



## **GIST**

**[ CRISP SUMMARY OF IMPORTANT EDITORIALS ]**

### **Monthly Compilation**

**FEBRUARY - 2019**

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# We Need A Leap In Healthcare Spending

Category: Social sector [ GS 2 ]

## Issues with health care in India

- India's health expenditure is still under 1.5%.
- Interim Budget does not adequately respond to the health sector.
- Per capita expenditure on health is very low.
- Allocation for healthcare is merely 2.2% of the Budget.
- Prevention of chronic kidney disease is not appropriately addressed.
- Over 70% of cancers are diagnosed in stages III or IV.

## Way forward

- Increase funding for health by 20-25% every year.
- Ayushman Bharat will help reduce out-of-pocket expenditure.
- Integrating modern medicine with traditional Indian medicine.
- Focus on both communicable and non-communicable diseases.
- Long-term commitment gives rich return. For instance, AIIMS.
- Adding tax on tobacco and alcohol to fund non-communicable disease prevention.
- The health sector must be made a priority area, like defence.
- Universal healthcare must be matched with a quantum leap in funding.

## Conclusion

Only if we invest more for the long-term health of the nation will there be a similar rise in GDP.

## US pull-out

Category: GS 2 (International Relations)

US would withdraw half the troops from Afghanistan. This decision contravenes carefully formulated strategies to defeat Taliban.

### Present situation in Afghanistan

- Taliban now controls about one-third of the country.
- The Taliban continues to haunt government forces.
- Sporadic strikes by ISIS continue unabated.
- Crime is rampant and corruption and tax evasion are widespread.
- The presidential election has been postponed to July 2019.
- The withdrawal of troops ordered further emboldened the Taliban and weakened the Afghan government.

### The Moscow format

A Russian initiative, called the Moscow format, succeeded in bringing together the Taliban and Afghan representatives.

### Afghanistan and India

- A peaceful and stable Afghanistan is a vital national interest for India.
- India has no plans for military intervention in Afghanistan.
- India has invested in reconstruction projects in Afghanistan.
- India has provided aid such as helicopters, training to Afghan military personnel, humanitarian aid, etc.
- The Indian embassy Indian projects have been attacked by the Taliban.
- India sent observers to the Moscow conference with the Taliban.
- India has now accepted that conflict resolution cannot take place without talking to the Taliban.
- If Taliban returns to power in Kabul, Pakistan's ISI would be sure to divert Taliban fighters to Kashmir.

### Conclusion

India's interest lies in formulating a comprehensive strategy, jointly with the Afghan government, that ensures that a Taliban takeover can be prevented.

# Corporate Taxes Must Be Rationalised

Category: GS 3 [ Economy]

For kick-starting the investment cycle, the Centre has to cut tax rates for large companies.

## Corporate tax issues in India

- Corporate tax rates in India are too high.
- Corporate tax rate was lowered to 25 per cent from 32 only for some companies.
- Larger companies have not seen any change in the tax rate.
- The tax burden for these companies has in fact moved higher.
- Withdrawal of some of the corporate tax incentives.
- Due to inability of GST to reach its full potential, the Centre is in no position to slash corporate tax rates as of now.

## Global comparison

- The average corporate tax rate globally has declined to 20.6 currently.
- The current peak corporate tax rate in India, at 35 per cent, is the highest among the BRIC as well as the Asia-Pacific countries.

## Way forward

- Tax on income of companies needs to gradually slide lower.
- Cut in corporate tax rate for larger companies should be done soon.
- Reduce tax rates, which can result in higher tax compliance.

## The Solution Is Universal

Category: GS 3 [Social sector]

To allay the rural distress, one of the announcements in the Budget was the cash transfer scheme called PM-KISAN.

### Is PM-KISAN a reasonable solution?

- Comparison with MGNREGA
  - MGNREGA earnings is more than PM-KISAN.
  - PM-KISAN is targeted while MGNREGA is universal.
  - The landless can earn through MGNREGA but are not eligible for PM-KISAN.
- PM-KISAN pits the landless against a small farmer.
- It is unclear how tenant farmers and women farmers would benefit from PM-KISAN.
- universal schemes are less prone to corruption than targeted schemes.

### Problems with implementation of MGNREGA

- Less than a third of the payments were made on time.
- Repeated changes in processes result in chaos among workers.
- Short-staffed and inadequately trained staff.
- Several MGNREGA payments have been rejected, diverted, or frozen due to AADHAR.

### Way forward

- Strengthening existing universal programme such as the MGNREGA.
- Reliable digital land records and reliable rural banking infrastructure.

### Conclusion

The government needs to improve the existing universal infrastructure of the MGNREGA before plunging into a new programme.

# Time to raise the bar

**Category: Polity & Governance [ GS 2]**

The judiciary needs a mechanism to regulate post-retirement government appointments.

## **Instances of accepting govt post by judiciary**

- After retirement, Justice Chagla served as Indian Ambassador to the U.S. and UK in 1960s.
- 70 out of 100 Supreme Court retired judges have taken up assignments in the NHRC, Armed Forces Tribunal, Law Commission of India, etc.

Should judges accept govt posts after retirement?

- It could affect the independence of the judiciary.
- The decisions in Tribunals can be influenced if the Government is both a litigant and appointment authority.
- Experience of judges cannot be wasted after retirement.
- Judges in India retire at a comparatively young age and are capable of productive work.

## **Way forward**

- Establish a commission made up of retired judges to make appointments of competent retired judges.
- Supreme Court should put in place a process to regulate post-retirement appointments for judges.

## **Conclusion**

To maintain the fabric of independence of the judiciary, judiciary must resolve expeditiously.

## Deadly brew

**Category: Governance [GS 2, 4]**

Recently, more than 100 people died due to toxic alcohol in Uttar Pradesh and Uttarakhand.

### **Major factors responsible for alcohol poisoning**

- Lack of affordable liquor for the poor
- High taxes and excise raise prices
- Collusion between criminals and law enforcement personnel.
- Bottlenecks in consumption of liquor are proving counterproductive.

### **Way forward**

- An enlightened policy
- zero tolerance
- social campaigns
- reviewing levies on less harmful beverages
- investigate nexus with the authorities.
- capacities of the health system be upgraded
- Timely treatment

# No Shortcuts To Income Guarantee

*Category: GS 2 ( Social sector )*

Recently, Rahul Gandhi promised Minimum Income Guarantee for the poor.

## **Inferences from Minimum Income proposal**

- market-led economic growth cannot by itself end poverty.
- direct state support to families is needed.
- strive to build a redistributive welfare state.

## **Questions that arise**

- How the households will be identified ?
- What the scale of assistance would be?
- How the required resources will be raised?

## **Problems in executing Minimum Income programme**

- greater chance of exclusion of the poor.
- no objective way of evaluating incomes of households in the informal sector.
- Poverty-selections give too much discretion to the field bureaucracy
- Funds required will be re-appropriated from those spent on other programmes.
- food transfers are far more likely to be effective than cash transfers to end hunger
- Cash transfers also are inflationary in ways that food transfers are not.

## **Way forward**

- There should be no cutting back on existing subsidies to the poor
- Subsidies to the middle-classes can be curtailed
- taxing the wealth of super-rich
- Ending the tax holidays to private businesses
- maternity benefits for all women in informal work
- transfers to farmers for every acre of land they cultivate
- Expanding the National Employment Guarantee Scheme
- universal public healthcare and public-funded education at all levels.

# Legitimacy of the basic structure

*Category: GS 2 ( Polity & Governance)*

Supreme Court had ruled in Kesavananda Bharati case that the Constitution's basic structure was infrangible.

## **Criticism of basic structure doctrine**

- It finds no mention anywhere in the Constitution.
- It accords the judiciary a power to impose its philosophy over a democratically formed government.

## **Significance of the basic structure**

- It is deeply rooted in the Constitution's text and history.
- It strengthens democracy by limiting the power of government.
- It's dangerous to grant untrammelled power to the legislature.

## **Conclusion**

The basic structure performs an important democratic role in ensuring that governments do not destroy the Constitution's essential character.

## Delhi dilemma

*Category: GS 2 ( Polity & Governance)*

There is an inherent complexity of the relations between the Delhi government and the Centre.

### The tussle

- The disadvantages of not having full statehood status has been felt by many elected regimes in Delhi.
- Whether some subjects fall under the Delhi government or is the exclusive preserve of the Centre.

The solution provided by Supreme Court

- Lt. Governor has to act either on the aid and advice of the Council of Ministers, or abide by the decision of the President on a reference made by him.
- The power to refer “any matter” to the President did not mean “every matter”.
- The absence of a public service in Delhi means that the LG need not act on the Delhi government’s aid and advice.
- In case of dispute on transfers and postings of officers, the LG’s view will prevail.

### Conclusion

It is necessary to find a way out of the complexities and problems thrown up by the multiple forms of federalism .

## Backing a new West Asia

*Category: GS 2 ( International Relations)*

Saudi Crown Prince visited India this week

### Significance of the visit

- trilateral dynamic with Pakistan
- deepening of the bilateral relationship
- extending support Saudi's agenda for "reversing 1979"

### Analysing India's historical relation with the West Asia

- relationship with the Gulf is deep and civilisational.
- British Raj was the provider of security and the facilitator of the region's economy.
- Partition led to complex relation with the Arabian Peninsula.
- Pakistan sought to mobilise political support from the Middle East.
- Non-aligned India had little interest in continuing the strategic legacy of the Raj.
- Due to preference for "secular republics", India's relations with the conservative monarchies weakened.
- OIC'S hostile rhetoric on the Kashmir question created a "pro-Pakistan" perception.
- The end of the Cold War, India's economic reforms, and the growing economic interdependence generated greater interest in the Gulf.
- As the gap in economy of India and Pakistan widened, Saudi Arabia came closer to India.

### Opportunities that the recent visit provides

- Opportunity to construct a solid and comprehensive partnership
- New possibilities beyond the traditional focus on the hydrocarbon sector
- expansion of cooperation to counter terrorism.
- Bilateral defence cooperation
- India's support to Prince Salman's commitment to reverse the hugely negative consequences of 1979.

## The Saudi-India-Pakistan triangle

*Category: GS 2 ( International Relations )*

It is expected that the visit by Saudi Crown Prince Salman will lead to further strengthening of Saudi Arabia-Indian ties.

### **Basis of such an exultation**

- Saudi interest in
  - expanding trade and investment in India
  - collaboration in the energy sector
  - developing an integrated refinery and petrochemicals complex
- Riyadh's declaration that Saudi wants to intensify its strategic partnership with India.

### **The Pakistan angle**

- Pakistan is far too important to Saudi Arabia for internal security reasons.
- Afghanistan has been a point of strategic convergence for Pakistan and Saudi Arabia.
- Riyadh perceives Pakistan as a major asset it can use to check the spread of Iranian influence.
- Saudi economic largesse matters greatly to Pakistan.

### **Way forward for India**

- It will be unwise for India to believe that it can wean Saudi away from Pakistan.
- India should take advantage of its economic relations with Saudi Arabia.
- India should not pin much hope on Riyadh in the political-strategic sphere.

## Clean Power

Category: GS 3 ( Energy )

The effort to clean up India's thermal power plants running on coal has never really taken off.

What the govt should do?

- viable financial plan to help plants acquire pollution control technologies
- For the smaller and older plants, scaling down generation during the winter
- A viable financial mechanism must be evolved to remove pollutants
- burden of incorporating pollution control should fall on the beneficiary-user
- reducing coal use in the present energy mix which is over 54% now

### Conclusion

The benefits of clean air to public health would make the investment well worth the effort.

## Interim solution

*Category: GS 3 (Economy)*

### Theme of the article

A framework agreement on capital, surplus transfers from RBI to government will smoothen ties between the two.

### Surplus transfers by the RBI

- The RBI has agreed to transfer an interim dividend or surplus profits to the government.
- This surplus transfer is a reflection on fiscal management and government finances.

Is the demand of surplus transfer by the govt justified?

- As the owner or controlling shareholder, government can seek a return on the capital deployed.
- But a distinction needs to be made in case of central bank due to its role in monetary and financial stability.
- In the risk environment, banks should be equipped to build strong capital buffers as a cushion.

### Way forward

- Bimal Jalan committee is now reviewing RBI's economic capital framework.
- A similar legislative framework on surplus transfer can help narrow differences between RBI and the government.

## To create jobs

*Category: GS 3 (Economy)*

The Indian economy is growing fast growing. However, unemployment rate is very high.

### **Present economic situation offers no hope to provide jobs**

- Fragmentation of farm holdings is continuing.
- Migration to urban areas is increasing.
- New technologies such as digitalization, robotics, etc are killing jobs
- Outsourcing of employment to private firms by the govt has dealt a blow to quality jobs.
- Inadequate allocation as well as glitches in MGNREGA are causing distress in rural employment.

### **How to address this crisis of joblessness?**

- The place to look for new jobs is businesses at the bottom of the pyramid i.e. small-scale sector.
- Thereafter come the small to medium size units.
- The maximum policy focus should be on demands of the corporate sector.
- Infrastructure for small businesses has to be available at a minimum cost. Here local governments have to take the initiative.
- Accounting for the largest chunk of India's GDP, service sector needs to be focused upon.
- The one magic key to job creation is skills creation.
- A sustainable agriculture will have to make do with fewer and fewer cultivators.

## Tightrope walk

*Category: GS 2 ( Polity & Governance), GS 3 ( Science & technology)*

A balance between free speech and curbing misinformation is proving to be a challenge .

The across the globe are demanding more aggressive intervention by internet platforms in filtering the content they host.

### India's recent intervention

Draft of the Information Technology Act 2018 mandates the platforms to remove or disable public access to unlawful information or content.

### Is such an intervention justified?

- The vague wording of the law does not provide clarity.
- It can lead to over-compliance to avoid expensive litigation.
- The govt is engaging in 'censorship by proxy' through private sector.

### Problems with automated technologies

- Incomplete or inaccurate training data
- Further, an algorithmically driven solution is an amorphous process.

### Way forward

- crafting of mechanisms that can differentiate between false content and unlawful content.
- users of an online platform should be encouraged to regulate the flow of information.
- oversight and grievance redressal mechanism to address any potential violation
- use of Application Programme Interfaces (APIs) or 'Public Interest Algorithms'
- community driven social mechanisms to raise awareness

### Conclusion

A mix of empirical and legal analysis is needed to calibrate a set of policy interventions that may work for India today.

## Without land or recourse

*Category: GS 2 [Polity & Governance]*

The Supreme Court recently ordered the eviction of lakhs of people whose claims as forest dwellers have been rejected under Forest Rights Act.

### **Is this order of the court justified?**

- Claims are being rejected on invalid grounds such as wrong consideration of land as 'not forest land'
- The rejections are not being communicated to the claimants
- Claimants' exercise of right to appeal is not being facilitated
- It is unclear whether the Supreme Court has the authority to order evictions of Scheduled Tribes from Scheduled Areas.
- This eviction goes against the constitutional apparatus that prescribes protection to Adivasi homelands.

### **Conclusion**

The immediate result will be the forced eviction of over one million people. We, as citizens, have every reason to worry.

## Mixed optics

*Category: GS 2 ( International Relations)*

The Saudi Crown Prince visit highlighted the complexities in bilateral ties.

### Progress of India-Saudi relations

- They have tried to 'de-hyphenate' their relations from ties between Pakistan and Saudi Arabia.
- Their relations were strengthened into a strategic partnership in 2010 after Riyadh Declaration.

### The outcomes of the visit

- Announcement were made for measures to:
  - upgrade the defence partnership,
  - create a "Strategic Partnership Council"
  - institute regular talks between the two national security advisers
- Saudi Arabia has expressed its interest in investing in infrastructure projects
- Saudi agreed to insert an extra clause calling on states to renounce the "use of terrorism as an instrument of state policy".
- It acknowledged that disputes between India and Pakistan must be resolved bilaterally.
- It agreed to increase Haj quotas and release 850 Indians from Saudi jails.

# Safety nets

*Category: Economy*

President promulgated the Banning of Unregulated Deposit Schemes Ordinance.

The ordinance bars all deposit schemes in the country that are not officially registered with the government.

## How will the ordinance help?

- Savings of low-income Indian households may get some protection now.
- Greater legal protection can be offered for those depositors with inadequate financial literacy.

## Provisions of the ordinance

- creation of a central repository of all deposit schemes under operation
- compensation to be offered to victims

## Popular deposit schemes

- these have helped in saving for people in the unorganised sector.
- These were not regulated by the govt.
- These unregulated schemes have been misused by some miscreants

## The challenge posed by the ordinance

It dissuades depositors from conducting the necessary due diligence before choosing to deposit their money.

## Way forward

- proper implementation of the ordinance is needed.
- savings of low-income households should be protected.
- there must be checks against persons in power misusing the new rules

# Harmonising NBFCs

*Category: GS 3 (Economy)*

## Why has this issue cropped up?

The RBI recently spoke about harmonisation of the various categories of NBFCs.

### Categories of NBFCs in India

- Of the more than 10,000 NBFCs operating in India, 95 per cent are non-deposit taking.
- The others include asset financing, micro-finance, and core investment companies.

### Problem with categorisation of NBFCs

Too many categories increase compliance cost for the industry and monitoring cost for the regulator.

### Harmonization

- RBI will now recognise only two categories, NBFCs and CICs.
- It will effects future growth and business direction of NBFCs.

The issues that need to be addressed

The key questions that the RBI should address are:

- Should we have the same set of regulations for all NBFCs ?
- How can RBI enforce prudential risk measures for each asset class?
- Should banks and NBFCs operate under equitable regulations?

### Way forward

- Separate regulations for each activity will increase compliance cost.
- There is a need to differentiate between assets based on inherent risks.
- A risk weight mechanism based on the expected losses is the need of the hour.
- Allow the poor to monetize their meagre gold assets better by doing away with the cap.
- Gold loans by NBFCs do not get the priority sector lending status. This needs to change.
- While the RBI is the lender of last resort for banks, the NBFCs currently do not have any such institutional mechanism.

## Coalition of the concerned

*Category: GS 2( International Relations)*

In the wake of the Pulwama attack , the government has iterated once again its plan for the “diplomatic isolation” of Pakistan.

### **What should India do?**

- India should try to repackage its idea of “isolating Pakistan” into ‘coalition against terrorism emanating from Pakistan’.
- India must focus on the case against Masood Azhar.
- India should use diplomatic leverage to shut down JeM and LeT.
- India must press the U.S. to place travel sanctions on specific entities in the Pakistani military.
- India should talk with Riyadh to withhold any funds that may trickle down to JeM and LeT.
- India must ask China for action against any entities dealing with the JeM in Pakistan.
- India must look to its own actions on the diplomatic front with Pakistan. Calling off a formal dialogue process has clearly yielded no desired outcome.

### **Conclusion**

Dialogue is a more effective way of impressing India’s determination to root out terrorism than the present on-again, off-again policy.

## Before eviction

*Category: GS 2 (Polity & Governance)*

The Supreme Court has ordered to evict occupants of forest lands who failed to make a successful claim un FRA.

### **Non-establishment of claims**

- The Forest Rights Act protected possession and conferred heritability of land to over 44 lakh claimants.
- But over 20 lakh other applicants who could not establish their claim through gram sabhas and appellate authorities.

### **Eviction unjustified**

When the Scheduled Tribes and Other Traditional Forest Dwellers Act was passed, it aimed to make these communities partners in conservation.

### **Way forward**

- The answer in many areas may lie in resettlement.
- In some cases, alternative land and cash compensation are needed .
- States must determine if procedural lapses deprived forest-dwellers of their rights
- States must also declare critical wildlife habitats under the FRA Act.

# Re-imagining Delhi

*Category: GS 2 [Governance]*

It is the cities and towns, that extensively impact the public's perception of a government's performance.

## **Governance issues in urban areas**

- annual inundation of cities,
- daily loss of lives on roads,
- frequent infernos highlight,
- plethora of elected and other agencies
- migration has steadily risen over the decades.
- the outlook for the environment looks grim
- large number of homeless people
- large number of population is in slums and unauthorised colonies.
- municipalities are viewed as dens of corruption and inaction
- Councillors and commissioners remain inaccessible to people

## **Way forward**

- Duly empowered municipalities and institutional systems
- Privatization of civic delivery services like cleaning of roads
- Conservancy services deserve a senior-level exclusive administration.
- Waste management demands professionalism and technology.
- Use of biotechnology in treatment and disposal of waste
- Information technology in city planning and service delivery options;
- Energy saving and cleaner technologies in urban transport;
- High-tech, low-cost materials in building and housing.

## **Conclusion**

The city needs to first address its basic problems before it dreams of striding towards the goal of being really swachh and 'smart'.