read more about [Cooperative Federalism in India](#)

Shift from Cooperative to Combative federalism

- The term 'combative federalism' was used by a former Uttarakhand Chief Minister after his government was dismissed under **Article 356**.
- The shift of Indian federalism from cooperative to combative has been one of the major changes in Indian polity recently.

Combative federalism – Instances of control by the Centre over states

Recently, the centre has often seen wielding its power over the states through,

- **The office of Governor**

- In 2016, the Governor of Arunachal Pradesh decided to advance the Assembly elections, leading to political turmoil in the State and then President's Rule was sanctioned.
 - The Supreme Court intervened and held that the Governor's discretion did not extend to the powers conferred under **Article 174**.
- In Goa, Karnataka and Maharashtra, the Governor acted beyond his constitutional directions by inviting parties that did not have the adequate majority to form the governments.
- In Rajasthan, the Governor refused to summon a session as desired by the Council of Ministers.
- Dispute between the centre and the Delhi government over who should have control of the National Capital Territory of Delhi.

- **All-India Services**

- The conflict was seen in West Bengal when the Chief Secretary was summoned to Delhi immediately after the Prime Minister's visit to West Bengal following Cyclone Yaas. West Bengal Chief Minister was reluctant to accede to the Centre's demand.

- **Deployment of central investigative agencies**

- The deployment of central investigative agencies has also caused trouble to the federal principles.
- The investigations by the Customs, the National Investigation Agency (NIA) and the Enforcement Directorate (ED) in issues arising from a gold-smuggling case in Kerala saw a major tussle between State and the Centre
- Registration of an FIR by the CBI for alleged infractions of the Foreign Contribution (Regulation) Act that said that the Kerala government had received foreign contributions from the United Arab Emirates for a housing project also resulted in a face-off between Centre and State.
- Recent events in West Bengal and Maharashtra also have impacted the federal structure.
- Various States have withdrawn the general consent for the functioning of the CBI in their respective jurisdictions.

Court's View

- The Supreme Court in **Government of NCT of Delhi v. Union of India (2018)** held that the idea behind the concept of collaborative federalism is negotiation and coordination so that differences that may arise between the Centre and the State can be resolved.
- The Court said that the Union and the State governments should attempt to address the common problems with the intention to arrive at a solution by showing statesmanship, combined action and sincere cooperation.
- The Supreme Court in **Ajit Mohan v. Legislative Assembly, National Capital Territory of Delhi & Ors (2021)** suggested that "for the system to work well, the Central Government and the State Government have to walk hand in hand or at least walk side by side for better governance."

Conclusion

The framers of the Constitution incorporated federal principles to establish a sense of cooperation between the Central and the State governments. Encroachment by either of the units is strictly against the Constitution. Hence both the Centre and the States have to strive to work in coordination in the best interests of the people.

Recent events suggest an evolution of the combative nature of federalism in India where the States and the Centre are in conflict. Both the Centre and State governments have to abide by the constitution, and the court's judgements and work together with cooperation to ensure better governance.

Category: HEALTH

1. A dipping graph in occupational safety and health

Syllabus: Issues relating to development and management of Social Sector/Services relating to Health and Human Resources.

Mains: Occupational safety and health in India

Context

The recently released CRUSHED Report 2021 by Safe in India (SII).

Details

- The CRUSHED Report 2021 suggests a dismal performance concerning occupational safety and health in the auto sector.
- Occupational safety and health (OSH) being one of essential human and labour rights, has not received due attention from law-makers and trade unions in India.

Primary requirements to ensure safe workplaces

- Stringent monitoring and inspection of work places.
- Comprehensive database to frame corrective actions and policies.

Shortcomings in data compilation

- Statistics regarding industrial accidents are compiled by the Labour Bureau.
- The bureau publishes data on industrial injuries relating only to a few sectors like factories, mines, railways, docks and ports.
- The bureau has not considered expanding the scope of statistics on injuries by adding sectors such as plantations, construction, the service sector, etc.
- The data it produces does not represent the situation in India as several major States default in the provision of data to the Labour Bureau.
 - Example: in 2013-14, major States such as Delhi, Gujarat, Kerala, Tamil Nadu, Uttar Pradesh and West Bengal defaulted.
- The number of non-fatal injuries declined from an average of **21,370** during 2010-2015 to **5,811** during 2016-2019.

Data on industrial injuries published in the Indian Labour Statistics

<u>States</u>	<u>Year</u>	<u>% of fatal injuries</u>	<u>% of non-fatal injuries</u>
Gujarat	2006	14.98	25.70

Kerala	2005	2.94	6.73
Tamil Nadu	2005	8.16	11.11
Maharashtra	2004	25.65	36.78
	2014	12.62	57
Odisha	2006	37.73	21.99

- Since data reporting is volatile, considering the fact of fluctuations in injuries' incidence, it could be inferred that the reported figures for fatal injuries would be under-reported by around 40%-50%

Challenges in ensuring Occupational safety and health

- **Problem of Under-reporting**
 - The States' data are grossly underreported. It is well-known that under-reporting is more likely to be in case of non-fatal injuries than fatal ones.
 - The SSI's report, among others, shows massive under-reporting of industrial injuries occurring in Haryana.
 - Its report of the auto sector in Gurugram and Faridabad showed that since 2017, on average 500 workers have received nonfatal injuries.
 - The under-reporting of industrial injuries, unlike strikes and lockouts, cause more serious issues and is of grave concern.
- **Shortage of inspectors**
 - According to the Directorate General, Factory Advice and Labour Institutes (DGFASLI)'s Standard Reference Note for 2020 in 2019, the proportion of working in sanctioned posts for factory inspectors (the employment rate) for India was 70.60%.
 - The major states such as Maharashtra (38.93%), Gujarat (57.52%), Tamil Nadu (58.33%), and Bihar (47.62%) had poor employment rates of inspectors.
 - In 2019, there was an inspector for every 487 registered factories, this shows the heavy workload of inspectors.
 - The inspector per 1,000 workers employed in factories is a little 0.04 i.e. there is an inspector for every 25,415 workers.
- **Low inspection rates**
 - The proportion of registered factories inspected for all-India declined from 36.23% during 2008-11 to 34.65% during 2012-2015.
- **Low conviction rates**
 - For all India, the percentage of convictions in total cases decided between 2015-2019 was 61.39% and the average fine per conviction was meagre ₹12,231.

- The efficiency of the penal system is low as the percentage of decided cases out of total pending cases is a poor 15.74% during 2015-19.

Main reasons for the above challenges

- **Liberalisation of the inspection system** – this would not promote sound labour market governance.
- **Simplification of the annual returns and self-certification systems** – this further weakened the poorly placed labour statistical system especially w.r.t. industrial injuries.

Conclusion

The defects in monitoring the Occupational safety and health (OSH) in India violate the International Labour Organization (ILO) conventions, the Labour Inspection Convention, 1947 and Labour Statistics Convention, 1985 that have been ratified by India. Hence, the labour codes, especially the OSH Code, the inspection and the labour statistical systems should be reviewed as a part of the Government's process of framing the Vision@2047 document for the Labour Ministry.

Read more about [The Occupational Safety, Health and Working Conditions Code 2020](#)

Nut Graf

As reported by the recent studies and reports the shortcomings in the compilation of data and gross under-reporting of incidents along with other challenges, pose a serious threat to the labour rights in the country, which demand a comprehensive review of labour inspection and the labour statistical system in India.

Category: SCIENCE & TECHNOLOGY

1. India's semiconductor dream

Syllabus: Indigenization of technology

Mains: Significance of semiconductor manufacturing, various government initiatives and the way forward.

Context

The pandemic has highlighted the vulnerabilities of the global supply chain of semiconductor manufacturing.

Reasons for disruption in the supply of semiconductors

- Supply-side constraints due to the COVID-19 pandemic
- Overdependence of the world on East Asia for fab manufacturing (semiconductor fabrication plant is commonly called as "fab")
- The rising prices of silicon
- The China-U.S. trade war

Global initiatives to resolve semiconductor shortage

- Various countries are trying to safeguard their interests by introducing packages to attract more chip manufacturing.
- The U.S. has announced a \$50 billion package to create factories
- Intel is adding two more foundries to its Arizona campus and is also developing its own foundry business to compete with chip-makers such as Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Corporation (UMC).

- TSMC, which controls 24% of the semiconductor supply chain, is setting up a \$12 billion facility in Arizona.
- Japan and Germany have got TSMC to start specialty technology fabs in their countries.

Initiatives by India

- India has approved a \$10 billion package to incentivise the manufacturing of semiconductors in the country.
- The government has announced a list of incentives to attract leading international manufacturers to set up their manufacturing units in India.
- **Production-linked incentive (PLI) scheme** for semiconductor and display board production. The scheme has been allocated ₹76,000 crores.
- **Chips to Startup (C2S) Programme** – The Program aims to train 85,000 high-quality and qualified engineers in the area of Very-large-scale integration (VLSI) and Embedded System Design.
- **Design Linked Incentive (DLI) Scheme** – The scheme aims to nurture at least 20 domestic companies involved in semiconductor design and facilitate them to achieve a turnover of more than ₹1500 crores in the next 5 years(2022-27).

Way forward

- **Fab manufacturing**
 - India has the largest number of chip designers outside of the U.S.
 - **Example:** Karnataka has over 85 fabless chip design houses of various global companies.
 - To create the ecosystem for fab manufacturing, it is important to lock in the demand for semiconductors produced within the country.
 - The total demand for semiconductors stands at \$24 billion. This is expected to grow to \$80-90 billion by 2030.
 - It would be ideal to enter into an agreement with the consumers of such semiconductors to ensure that the production is consumed within the country.
- **Develop raw material supply capabilities**
 - The India Electronics and Semiconductor Association is exploring the opportunity to start supplying processed raw materials like minerals and gases to the fab industries.
 - This will help the Indian gas, materials, and mines industry and also expand opportunities for semiconductor equipment, spares, and service industry.
- **Fab clustering**
 - To ensure that semiconductor supply chains and related businesses are in one place to create linkages.
 - Such sites should be chosen based on the ability of the location to act as a force multiplier for the development of an ecosystem.
 - It needs to ensure high-quality infrastructure along with uninterrupted power availability and the availability of semiconductor grade Ultra Pure Water to the extent of 10 MLD per fab.
- Creating a conducive environment for women and night shifts with zero labour disputes.
- Focus on encouraging Indian manufacturers and start-ups to enter and master complex R&Ds
- Premier research institutions such as the Indian Institute of Science should be incentivised to work on R&D in chip designing and manufacturing.

- Further, the government must focus on emerging technologies like LiDAR and Phased Array in which incumbents do not have a disproportionate advantage and the entry barrier is low.

Nut Graf

Considering the current geopolitical dynamics and the fact that semiconductors are at the core of fourth industrial revolution technologies, India must continue its focus on the sector and work aggressively on new cutting-edge technologies that can help achieve Aatmanirbhar in the sector.

F. Prelims Facts

1. Chandernagore's French heritage awaits facelift

Syllabus: GS1: Indian culture: Salient aspects of Architecture

Prelims: Chandernagore Heritage

Context: The Registry Building has been awaiting restoration for a long time.

Chandernagore Heritage:

- Registry Building is a two-storey structure at Chandernagore built in 1875.
- It is a symbol of the French settlement of the colonial town.
- The building is located on the strand opposite the Rani Ghat jetty on the banks of the Hooghly.

Chandernagore: –

- Chandernagore was also called Chandannagar, set up by the French in 1696.
- It was the first trading post on the eastern bank of the Hooghly.

2. Kovind unveils gold Ramanujacharya statue

Syllabus: GS1: Indian culture: Salient aspects of Architecture

Prelims: Srirama Nagaram

Context:

The President has expressed confidence that Srirama Nagaram, would become a renowned spiritual destination for people from across the country and abroad.

Srirama Nagaram:-

- Srirama Nagaram is the venue of the Statue of Equality.
- It is the place where 108 Vaishnavite shrines have been set up along with the Statue of Equality.
- Sri Ramanujacharya's 'Visishtadvait' was not only his singular contribution to philosophy, but he also showed the relevance of philosophy in day-to-day life.
- Know more about the [Sri Ramanujacharya](#)

G. Tidbits

Nothing here for today!!!

H. UPSC Prelims Practice Questions

Q1. Consider the following statements:

1. The fort at Masulipatnam was built by the French
2. Chandannagar was the first trading post on the eastern bank of the Hooghly, set up by the Dutch
3. During the British Raj, Darjeeling's temperate climate led to its development as a hill station for British residents

Which of the above statements is/are correct?

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

Answer: c

Explanation:

- In the seventeenth century Masulipatnam was built by the Dutch. **Hence Statement 1 is not correct.**
- Chandannagar was established as a French colony in 1673. It was a trading post on the right bank of the river Hooghly. **Hence Statement 2 is not correct.**
- During the British Raj, Darjeeling's temperate climate led to its development as a hill station for British residents. **Hence Statement 3 is correct.**

Q2. Consider the following pairs:

Bird Sanctuary	State
1. Ranganathittu Bird Sanctuary	Karnataka
2. Kolleru Bird Sanctuary	Andhra Pradesh
3. Karnala Bird Sanctuary	Maharashtra

Which of the above pairs is/are correctly matched?

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

Answer: d

Explanation:

- Ranganathittu Bird Sanctuary is a bird sanctuary in the Mandya District of the state of **Karnataka** in India.
- Kolleru Bird Sanctuary is a sanctuary in **Andhra Pradesh**, India.

- Karnala near Panvel is a sanctuary dedicated to birds in the state of **Maharashtra**.
- **Hence, All the Statements are correct.**

Know more about the [List of Bird Sanctuaries in India](#)

Q3. Which amongst the following statements is the best description of The Egmont Group?

- a. The primary purpose of the group is to help countries develop their national anti money laundering systems.
- b. It is a group that promotes and protects intellectual property
- c. It seeks to protect and conserve the world's oceans and marine wildlife
- d. It is a group of nuclear supplier countries that seeks to contribute to the nonproliferation of nuclear weapons

Answer: a

Explanation:

- Egmont Group's primary purpose is to help countries develop their national anti-money laundering systems.
- Egmont Group's FIU information are businesses that are obliged to collect, analyze, and forward financial information regarding money laundering and terrorist financing to the relevant departments.
- **Hence Option A is correct.**

Q4. ModifiedElephant recently seen in news is a/an

- a. Advanced Persistent Threat (APT) group that has been targeting activists, journalists, lawyers and others in India
- b. Adult-size humanoid that is reportedly capable of face and object detection, speech recognition and generation
- c. GPS collar that help scientists track the animal movements in real time once they are released into their new habitat
- d. Remote Access Trojan (RAT) focused on password stealing, keylogging and remote control capabilities.

Answer: a

Explanation:

- An advanced persistent threat (APT) group dubbed ModifiedElephant has been responsible for widespread attacks targeting human rights activists and defenders, academics, journalists, and lawyers across India.
- **Hence Option A is correct.**

Q5. Consider the following statements:

The effect of devaluation of a currency is that it necessarily

- 1. Improves the competitiveness of the domestic exports in the foreign markets
- 2. Increase the foreign value of domestic currency
- 3. Improves the trade balance

Which of the above statements is/are correct?

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

Answer: a

Explanation:

- A devaluation means there is a fall in the value of a currency. Devaluation also increases the debt burden of foreign-denominated loans when priced in the home currency. **Hence Statement 1 is correct.**
- Devaluation of a currency **decreases** the foreign value of domestic currency. **Hence Statement 2 is not correct.**
- Devaluation reduces the cost of a country's exports which increases the cost of imports. Thus, a country that devalues its currency can reduce its deficit because there is greater demand for cheaper exports. **Hence Statement 3 is not correct.**

I. UPSC Mains Practice Questions

1. There is a need for a comprehensive review of labor inspection and the labor statistical system in India. Examine. (10 Marks, 150 Words)[GS-3, Economy]
2. Has the Indian polity seen a considerable shift of Indian federalism from cooperative to combative? Critically Analyze. (15 Marks, 250 Words)[GS-2, Polity and Governance]