



**CHROME IAS**

*Giving Wings To Your Dreams !!!*

# **EDITORIALS**

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**53/5, First Floor, Old Rajinder Nagar**

**Contact: 011-49789720, 9990356664, 7840048445**

**(E-mail-[info@chromeias.com](mailto:info@chromeias.com), Website- <http://chromeias.com>)**

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# A Washington Pipe Dream

**Category: GS 2 (International)**

## **Theme of the article**

The American stance on Iranian oil exports could only cause mayhem in West Asia.

## **Why has this issue been raised?**

U.S. announced on April 22 that the United States would not issue any additional 'Significant Reduction Exceptions' to existing importers of Iranian oil who had received such exemptions last November. It declared that the objective was to bring Iranian oil exports to "zero".

## **Countries impacted this decision**

India, China and Turkey, the principal remaining oil importers from Iran, will feel the greatest impact of this policy, which will take effect on May 2.

## **China's response**

- The end of the waivers is expected to bring different responses from the main importers. China, one of the largest importers of Iranian oil, is likely to defy the American demand because as a great power and potential challenger to U.S. hegemony it will not want to be seen as bowing to American pressure.
- Furthermore, Beijing is firmly opposed to unilateral sanctions, as it fears that one day it may be subjected to similar treatment.

## **Turkey's response**

- Turkey and Iran have overlapping strategic interests regarding Kurdish secessionism, the territorial integrity of Iraq, and shared antipathy towards Saudi Arabia.
- Iran is the second largest supplier of energy to Turkey and a leading trading partner as well.
- Furthermore, Turkey's relations with the U.S. are currently rocky over U.S. support to the Syrian Kurdish militia, the YPG, that Ankara considers a terrorist organisation because of its close relations with the secessionist PKK.
- The threat of American sanctions on Turkey following the latter's decision to buy S-400 missile defence systems from Russia has also contributed greatly to tensions between the two countries.
- Therefore, it is unlikely that Turkey will bend completely to American will although it may do so partially to placate its NATO ally.

### **India's response**

- New Delhi is likely to comply with American demands, as India's relations with the U.S. in the economic sphere are very important to it.
- The U.S. is India's largest trading partner and a leading source of foreign investment.
- It has become increasingly important in the strategic arena as well because of the convergence of American and Indian interests regarding containing China in the Indo-Pacific region.
- Moreover, the civil nuclear relationship with the U.S. is very important for India, as is American support for India's bid to enter the Nuclear Suppliers Group.
- However, compliance with the American diktat will not come without costs.
- India is heavily involved in building the Chabahar port in southern Iran. This port is expected to become a major access route for India not only to Iran but also to Afghanistan and Central Asia bypassing hostile Pakistani territory.
- Tehran is also important for New Delhi in the context of Afghanistan as both are unequivocally opposed to the Pakistan-supported Taliban returning to power even in a power-sharing arrangement.
- Furthermore, Iran shares India's antipathy toward Pakistan, which it considers Washington's proxy and Saudi Arabia's ally.
- India's decision to stop importing oil from Iran at America's behest could drive a wedge between New Delhi and Tehran that will be very difficult to repair and cost India strategically.

### **Will Iran surrender to American threat?**

- The most important question is whether Iran will capitulate to the American threat of cutting oil imports down to zero and accept Washington's demand to revise its position on issues the U.S. considers important.
- These include Tehran totally giving up its right to enrich uranium and closing down all nuclear facilities including those engaged in research for peaceful purposes.
- Additionally, it would entail Iran drastically curtailing if not completely eradicating its ballistic missile programme, and radically changing its West Asia policy to fall in line with American preferences in Syria, Iraq, Lebanon and Yemen.
- However, this appears to be a Washington pipe dream.
- Iran has stood up to unprecedented sanctions for four decades and remained unbowed.
- The current American policy of forcing Tehran to cut its oil exports to zero will only aid Iranian hardliners and end up with Tehran adopting an even more virulent anti-American posture, further impeding the realisation of American strategic objectives in the region.

### **A dark scenario possibility**

- While this confrontationalist policy may please Israel and Saudi Arabia, it can well become a prelude to another major war in West Asia.
- Pushed to the wall by its inability to export oil in sufficient quantities, Iran is likely to retaliate by withdrawing from the nuclear accord and resuming full-scale nuclear enrichment close to weapon grade-level.
- This could lead to either an American and/or Israeli air and missile strikes on Iran's nuclear facilities. Such attacks are bound to invite Iranian retaliation against American targets in Iraq, Syria, and Afghanistan and around the Gulf, either through proxies or directly.
- Iranian retribution is likely to include air strikes against Saudi and Emirati targets as well and concerted efforts to block the Straits of Hormuz.
- The mayhem that this action-reaction phenomenon will cause in the region can be disastrous for West Asia and could seriously disrupt the flow of energy supplies from the Gulf through the narrow Straits of Hormuz.

### **Conclusion**

If not reversed, such a strategy could well lead to another American misadventure in West Asia before which the tragic consequences of the Iraqi invasion, such as state failure and the boost to international terrorism, are likely to pale into insignificance.

# The Cost of Resistance

Category: GS 2 (Health)

## Theme of the article

India must brace for the economic shocks from uncontrolled antimicrobial resistance.

### Why has this issue cropped up?

Even though antimicrobial resistance is acknowledged by policymakers as a major health crisis, few have considered its economic impact.

### The economic impact of antimicrobial resistance

- A recent report says in about three decades from now uncontrolled antimicrobial resistance will cause global economic shocks on the scale of the 2008-09 financial crisis.
- With nearly 10 million people estimated to die annually from resistant infections by 2050, health-care costs and the cost of food production will spike, while income inequality will widen.
- In the worst-case scenario, the world will lose 3.8% of its annual GDP by 2050, while 24 million people will be pushed into extreme poverty by 2030.

### India's case

- India first published almost nine years ago the broad contours of a plan to fight antimicrobial resistance. The difficulty has been in implementing it, given the twin challenges of antibiotic overuse and underuse.
- On the one hand, many Indians still die of diseases like sepsis and pneumonia because they don't get the right drug at the right time.
- On the other hand, a poorly regulated pharmaceutical industry means that antibiotics are freely available to those who can afford them.

### Way forward

- Nations must acknowledge this eventuality and act to fight it. For high- and mid-income nations, the price of prevention, at \$2 per head a year, is extremely affordable. For poorer countries, the price is higher but still modest compared to the costs of an antibiotic apocalypse.

- There is a need to phase out critical human-use antibiotics in the animal husbandry sector, such as quinolones. But these steps cannot be driven by regulation alone. A multi-stakeholder approach, involving private industry, philanthropic groups and citizen activists is needed
- Private pharmaceutical industries must take it upon themselves to distribute drugs in a responsible manner.
- Philanthropic charities must fund the development of new antibiotics, while citizen activists must drive awareness.
- These stakeholders must appreciate that the only way to postpone resistance is through improved hygiene and vaccinations.

### **Conclusion**

It is a formidable task as India still struggles with low immunization rates and drinking water contamination. But it must consider the consequences of a failure.

# Conservation minus the People?

**Category: GS 3 (Environment)**

## **Theme of the article**

Unlike the rest of the world, India is stridently moving away from community-involved conservation models.

## **Why has this cropped up?**

In February this year, India, one of the world's 17 megadiverse countries issued a court order which stood to evict more than a million forest-dwelling people from their homes.

## **Importance of this court order**

Although this order was subsequently stayed, though temporarily, it provides valuable insights into India's conservation objectives and approaches. Given the country's size and biodiversity-richness, a decision of this nature has consequences for global natural heritage.

## **Importance of involvement of communities**

- Involving communities living in and around natural resource-rich areas in the management and use of these resources is an effective tool of conservation that has been recognized across the world.
- This was affirmed by the 1980 World Conservation Strategy of the International Union for Conservation of Nature (IUCN), and the Earth Summit's 1992 Statement of Forest Principles and the Convention on Biological Diversity.
- Further fillip came from the IUCN's Policy Statement on Sustainable Use of Wild Living Resources in 2000, and the Convention on Biological Diversity's 2004 Addis Ababa Principles and Guidelines for the Sustainable Use of Biodiversity.

## **The reality of conservation in India**

- India has been a vocal member of the above conventions. But at home, things operate rather differently.
- India's conservation legislation is separated into those that protect forests and its produce, and those that target wildlife conservation.
- Both the Indian Forest Act, 1927 and the Wildlife Protection Act, 1972 create different types and grades of protected areas, and contain provisions to restrict or outlaw local use of natural resources and landscapes.
- From the 1980s, there were a number of policies that mirrored the global shift towards inclusive conservation, such as the 1988 National Forest Policy, the 1992 National Conservation Strategy, the National Environment Policy of 2006 and the 2007 Biosphere Reserves Guidelines.

- While these people-friendly policy statements made their way into India's conservation docket, its earlier exclusionary conservation legislation continued to stay in place.
- In an attempt to bridge this divide, the 1990 Joint Forest Management Guidelines (JFM) created community institutions for co-management, in collaboration with the forest bureaucracy. Although it initially registered some success stories in certain parts of the country, JFM committees are widely critiqued as being bureaucracy-heavy, with little real devolution of powers to local communities.
- A dramatic shift in the Indian conservation paradigm came in 2006 through the Forest Rights Act that went beyond sanctioning local usage, to conferring rights to local communities over forest land and produce. Given a hostile bureaucratic environment, the legislation faltered, except in certain pockets.
- India's conservation policies and legislation over the years reveal a dichotomy of intent and action. Certain progressive policy documents are put in place checking off India's international commitments. However, a wholly different picture emerges during the course of its operation on the ground.

#### **Role of Communities ignore in India**

- The Third National Wildlife Action Plan, introduced in 2017 is of the view that locals hinder conservation. Where communities are to be involved, it distinctly avoids the attribution of rights and instead frames usage within a bureaucracy-controlled format.
- In 2018, there was a Draft National Forest Policy that emphasized the protected area model of conservation that leaves little room for communities.
- The Supreme Court's order in early 2019, currently held in abeyance, mandated the eviction of those forest-dwellers whose claims under the Forest Rights Act have been rejected.
- In March 2019, a comprehensive overhaul of the Indian Forest Act was proposed. This amendment introduces provisions for extinguishing rights granted under the Forest Rights Act. Further, it grants the forest bureaucracy unprecedented powers to enter and search the premises of forest-dwellers on suspicion, arrest without warrant and use firearms to meet conservation goals.

#### **Conclusion**

State authority that is usually reserved to tackle terrorism, insurgency and organized crime is now to be deployed to safeguard biodiversity. While other countries are recognizing the value of community-involved conservation models, India is stridently and steadfastly moving in the opposite direction.

# A wake-up call on Proprietary Seeds

**Category: GS 3 (Agriculture)**

## **Theme of the article**

How India can shift its agriculture from a high-yield ideal to a high-value one.

## **Why has this issue cropped up?**

PepsiCo was suing small farmers in India for growing a potato variety that is used in its Lay's chips. However, due to national and international pressure PepsiCo backtracked.

## **The downward spiral of small-scale farming**

- So many small farmers are, like the ones targeted by PepsiCo, reliant, directly or indirectly, on proprietary seeds.
- Typically these seeds are grown in high input (fertilizer-pesticide-irrigation) environments that, over time, erode local biodiversity.
- Between the expense of buying these seeds and inputs, and the loss of the skills and social relationships needed to do otherwise (through the saving and exchange of seeds of indigenous varieties), small-scale farming looks set to continue on its downward spiral of lower income, status and dignity.

## **Are farmers to blame for relying on proprietary seeds?**

- No one can blame farmers for thinking that proprietary seeds are better. Since the days of the Green Revolution, agricultural extension officers have taught farmers to buy ever-higher-yielding seeds.
- The Plant Variety Protection law permits farmers not only to save and resow (multiply) seeds, but also to sell them to other farmers, no matter what the original source of the seeds is.

## **The concern with proprietary seeds**

Where farmers could be using genetically distinctive seeds adapted to local conditions and farming traditions, they are instead adapting local conditions and traditions in order to use genetically standardized seeds, to ruinous effect.

## **Time for paradigm shift**

- To get a sense of what can be done, it may be useful to take a peep into recent regulatory efforts in Europe.

- The EU permits and encourages, inter alia, the use and marketing for organic agriculture without having to comply with most of the arduous registration and certification requirements.
- EU is supporting the creation markets and marketplaces facilitating trade of heterogeneous seeds.

How can India shift its agriculture from a high-yield ideal to a high-value one?

- First, small farmers must be educated and encouraged with proper incentive structures, to engage with agriculture that conserves and improves traditional/desi (heterogeneous) seeds in situ, rather than with “improved”, proprietary varieties.
- Second, an immutable record-keeping system, perhaps block-chain or DLT, is needed to break the link between the profitable and the proprietary. Such a system would allow India to keep proper track of where and how their seeds/propagation materials and the genetic resources contained therein are being transferred and traded.
- Third, India’s invaluable traditional ecological knowledge systems need to be revived and made a part of mainstream agricultural research, education and extension services. For example, know-how contained in ancient Indian treatises like the Vrikshayurveda and the Krishi Parashar falls within the scope of what international conventions such as the Convention on Biological Diversity refer to as ‘indigenous and traditional technologies’.

### **Conclusion**

The lawsuit by PepsiCo must be a wake-up call to the government and policymakers who need to do much more to secure sustainable rural societies, protect soil health and promote seed sovereignty for the economic development of Indian farmers and of the entire nation.

# Resolving India's Banking Crisis

Category: GS 3 (Economy)

## Theme of the article

Acceleration in economic growth is not possible without addressing the problem of non-performing assets

## Introduction

The government that assumes office after the general election will have to crack a serious and unresolved problem: India's banking sector. To do so, it needs clarity on how the problem arose in the first place. Only then can it discard simplistic and ideologically-driven solutions in favour of those that can be effective.

## Non-performing assets data

- Non-performing assets (NPAs) at commercial banks amounted to ₹10.3 trillion, or 11.2% of advances, in March 2018.
- Public sector banks (PSBs) accounted for ₹8.9 trillion, or 86%, of the total NPAs.
- The ratio of gross NPA to advances in PSBs was 14.6%. These are levels typically associated with a banking crisis.
- In 2007-08, NPAs totalled ₹566 billion (a little over half a trillion), or 2.26% of gross advances. The increase in NPAs since then has been staggering?

## Origin of the NPA crisis

- The answer lies partly in the credit boom of the years 2004-05 to 2008-09. In that period, commercial credit (or what is called 'non-food credit') doubled.
- It was a period in which the world economy as well as the Indian economy were booming. Indian firms borrowed furiously in order to avail of the growth opportunities they saw coming.
- Most of the investment went into infrastructure and related areas — telecom, power, roads, aviation, steel. Businessmen were overcome with exuberance, partly rational and partly irrational. They believed, as many others did, that India had entered an era of 9% growth.
- Thereafter, many things began to go wrong. Thanks to problems in acquiring land and getting environmental clearances, several projects got stalled. Their costs soared.
- At the same time, with the onset of the global financial crisis in 2007-08 and the slowdown in growth after 2011-12, revenues fell well short of forecasts.

- Financing costs rose as policy rates were tightened in India in response to the crisis. The depreciation of the rupee meant higher outflows for companies that had borrowed in foreign currency.
- This combination of adverse factors made it difficult for companies to service their loans to Indian banks.
- Higher NPAs mean higher provisions on the part of banks. Provisions rose to a level where banks, especially PSBs, started making losses. Their capital got eroded as a result.
- Capital from the government was slow in coming and it was barely adequate to meet regulatory norms for minimum capital. Without adequate capital, bank credit cannot grow.
- Even as the numerator in the ratio of gross NPAs/advances rose sharply, growth in the denominator fell. Both these movements caused the ratio to shoot up to a crisis level.

#### **NPA problem more concentrated in PSBs**

- PSBs had a higher exposure to the five most affected sectors — mining, iron and steel, textiles, infrastructure and aviation.
- PSBs accounted for 86% of advances in these five sectors.
- Infrastructure projects were impacted by the global financial crisis and environmental and land acquisition issues. In addition, mining and telecom were impacted by adverse court judgments. Steel was impacted by dumping from China.
- Thus, the sectors to which PSBs were heavily exposed were impacted by factors beyond the control of bank management.

#### **Plans to prevent such crises**

- Wholesale privatization of PSBs is not the answer to a complex problem. We need a broad set of actions, some immediate and others over the medium-term and aimed at preventing the recurrence of such crises.
- One immediate action that is required is resolving the NPAs. Banks have to accept losses on loans (or 'haircuts'). They should be able to do so without any fear of harassment by the investigative agencies.
- The Indian Banks' Association has set up a six-member panel to oversee resolution plans of lead lenders. To expedite resolution, more such panels may be required. An alternative is to set up a Loan Resolution Authority, if necessary through an Act of Parliament.
- The government must infuse at one go whatever additional capital is needed to recapitalize banks — providing such capital in multiple instalments is not helpful.

- RBI needs to develop better mechanisms for monitoring macro-prudential indicators. It especially needs to look out for credit bubbles.
- Actions needs to be taken to strengthen the functioning of banks in general and, more particularly, PSBs.
- Governance at PSBs, meaning the functioning of PSB boards, can certainly improve. One important lesson from the past decade's experience with NPAs is that management of concentration risk — that is, excessive exposure to any business group, sector, geography, etc. — is too important to be left entirely to bank boards.
- The RBI has from April 1, 2019, the limit for exposure to any business group has been reduced from 40% of total capital to 25% of tier I capital (which consists of equity and quasi-equity instruments). The limit for a single borrower will be 20% of tier 1 capital (instead of 20% of total capital).
- Other aspects of concentration risk remain to be addressed. Overall risk management at PSBs needs to be taken to a higher level. This certainly requires strengthening of PSB boards. We need to induct more high-quality professionals on PSB boards and compensate them better.
- Succession planning at PSBs also needs to improve. Despite the constitution of the Banks Board Bureau to advise on selection of top management, the appointment of Managing Directors and Executive Directors continues to be plagued by long delays. This must end.

### **Conclusion**

The task of accelerating economic growth is urgent. This is not possible without finding a solution to the problems that confront the banking system. There is ample scope for improving performance within the framework of public ownership. It can be done. What is needed is a steely focus on the part of the government.

# The War on Terror is in Peril

Category: GS 3 (Security)

## Theme of the article

The world needs to be united on the issue of terrorism and resolve contradictions.

## Why has this issue cropped up?

The brutal attacks on Easter Sunday in Sri Lanka have reignited discussion on the global 'War on Terror'.

## A floundering war on terror

- The coalition of about 60 countries that sent troops and offered logistical support for 'Operation Enduring Freedom' failed to end terrorism in Afghanistan.
- 46 nations joined the 'coalition of the willing' to defeat Saddam Hussein in Iraq in 2003, and 19 were a part of the coalition that ousted Muammar Qaddafi from power in Libya in 2011.
- The U.S. and allied countries were side tracked by the 'Arab Spring' in 2011, which led them to bolster anti-Bashar al-Assad groups in Syria. This eventually paved the way for the IS to establish a 'Caliphate' in territories in Syria and Iraq.
- The next coalition was formed to fight the terror of the IS. The number of global terror attacks per year went up from 1,000 in 2004 to 17,000 in 2014.
- It is clear that the countries in question — Afghanistan, Syria, Libya and Iraq — are far from free of the spectre of terrorism.
- Despite the defeat of the 'Caliphate' territorially, the IS or its franchises are appearing in new parts of the world. Sri Lanka is the latest on that list.
- Rather than helping fight pan-Islamist terror groups, the War on Terror appears to help the IS and al-Qaeda more, giving them a footprint far bigger than their actual abilities. This helps them recruit and radicalise Muslim youth from around the globe.

## Approaches to fighting terror

- Comparing European states like the U.K., France and Belgium, where hundreds of immigrant Muslims have enlisted for the IS, to South Asian states like India, where Muslim populations are indigenous and only a few dozen are believed to have left for Syria, is akin to comparing apples and oranges.

- Indian officials have enlisted whole families, neighbourhoods and local Maulvis in their efforts. In Bangladesh too, after the 2016 attack on the Holey Artisan Bakery, government advertisements asked mothers to check on their children's activities.
- This acknowledgement that radicalised terrorists are a part of a community is in stark contrast to the current debate in many European countries that are refusing to take IS returnees and their families back.
- Similarly, several Central Asian states propagate a much more hard-line approach on counter-radicalisation, by banning beards and hijabs, while China's re-education internment camps in Xinjiang have raised questions about human rights.

### **Contradictions in global war on terror**

- The world community must address contradictions in the War on Terror.
- For 20 years, the world has failed to agree on a common definition of terrorism at the United Nations.
- Despite the fact that Jaish-e-Mohammad chief Masood Azhar has been targeting Indians incessantly for years, the world must ask why China allowed his UN Security Council designation as a global terrorist only after mentions of his attacks in India were removed.
- They must ask why the U.S. is focused on billing Iran the "world's biggest state sponsor of terrorism", while states like Saudi Arabia and Pakistan that have funded and sheltered Islamist terror groups are still treated as "frontline allies" on terror.
- And why, despite all their resources and expertise, the alliance of the U.S., the U.K., Canada, Australia and New Zealand that share global intelligence was unable to see the impending threat in Sri Lanka.

### **Conclusion**

Unless the world is truly united on the issue and resolves such contradictions, the global War on Terror will only be as strong as its weakest link.

# Private, Public and Political Morality

**Category: GS 4 (Morality)**

## **Theme of the article**

When people choose a political life, they must follow an ethic distinct from private morality.

## **Introduction**

Though related, political, public and private morality are not identical.

## **Asoka's version of ethics**

- First, interpersonal morality. Each of us has special obligations to our children, spouse, parents, teachers and relatives. We have a duty towards those under our special care, including the aged, 'servants', animals and, occasionally, strangers.
- Asoka distinguished this private ethic from what might be called inter-group morality in public life. Crucial here is harmony between different religious-philosophical groups generated by the exercise of sayamam (self-restraint). Neither hate speech nor speech glorifying oneself was acceptable as part of public morality — a point very relevant in our times.
- Asoka then distinguished private and public morality from power-related political morality specifying what rulers and the ruled owe one another. Subjects owe obedience to their king. But the ruler too owed something to his subjects: to ensure janahita, the good of all (including all living species), and janasukham, happiness not only in this life but also in the afterlife.
- According to Ashoka, while in one's personal life, in our dealings with those with whom we have close daily encounters such as our family, friends or 'servants', we can't help but be partial, and while in the larger public domain, where we face people with different religio-philosophical sensibilities, we can't entirely escape some degree of partiality to our own world view, the political domain requires the impartial or just use of power for the good of all.

## **Hegel's version of ethics**

- German philosopher Friedrich Hegel distinguished three spheres of human life: family, civil society and the state.
- The family, Hegel claimed, was the smallest community in which its members do not even distinguish themselves from one another. Their identities are fused. A family is bound by emotional ties, by mutual love and affection. Members take pride in each other's achievements and feel a strong sense of shame at the other's wrongdoing. Morality here is guided by unarticulated feelings.

- The family is different from another sphere of life that Hegel designated civil society but should more appropriately be called 'market society'. Here, each person acts as an individual with a sharply defined sense of her own interests which are distinct from, compete and may even clash with the interests of others. No one is tied to the other by bonds of love or affection. Since there is no community but only an aggregate of individual interests, there is no commonly held ethic either.
- Finally, Hegel spoke about a third domain where people once again see themselves as members of a large political community, as citizens of a state. Citizens in a political community must be bound together neither by feelings nor by self-interest but by a commitment to common values discovered by public reason — values such as political freedom, solidarity, shared traditions and cultural heritage. Morality in this domain requires that we overcome our loyalty to blood relations, not pursue only our private interests, and commit instead to using power grounded in shared principles.
- Furthermore, those who wield political power must realise that what they do has enduring consequences affecting the lives of an incalculably large number of people. This brings with it enormous public responsibility. Powerful politicians must show great care and sensitivity to the appropriate use of force and violence.

#### **Private and political morality**

- One important implication of the difference between private and political morality is this: it is sometimes believed that moral scrupulousness in one's private life automatically guarantees high moral stature in political life. This simply does not follow.
- Those wielding public power may refuse to enrich themselves, their family or friends, and resist from obtaining sexual favours. But such 'cleanliness' need not entail scrupulous political morality. What use is personal incorruptibility if the politician is partial to or discriminates against one particular community, abandons public reason, smashes dissent to concentrate power in his own hands, makes arbitrary use of force, and lives in the illusion that he is greater than all the institutions that surround him?
- In short, a person who is profoundly moral in his private life may brazenly violate all norms of political morality — undermine justice and public reason. Conversely, it is entirely possible that a person who has morally slipped in his private life (cheated on one's spouse, enriched himself) respects the integrity of public institutions, is acutely sensitive to the moral costs of violence, shows a deep commitment to justice, and upholds reason-based democratic norms.

#### **Conclusion**

It would be wonderful if our private and political moralities were perfectly aligned and we achieved the highest moral standards in both. But in a non-ideal world we can only hope

that when people choose to lead a life in politics, they will at least follow minimum norms of political morality even as they fail to be scrupulously moral in their private lives.

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# All out at Sea

**Category: GS 2 (International Relations)**

## **Theme of the article**

India's engagements in the Indian Ocean reveal a tactically proactive but strategically defensive mindset.

## **Why has this issue cropped up?**

India is setting a high tempo of naval operations in Asia. In recent weeks, a series of bilateral exercises with regional navies in the Indian Ocean have demonstrated the Indian Navy's resolve to preserve operational leverage in India's near seas.

## **The recent exercises in the Indian Ocean**

- In April, in their biggest and most complex exercise, Indian and Australian warships held drills in the Bay of Bengal.
- This was followed by a much-publicised anti-submarine exercise with the U.S. Navy near Diego Garcia.
- Next, the Indian Navy held a joint exercise 'Varuna' with the French Navy off the coast of Goa and Karwar.
- Further, two Indian warships participated in a 'group sail' with warships from Japan, the Philippines and the United States on return from a fleet review in Qingdao.

## **Reasons behind the India's interest in Indian Ocean region**

- The trigger for India's newfound zeal at sea is the rapid expansion of China's naval footprint in the Indian Ocean.
  - Beyond commercial investments in Pakistan and Sri Lanka, China has established a military outpost in Djibouti, a key link in Beijing's Belt and Road Initiative (BRI).
  - Djibouti portends a future where China would control key nodes skirting important shipping lanes in the Indian Ocean, allowing the PLA's Navy (PLAN) to dominate the security dynamic.
- Meanwhile, South Asian navies have been making their presence felt in the seas of the subcontinent. In a quest for regional prominence, Sri Lanka has positioned itself as a facilitator of joint regional endeavours, expanding engagement with Pacific powers which includes the Royal Australian Navy and the U.S. Navy.

- With China's assistance, Pakistan too is becoming an increasingly potent actor in the northern Indian Ocean, a key region of Indian interest.
- Beijing has also been instrumental in strengthening the navies of Bangladesh and Myanmar, both increasingly active participants in regional security initiatives.
- In these circumstances, India has had little option but to intensify its own naval engagements in South Asia.

#### **Need of partnerships for India**

- The Indian Navy has played a prominent role in the fight against non-traditional challenges in the Indian Ocean.
- While its contribution to the counter-piracy mission off the coast of Somalia, humanitarian assistance and disaster relief (including in cyclone-hit Mozambique) has been substantial, a paucity of assets and capacity has forced the Navy to seek partners willing to invest resources in joint security endeavours.
- Partnerships are vital to the Indian Navy's other key undertaking: deterring Chinese undersea deployments in South Asia.

#### **Analyzing India's Ocean focus**

- Chinese investments in port infrastructure in Kenya, Sudan, Tanzania and Mozambique have grown at a steady pace, even as it has sought to expand its presence in the western Indian Ocean.
- In response, India has moved to deepen its own regional engagement, seeking naval logistical access to French bases in Reunion and Djibouti, where the second phase of 'Varuna' will be held later this month.
- Yet, India's Indian Ocean focus makes for an essentially defensive posture. Notwithstanding improvements in bilateral and trilateral naval engagements, it hasn't succeeded in leveraging partnerships for strategic gains
- With India's political leadership reluctant to militarise the Quadrilateral grouping or to expand naval operations in the Western Pacific, the power-equation with China remains skewed in favour of the latter.

#### **Conclusion**

For all its rhetoric surrounding the 'free and open Indo-Pacific', India is yet to take a stand on a 'rules-based order' in littoral-Asia. A wariness for sustained operations in China's Pacific backyard has rendered the Indian Navy's regional strategy a mere 'risk management' tactic, with limited approach to shape events in littoral-Asia.

# The Need for judicial Restraint

**Category: GS 2 (Polity)**

**Theme of the article**

Law making is not the job of the judges, but of the legislature

## **Introduction**

The Supreme Court is resorting more to judicial activism rather than judicial restraint, which is problematic.

## **Recent examples of judicial activism**

Judicial activism can be seen in:

- its recent judgment on ordering time limits to burst firecrackers on Diwali, which is a function of the legislature;
- its judgment on linking rivers, for which there is no parliamentary legislation; and
- in its unpredictable decisions in cases relating to freedom of speech and expression, such as the recent one in which a leader was asked in the bail order to apologise for sharing a meme, despite the guarantee in Article 19(1)(a) of the Constitution.

## **Types of jurisprudence**

- According to the positivist theory laid down by jurists such as Jeremy Bentham and John Austin in the 18th and 19th centuries, law is to be distinguished from morality and religion.
- In positivist jurisprudence, the centre of gravity of the legal system is statutory law, i.e., law made by the legislature. It holds that law making is not the job of the judges, but of the legislature. Hence, judges should be restrained and not activist in their approach.
- In view of the well-established principle of separation of powers of the three organs of the state, judges should not perform legislative or executive functions, and each organ of the state should remain within its own domain, in order to avoid chaos.
- On the other hand, sociological jurisprudence, as developed in Europe and the U.S. by jurists such as Rudolph Ritter and François Geny, shifts the centre of gravity of the legal system from statute to laws made by judges. It gives wide discretionary powers to judges to make laws.
- Sociological jurisprudence can be criticized in that the court can lay down anything as law according to its own subjective notions.

- Positivist jurisprudence places heavy reliance on the literal rule of construction, because departing from it would give a free handle to each judge to declare the law according to his own notions, and this would result in legal anarchy. For example,
- Article 124, which prescribes how Supreme Court judges are to be appointed, does not talk of any collegium system. Yet, it is the collegium which decides the appointment of judges, despite the founding fathers of the Constitution not envisaging the same anywhere.

#### **Instances of sociological jurisprudence by the Supreme Court**

- The Second Judges Case (1993) and Third Judges Case (1998), which created the collegium system of appointment of judges, were not based on any provision in the Constitution.
- Despite the unanimous will of Parliament in favour of the National Judicial Appointments Commission (NJAC), the Supreme Court declared the NJAC Act to be unconstitutional on the grounds that it would affect the judiciary's independence.
- In recent times, the Supreme Court has increasingly adopted the sociological school of jurisprudence in an aggressive manner.

#### **Is sociological jurisprudence justified?**

- In a parliamentary democracy, the buck ultimately stops with the citizens, who are represented by Members of Parliament.
- The Supreme Court was never envisaged to perform the role of an unelected, third legislative chamber. Yet it is performing this role not in exceptional circumstances, but in its everyday functioning.
- Of all the three organs of the state, it is only the judiciary that can define the limits of all the three organs. This great power must therefore be exercised with humility and self-restraint.
- The usage of sociological jurisprudence can be justified in very rare circumstances, such as in the Supreme Court's decision to strike down Section 377 of the Indian Penal Code.

#### **Conclusion**

The Supreme Court should limit its usage of the sociological school of jurisprudence to only the most exceptional situations, and employ the positivist school as far as possible.

# Managing the Great Power Flux

Category: GS 2 (International Relations)

## Introduction

There is an unfolding movement in the world's two most important strategic relationships.

### The two relationships

- The first is between the world's leading economic powers — the United States and China — that contribute nearly 40 per cent of global GDP.
- The second is between the world's top military powers— the US and Russia.

### The US—China fight

- Trump raised tariffs on \$200 billion worth of Chinese exports. Trump has also threatened to impose new tariffs on all imports from China, worth \$540 billion in 2018.
- For the US, the problem is no longer just about a massive trade deficit with China. There is a growing sense in Washington that the threat from Beijing is “systemic” and America must respond appropriately.
- Washington is accusing China of stealing intellectual property from the US.
- It is lobbying friends and allies against letting Huawei develop the 5G telecom networks.
- Washington is pushing back against China's assertive policies in the South China Sea and renewing a measure of strategic support to Taiwan.

### What lies ahead in US-China-Russia relationship?

- The deep economic interdependence between the US and China, puts a limit on the conflict between Washington and Beijing.
- The congealed anti-Russian mood in Washington and Moscow's anti-Western truculence together prevent even a minimal understanding between the two powers. Any Russian deal — small or big — will meet fierce political resistance in Washington.

### **Impact on India**

- Whichever way the great power dynamic moves, there will be consequences — some bad and others good — for India.
- Whether Trump cuts a deal or escalates the economic war with China, Delhi can't continue with its trade policy lassitude.
- On the other hand, the rejigging of the political relations between America, China and Russia might present Delhi with fleeting strategic opportunities that need to be seized quickly.

### **Way forward for India**

- As great power relations enter a period of flux, the first task of the next government in Delhi will be to cope with the volatility in the relations between America, China and Russia.
- A couple of summit meetings in June — the Shanghai Cooperation Organisation in Bishkek Kyrgyzstan and the G-20 in Osaka, Japan — offer an early opportunity for the Indian leadership to assess, first hand, the nature of the new great power dynamic.

# Lies and Loopholes

**Category: GS 2 (Polity)**

**Theme of the article**

Non-disclosure of information and filing of falsities in election affidavits can't be treated equally.

**Why has this issue cropped up?**

On April 15, 2019, a Public Interest Litigation (PIL) was filed in the Supreme Court against Prime Minister Narendra Modi for filing a false affidavit. Recently, Union minister Smriti Irani was accused of falsifying her educational records in her affidavit.

**The concern**

- Despite the upsurge in the number of complaints of false affidavits, we are yet to see any strict action taken in this regard.
- Hence, it is important to look into the law governing false affidavits under the Representation of People's Act, 1951 ("RPA") and examine its effectiveness in curbing this malpractice.

**The RPA**

- Section 33 of the RPA mandates all candidates contesting national/state assembly elections to furnish an affidavit comprising basic information such as their assets, liabilities, educational qualifications and criminal antecedents (if any).
- Failure to furnish information or filing false information in the affidavit is a penal offence under Section 125A of the RPA which prescribes a penalty of maximum six months or fine or both.
- However, unlike conviction for offences like bribery, conviction under Section 125A does not result in disqualification of candidate.
- Another relevant provision is Section 8A which disqualifies any candidate found guilty of corrupt practice from contesting the election.
- Section 123 of the RPA defines "Corrupt Practices" to include "bribery", "undue influence", appealing to vote or not on grounds of caste, religion etc.
- What is baffling is that non-disclosure of information has been interpreted as a corrupt practice amounting to disqualification under section 8A, but, the courts'

silent stance in the treatment of filing false information has led to the understanding that filing false information does not amount to corrupt practice. This means that candidates who do not disclose certain information can be disqualified, but those who file false information can only be punished for maximum six months.

### **Cases before the Supreme Court**

- In *Krishnamoorthy v. Sivakumar & Ors* (2015), the court ruled that the voter's right to know the candidate who represents him in Parliament is an integral part of his freedom of speech and expression, guaranteed under the Constitution. Suppressing information about any criminal antecedents creates an impediment to the free exercise of the right to freedom of speech and expression. Therefore, non-disclosure amounts to an undue influence and corrupt practice under Section 123(2) of RPA.
- A similar question came up before the SC in *Lok Prahari v. Union of India & Ors* (2018), wherein the court followed the *Krishnamoorthy* judgment. It held that non-disclosure of information relating to source of income and assets by candidates and their associates, is a corrupt practice.
- Thus, furnishing false information which misguides and violates the voters' right to know their representative is a corrupt practice under the RPA.

### **Failure of the Supreme Court**

- A petition was filed in the SC in 2018, seeking directions from the court to declare the filing of false affidavits a corrupt practice, and to direct the legislature towards implementing the recommendations of the 244th Law Commission Report.
- While the SC agreed in principle that filing a false affidavit for elections is a corrupt practice, it expressed its inability to direct a relevant legislation.
- It failed to realise that the mere absence of a separate clause declaring the filing of false information as a corrupt practice, does not stop the court from interpreting "undue influence" to include filing of false information.
- The court should have relied on its earlier judgments in *Lok Prahari* and *Krishnamoorthy* to rule that similar to non-disclosure of information, false affidavits will also constitute "undue influence" as they also try to misguide people.
- Thus, the SC missed a golden opportunity to prevent the abuse of process and cure a gross error — of treating non-disclosure and filing false information differently.

### **Way forward**

- The lack of legal clarity relating to false affidavits has led to multiple candidates, including prominent leaders, getting away by filing false information in their election affidavits. It is high time the SC clarifies that filing false affidavits (similar to non-disclosure of certain information) constitutes “undue influence”, which is a “corrupt practice”
- Further, to add clarity and discourage false affidavits, the legislature must incorporate threefold changes suggested by the Law Commission in the RPA.
  - First, increase the punishment under Section 125-A to a minimum of two years;
  - second, conviction under this provision should be a ground for disqualification of candidates under Section 8(1) of the RPA; and,
  - third, falsification of affidavits by candidates must also be separately included in section 123 of the RPA as a corrupt practice.

### **Conclusion**

Changes are needed to ensure that the voter’s right to information remains paramount, and the candidate’s constitutional right to contest is subservient to it.

# Give and Take

**Category: GS 2 (International Relations)**

## **Theme of the article**

US concern on trade imbalance with India is misplaced — it is hardly the result of deliberate policy.

## **Why has this issue cropped up?**

Recently, US accused India of following policies leading to “trade imbalances” and “significant market access barriers” for American businesses.

## **Basis of US’ allegations**

The argument given by US was the fact that while the US was India’s biggest market, accounting for a fifth of its total exports, India was only the 13th largest market for US exports.

## **Is argument given by US justified?**

- Trade imbalances in today’s world are rarely a result of deliberate policy. Rather, they have more to do comparative advantage, wherein every country produces goods and services that it can supply relatively cheaper and imports those that are better left to others to deliver at a lower cost. The beneficiary is the consumer.
- The bulk of India’s exports to the US — textiles and apparel, gems and jewelry, IT services, generic drugs, marine products or even steel, organic chemicals and refined petroleum products — comprise things where India definitely enjoys a comparative advance.
- The US, on the other hand, mainly exports aircraft, medical devices, patented drugs, telecom equipment and other high-tech goods plus assorted high-value agri-commodities such as dry fruits and apples to India.
- Moreover, it is an exporter of capital, which takes the form of foreign direct as well as portfolio investments by American companies. They, in turn, remit dividends, interest, royalty and other income from their operations in India.
- Simply put, there is nothing immoral or unnatural about rich countries running merchandise trade deficits with the likes of China and India. They may well offset that with surpluses in goods and services embodying proprietary technology and brand value.

## **US concerns that India need to address**

- There is no justification in import duties of 50-60 per cent on motorcycles and cars. The Indian auto industry certainly does not require so much protection today.
- Equally silly are the restrictions on foreign e-commerce players — their being allowed to operate only as “marketplaces” and not as “retailers”. The losers from this aren’t just Indian consumers, but also the many employed in warehouses, delivery stations and logistics networks established by Amazon or Flipkart.

### **Conclusion**

Trade is ultimately about give and take. Some ‘give’ on the part of India is unavoidable.

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# Protecting Forest Fringes

**Category: GS 3 (Environment)**

**Theme of the article**

How city-forest cooperation can be facilitated.

**Why has this issue cropped up?**

India is among the fastest urbanizing major countries and forest-rich nations of the world.

**The urban expansion and its impact on the environment**

- The current trend of fast-paced, spatial urban expansion is increasing the proximity between forests and the cities.
- In the next 10 years, this situation is likely to pose a severe sustainability challenge.
- In major cities such as Gurugram, Mumbai, Hyderabad, Jaipur and Bengaluru, forests have already faced the brunt of encroachments, roads and highways, local extinction of wildlife, contamination of water bodies, and disturbances originating from the urban neighbourhoods.
- Across India, many more critical wildlife habitats and biodiversity areas are going to face a direct impact from cities in the near term.

**Are we doing enough to tackle with the urbanization challenge?**

- Neither the ongoing urban programmes such as 'Smart Cities', nor the draft of the new Forest Policy, 2018, look ready to tackle this challenge.
- Urban planners and city administrators have ignored the fact that forests are natural shock-absorbers that provide green relief to our grey cities, shield them from the effects of climate change, and aid in urban issues such as air pollution, scarcity of drinking water, flood control and 'heat islands'.
- Prioritizing forest-city proximity will put the onus on cities to incorporate nature in their design.

**Way forward**

- Recently notified eco-sensitive zones (ESZ) around protected areas hold the key.
- Urbanization close to forests often means that dense neighborhoods expand up to the fringe of the forest. In the absence of physical buffers and hard fences, therefore, these forests will have to be soft-fenced from unscrupulous development.

- To create a working ground for soft-fencing, urban masterplans must recognize land use at forest fringes, according to ESZ guidelines.
- In addition, cities should secure wildlife corridors and 'green belts' that connect urban forests with a wider natural landscape.
- Most importantly, urban residents need to create social fences by strongly advocating for forests in their cities.

### **Conclusion**

The urban citizenry today aspires for a green, pollution-free and serene living environment. Integrating forests with urban planning and governance provides an opportunity to shape cities that not only cater to citizens, but also have the citizens actively involved in shaping the city's future.

# Why an Industrial Policy is Crucial

**Category: GS 3 (Economy)**

## **Theme of the article**

No major country has managed to reduce poverty or sustain economic growth without a robust manufacturing sector.

## **Why has this issue cropped up?**

The contribution of manufacturing to GDP in 2017 was only about 16%, a stagnation since the economic reforms began in 1991.

## **Comparison with other economies**

The contrast with the major Asian economies is significant. For example, Malaysia roughly tripled its share of manufacturing in GDP to 24%, while Thailand's share increased from 13% to 33% (1960-2014).

## **History of Indian manufacturing**

In India manufacturing has never been the leading sector in the economy other than during the Second and Third Plan periods.

## **Core to growth**

- No major country managed to reduce poverty or sustain growth without manufacturing driving economic growth.
- This is because productivity levels in industry (and manufacturing) are much higher than in either agriculture or services.
- Manufacturing is an engine of economic growth because it offers economies of scale, embodies technological progress and generates forward and backward linkages that create positive spillover effects in the economy.

## **International scenario**

- In the U.S. and Europe, after the 2008 crisis, the erstwhile proponents of neo-liberal policies started strategic government efforts to revive their industrial sectors, defying in principle their own prescriptions for free markets and trade.
- The European Union has identified sector-specific initiatives to promote motor vehicles, transport equipment industries, energy supply industries, chemicals and agro-food industries.

- The United Nations Conference on Trade and Development or UNCTAD finds that over 100 countries have, within the last decade, articulated industrial policies.

### **The case of India**

India still has no manufacturing policy. Why have an industrial policy in India now?

- First, there is the need to coordinate complementary investments when there are significant economies of scale and capital market imperfections (for example, as envisaged in a Visakhapatnam-Chennai Industrial Corridor).
- Second, industrial policies are needed to address learning externalities such as subsidies for industrial training (on which we have done poorly).
- Third, the state can play the role of organiser of domestic firms into cartels in their negotiations with foreign firms or governments — a role particularly relevant in the 21st century after the big business revolution of the 1990s (with mega-mergers and acquisitions among transnational corporations).
- Fourth, the role of industrial policy is not only to prevent coordination failures (i.e. ensure complementary investments) but also avoid competing investments in a capital-scarce environment.
- Fifth, an industrial policy can ensure that the industrial capacity installed is as close to the minimum efficient scale as possible. Choosing too small a scale of capacity can mean a 30-50% reduction in production capacity.
- Sixth, when structural change is needed, industrial policy can facilitate that process. In a fast-changing market, losing firms will block structural changes that are socially beneficial but make their own assets worthless.
- Finally, manufacturing will create jobs; its share in total employment fell from 12.8% to 11.5% over 2012 to 2016.

### **Conclusion**

Unfortunately, the potential role of industrial policy has been consistently downplayed in developing countries outside of East Asia ever since the early 1980s after the growing dominance of the orthodox paradigm with well-known consequences in much of India, Latin America and also sub-Saharan Africa.

# The Case for Informal Regional Diplomacy

Category: GS 2 (International Relations)

## Theme of the article

Routine meetings between leaders will liberate the Subcontinent from formalism of summits.

### Informal diplomacy: India

- Five years ago, in 2014, PM Modi surprised the region and the world with his invite and spent the first day in office talking to the visiting leaders from the neighbourhood, including the eight South Asian countries as well as Mauritius.
- If it is repeated in 2019, it would make it a custom and an integral part of Delhi's political renewal every five years.
- The purpose of having an open-house for leaders from the neighbourhood at the launch of a new government in Delhi is about informal diplomacy — of establishing or renewing personal contact, building mutual trust and generating the political will for resolving the multitude of problems that exist between neighbours.
- Beyond the formal visits, Modi found opportunities to drop by in the neighbourhood — to pray at the Pashupatinath temple in Kathmandu during 2014 and visiting Nawaz Sharif at his home outside Lahore on the occasion of his birthday at the end of 2015

### Informal diplomacy: Other nations

- Others in our neighbourhood too seem to like the idea. When he was sworn in as president of Maldives last November, Ibrahim Mohamed Solih invited the Indian PM to be present.
- Earlier in August 2018, when Imran Khan was taking charge as Pakistan's Prime Minister, he toyed with the idea of emulating Modi by inviting foreign leaders for his swearing in ceremony. But the proposal did not fly and Imran limited himself to inviting friends from India.
- There is also the tradition of South Asian leaders making unofficial visits to temples and dargahs in India.

### Overcoming limitations of SAARC

- If PM Modi used the invitation in 2014 to signal his commitment to South Asian regionalism, he was also quick to see the limitations of SAARC at the Kathmandu summit in 2014 because Pakistan chose to pull out at the last stage.
- Since then Delhi has emphasised other multilateral mechanisms — including sub-regional cooperation between Bangladesh, Bhutan, India and Nepal and trans-regional cooperation in the east — the littoral of the Bay of Bengal including Burma and Thailand.
- PM Modi also revived the bilateral engagement with countries like Sri Lanka.

#### **Way forward**

- The Subcontinent can do with more of this kind of engagement — leaders seeing each other on short notice for informal consultations or just watch a cricket match or join a social or spiritual occasion.
- Informal diplomacy in South Asia will make it easier for India to sustain high-level engagement with the neighbourhood, given the increasingly crowded formal diplomatic calendar of the PM.
- There is already speculation on the prospects of a meeting between Modi and Imran on the margins of the SCO summit in Central Asia next month. Is it not much simpler to meet Imran in Delhi next week rather than Bishkek, Kyrgyzstan at the end of June?
- If meetings with Pakistan's leadership become routine and informal, Delhi will be able to prevent each encounter seem like a gladiatorial contest that must address all issues and produce joint statements, every word of which is analysed to death.
- While Pakistan is a special case, informal high level diplomacy could also help liberate the region from the stuffy and unproductive formalism of the SAARC.

#### **Conclusion**

Rather than pray for the success of SAARC, the new government in Delhi should double down on informal diplomacy that could help pave the way for more purposeful regional cooperation — both bilateral and multilateral.

# It's about Social Justice, Not Welfare

**Category: GS 2 (Social issues)**

## **Theme of the article**

Reservation must be based on a rigorous identification of economic backwardness.

## **Why has this issue cropped up?**

The introduction of the 124th constitutional amendment that provides the possibility of quotas for the “economically weaker sections” (EWS) has rekindled the debate on reservations.

## **Basic structure issue**

- Quotas for EWS diverge from reservation policies for the Scheduled Castes, Scheduled Tribes and other socially and educationally backward classes, by jettisoning caste or community identity as the basis of identifying beneficiary groups
- Parliament's power to amend the Constitution is limited by the basic structure doctrine, according to which no law can violate the Constitution's essential features.
- In order to meet the established constitutional parameters, the conceptualisation and implementation of EWS reservations must satisfy the principle of equality and the constitutional mandate of social justice that are basic features of the Constitution.

## **Indra Sawhney case**

- Before the Supreme Court approved caste as the basis of defining “socially and educationally backward classes” or OBCs in 1992, caste reservations beyond SCs and STs had attracted controversy.
- In the Indra Sawhney case, the Court held that reservations were designed, among other things, to provide a share in power and representation to the classes, which were historically excluded from such avenues.
- The key to the acceptance of a caste-based interpretation of the OBC category was the Court's endorsement of the Mandal Commission's argument that a low caste status represented a form of marginalisation that was so entrenched and trans-generational that it could not be dismantled by either being blind to it, or only through welfare measures.
- The Court's observation that reservations are not poverty alleviation programmes should be interpreted in this light.

## **Aim of reservations**

- Reservations are particularly ineffective for distributing economic benefits but more meaningful in distributing opportunities, as a matter of representation, among the marginalised classes which do not have an adequate share in governance.
- Thus, reservation policies must be based on empirically-sound and rigorously-applied criteria of backwardness.

#### **Problem with EWS reservation**

- The implementation of the EWS category must thus involve a rigorous empirical process of identifying the criteria of economic backwardness. It cannot be just about relative poverty or poverty plain and simple but must indicate compelling forms of trans-generational poverty that demand measures beyond welfare policies.
- Only this conceptualisation and procedure will be able to justify the requirements of equality and social justice. The present models adopted by the Centre and state governments violate these standards.
- The government has not constituted any commission to conduct a rigorous empirical analysis and instead has chosen income and asset criteria by fiat. They also run into practical and conceptual problems such as regarding income criteria as it is unworkable owing to the difficulty in assessing personal incomes in India and the fact that only a fraction of the population pays income tax.

#### **Way forward**

- Defining EWS properly is needed. A commission is required to evolve appropriate criteria and methodologies.
- Some possibilities are relatively easy to start with such as:
  - Parental education has a strong impact on higher education participation, much higher than even caste or community affiliation.
  - Other economic criteria can supplement parental education status to prepare a composite index of EWS. These could include households headed by females, applicants who belong to rural areas, individuals or households located in notified slums, whose primary income source is manual labour, and who are migrants from poorer states.
  - The index can also contain disqualifications for the creamy layer — ones that exclude households which own a specified portion of land or own living quarters of specified size in cities and towns, an automobile, or have at least one family member with a group A or B job with the Central or state government.

#### **Conclusion**

The EWS reservations could add a desirable dimension to India's reservation scheme. But this would depend on whether the policy is implemented scrupulously in line with the fundamental constitutional precepts.

# Gulf Crisis, India's Stakes

**Category: GS 2 (International Relations)**

## **Theme of the article**

By destabilising regions that supply oil and gas, US is keeping Rising Asia off-balance.

## **Introduction**

The geography, politics, security and stability of West Asia over the past century have always been about oil. From the First World War till the Second Gulf War, it was about Western powers securing access to oil.

## **The recent shift**

Over the past decade, with the US becoming self-reliant on the energy front, the focus of US policy has shifted to retaining control over the sources of supply, and not just ensuring its supply.

## **Oil supply disruption and Asian economy**

- While the trans-Atlantic nations, especially the US, no longer depend on Gulf oil, Asian economies, including China, Japan, South Korea and India, depend critically on Gulf oil.
- India's dependence on imported oil has risen sharply over the past decade, and now exceeds 90 per cent of its domestic consumption.
- Due to destabilising of regions of the world that supply oil and gas, the US is throwing sand into the engine of Asian economic growth, keeping Rising Asia off-balance.
- US hostility towards Venezuela and Iran is having the effect of imposing constraints on the supply side at a time the market for oil was shifting from being a sellers' market into becoming a buyers' market.
- Decline in oil consumption and the increased use of renewables had begun to ease demand pressures, but geopolitics has intervened to once again destabilise the market. The countries most hurt are India, China and several developing countries.
- Having reinforced US influence within the Arab Sunni world, the US has been seeking to secure control of the Shia Islamic world — including Iraq, Syria and Iran. Saudi Arabia, the United Arab Emirates, Iraq, Iran and Kuwait are the major oil exporting nations that increasingly sell their oil to Asian economies, including China, India, Japan, Korea and the ASEAN economies.

- Regime change in Venezuela is also impacting the supply of oil.

### **What lies ahead for India?**

- Many countries may appreciate Trump's trade policy action against China because they have all been saddled with a persistent imbalance in their trade with China.
- However, bringing energy into play will not be acceptable to most economies, especially those like India that are now excessively dependent on imported Gulf oil.
- Nor, indeed, can India afford to support any policy of containment against China that would also end up hurting India.
- Be it hydrocarbons or nuclear, any denial of access to new sources of energy or any increase in the cost of energy can only hurt India's growth prospects as much as it would hurt China.
- India could suffer collateral damage as a consequence of US policy of the geo-economic containment of China.
- Indian diplomacy will, therefore, have to ensure that economic actions being taken by the US aimed at hurting China do not end up hurting India also. Hence, India has a stake in ensuring peace and stability in the Persian Gulf.
- Sure, India can diversify its sourcing of oil and reduce its dependence on Iranian oil, as it has done before, but the problem of rising cost will remain. The destabilisation of the Persian Gulf will impact prices even before it impacts supply.
- If US is insensitive to India's concerns, India will have to seriously rethink its foreign policy options since sustaining high economic growth with low inflation is a fundamental developmental priority and a key strategic objective.

### **Conclusion**

Turmoil in Persian Gulf will hurt India's economy. Delhi must rethink policy options if US ignores its concerns.

# The Salt Example

**Category: GS 2 (Health)**

**Theme of the article**

Anaemia is a public health emergency that needs to be addressed immediately

## **Introduction**

India has been able to dramatically reduce the number of people living in extreme poverty from 306 million people living on less than \$1.90 a day in 2011 to 48 million today. However, it is puzzling as to why the country has been unable to show a similar dynamism in its record against malnutrition.

## **Malnourishment despite govt. efforts**

Despite major government interventions — including providing highly subsidised foodgrains to the poorest 67 per cent of the population under the National Food Security Act (NFSA), a free Mid-day Meal Scheme (MDM) that targets around 100 million students in government schools and a supplementary nutrition programme through the ICDS network — the country is home to the largest number of malnourished children in the world.

## **The anaemia problem**

- Though anaemia among children has declined, it affects every second child in the country.
- There has been no perceptible decline in anaemia among 15 to 49-year old women; it affects around 60 per cent of them.
- Poverty, gender disparity, poor sanitation, low health and nutrition service coverage and poor nutritional intake — particularly an iron-deficient diet — continue to impede our fight against anaemia.
- The daily consumption of iron rich dark green leafy vegetables has reduced from 64 per cent to 48 per cent of the population in the last decade.
- It is argued that the NFSA's focus on wheat and rice has forced millets — traditional source for iron and minerals — out of the market.
- The government's iron supplementation programme to overcome IDA has led to only 30 per cent of pregnant women consuming iron and folic acid tablets.

### **Strategies to deal with the anaemia problem**

- Food fortification is a largely-ignored, yet critical, strategy which has proved an effective, affordable, scalable and sustainable intervention in many countries. This simple idea of fortifying meals has the potential to reach every segment of the population.
- .Comprehensive regulations and standards have been framed by the FSSAI on fortification of food.
- The Women and Child Development and Human Resource Development ministries have issued advisories to the states to mandatorily use fortified wheat flour and edible oil in ICDS and MDM.
- Rice is the staple for 65 per cent of the Indian population, most of whom are located in high malnutrition burden states. Supply of fortified rice through a network of fair price shops is a cost-effective intervention to address anaemia across all sections of the population.
- The Department of Food and Public Distribution, facilitated by the NITI Aayog, has recently launched a centrally-sponsored scheme on rice fortification in PDS. The programme is designed to cover 15 districts, initially.
- A successful pan-India scale up of fortification will depend on many factors — the political will of state governments, flexibility to allow states to adapt the fortification model to their procurement and distribution systems and capacity building of different stakeholders.
- The FSSAI's role, its enforcement machinery and the quality control labs needs to be strengthened.
- Lastly and most crucially, sustainability of fortification depends on the regular consumption of fortified food by the consumers and thus a comprehensive state specific strategy should be developed to generate awareness among the consumers.

### **Conclusion**

Fortifying staples with essential nutrients holds the key in fight against anaemia.

# The key Agenda Must be to Accelerate Growth

**Category: GS 3 (Economy)**

## **Theme of the article**

Only a fast-growing economy can generate surpluses needed to create jobs and sustain social safety nets.

## **Why has this issue cropped up?**

Growth is slowing down. The growth rate in 2016-17 was 8.2%; in 2018-19 it was 7%.

## **Why growth is important**

It is only a fast growing economy that will generate the surpluses which are necessary to address many of our socio-economic problems and to provide social safety nets.

## **Investment rate needs to rise**

- For faster growth, what is critically needed is a higher investment rate.
- In current prices, the ratio of Gross Fixed Capital Formation to Gross Domestic Product has stayed low at 28.5% between 2015-16 and 2017-18. In 2018-19 it is estimated at 28.9%. In 2007-08, it was as high as 35.8%.
- For sustained growth, the ratio has to go up, and that too substantially.

## **How to revive investment**

- The bulk of public investment comes from public sector enterprises, including the Railways. What is needed is for the government to interact with all public sector units and prepare a programme of public investment for 2019-20. A strong public investment programme can be a catalyst of private investment.
- There have to be sector- or industry-wise discussions between the government and industrialists to understand the bottlenecks that each industry faces in making investment and take actions to remove them.
- Banks are under stress and the ratio of non-performing assets (NPAs) has risen. We need to resolve this issue as early as possible so that banks can get back to lending at a significant pace.
- There are mechanisms such as resolution councils or committees which can help to resolve the NPA problem without the bank management coming under scrutiny of investigative agencies.
- Over the medium term we should consider reviving the setting up of separate long-term financial institutions, partly funded by government.

### **Job and growth**

- There has been great concern about the inability of the economy to generate adequate employment.
- The answer to the problem of jobs is only growth. It is faster growth and faster investment which will generate employment. Of course the pattern of growth also counts.
- An improvement in the financial system may trigger some new jobs.
- It is generally argued that growth will happen only if there is an adequate increase in demand. While this is true in relation to some sectors, there are many sectors including infrastructure where new investment will spur growth.

### **Way forward**

- Agrarian distress, which is the cause of slowdown in demand, needs to be tackled on a priority.
- Where distress is due to a fall in prices, the best course of action is to resort to limited procurement so that the excess over normal is procured by the government.
- Making available inputs such as seeds and fertilizers at an affordable cost must be the major task particularly of State governments.
- More attention must be paid to increasing agricultural productivity through consolidation of land holdings and spreading better techniques of cultivation.
- The introduction of the Goods and Services Tax is a major step. But glitches still remain in its implementation. The government should get tax authorities, industrialists, traders and, particularly, exporters to sort out the issues together.
- The Insolvency and Bankruptcy Code was another significant step taken in the last few years. Even here there are some bottlenecks and the government must address them.
- Land reforms which enable entrepreneurs to buy land speedily have been suggested. Compulsory acquisition of land is the antithesis of competition and should be resorted to only in limited cases where public interest is involved.
- Labour reforms should wait until the economy has picked up steam and moved to a higher growth path.
- Monetary policy should keep a watch on prices as there is no easy way to forecast the behaviour of crude oil prices or the monsoon.
- Minimum income support should be implemented. The government should move in the direction of removing some of the subsidies and schemes which are similar in

nature to minimum income, consolidate them, add to them what is fiscally feasible and provide the funds directly to the poor.

- 'Poor' must be defined and properly identified.

### **Conclusion**

Investment today is based on expectations of future earnings. Thus it is an act of faith in the future. For this to happen, there must be social and political tranquillity.

CHROME IAS

# The Quest for a Military Footprint

Category: GS 2 (International Relations)

## Theme of the article

As Beijing races ahead in quest for a military footprint, Delhi has some catching up to do.

## Introduction

Unlike in the past, when India operated as a lone ranger in the Indian Ocean, Delhi is now making its armed forces interoperable with its friends and partners.

## India's response to China's growing foreign military bases

India's response so far has developed along three axes.

- One is to counter potential threats from China's military bases in its immediate neighbourhood.
- Second, to strengthen military partnerships with its friends and partners to balance China.
- The third is to emulate Beijing's quest for foreign military presence.

## Competition for foreign military bases

- That China and India compete for foreign military bases is not merely an extension of their very familiar rivalry but a definitive moment in their overall political evolution as modern states.
- Few nations have been so vehement in their opposition to foreign military bases. Few nations, now, appear under as much compulsion as China and India to seek them.
- While Beijing is racing ahead in the search for foreign military presence, Delhi has some catching up to do.
- Nations began to see the question of foreign military bases not through the lens of ideology but of security interests.
- India, which vigorously objected to US military alliances in Asia and Pakistan's participation in them, eventually built an alliance-like relationship with the Soviet Union. The objective was to balance the US and Chinese alliances with Pakistan.
- Today, China is already a great power and India is rising, slowly but certainly.
- As China's economic interests begin to span the entire globe, it was inevitable that Beijing would try and secure them eventually through its own military means. That is what all great powers do.

- China, recently, established its first military base in Djibouti in 2017. There will be more.
- Pakistan has the precedent of hosting foreign military bases. Pakistan is undoubtedly China's closest political and military partner. While there is no formal "base", the integration of Pakistan into China's military strategy and operations has steadily advanced.

#### **Why India should have military bases**

- The logic of Delhi's quest for foreign military bases is very similar to that of China.
- India's growing and globalised economy is now close to \$3 trillion and Delhi's political ambition is to raise it to \$5 trillion in the next five years.
- Delhi's security imperatives are no longer limited to its borders and it needs to secure its widely dispersed interests with forward military presence in the Indo-Pacific.

#### **What India is doing in this direction?**

- Unlike in the past, when India operated as a lone ranger in the Indian Ocean, Delhi is now making its armed forces interoperable with its friends and partners.
- After prolonged reluctance, India has signed agreements with the US and France for mutual peacetime use of military bases. It is a matter of time before it signs such agreements with other powers like Japan and Australia.
- In the third leg of India's strategy, Delhi is seeking access to military facilities in a number of countries.

# Why the Integrity of Data Matter

**Category: GS 3 (Economy)**

## **Theme of the article**

The merger of the NSSO into the Central Statistics Office is a cause for concern.

## **Why has this cropped up?**

The government has decided to merge the National Sample Survey Office (NSSO) into and under the Central Statistics Office (CSO).

## **Reason for the merger**

Recent attempts to question the veracity of National Sample Survey (NSS) data and the way the issue has been handled have given rise to apprehensions within academia, State governments and the media about the prospect of radical changes in the present system for deciding substantive issues of scope, design, scrutiny and validation of the surveys.

## **The present system**

- Under the present system, every year various departments of government send a list of subjects that they would like to be investigated by the NSSO.
- The requests are sent to the National Statistical Commission (NSC), which has respected economists, subject matter specialists and statisticians from government.
- The proposals are discussed at length keeping in view the budget allocations, availability of trained field staff and supervisors. In doing so, the conduct of periodic surveys on important issues is also considered.
- After providing for periodic repeat surveys of some important aspects, the subjects to be covered in a particular year and the scope of the inquiry are decided.
- Once the field work is over, the groups decide the detailed tabulation programme, and the tables to be prepared for publication. The tabulated results are discussed in detail by the NSC and are published after its approval.

## **Importance of data**

They have been used extensively for monitoring of trends and critical assessment of several important aspects of the economy and society, such as poverty and inequality, consumption patterns, employment, household savings and investment, and health-seeking behaviour.

## **Is apprehension about NSSO justified?**

- The NSSO surveys command wide respect among academics, State governments and non-governmental organisations as the most reliable and comparable basis for discussions in the public, policy and even political arenas. This is based on their well-earned reputation for professionalism, independence and integrity.
- Widespread apprehensions that the proposed absorption of NSSO into the CSO could compromise the surveys by subjecting their review and publication to government approval must therefore be allayed promptly in an unqualified manner.
- The existing institutional arrangement in which the NSC, as a professional body independent of government, has not only functioned smoothly but also commands confidence and respect both within the country and abroad must be maintained.
- Any attempt or even a suggestion that its substantive work, publication and free dissemination of data are subject to the department's approval will hugely dent the credibility of the Indian statistical system.

#### **The problems with NSSO**

- The NSSO doesn't have adequate budgetary allocations;
- there is an acute shortage of trained field staff;
- the scale of surveys is un-manageably large mainly.

#### **Solutions**

- The solutions call for action by the institutions responsible for gathering data by investing in continuing research on improving sampling design, field survey methods and validation of data. Correcting these deficiencies is entirely in the domain of government.
- But there are also serious difficulties inherent in trying to get reliable and complete information through the interview method. Most respondents do not maintain any records or accounts of their transactions.
- Since most respondents rely on recall, it is unrealistic to expect them to provide reliable information on the scope and detail sought by questionnaires.
- Memory lapses and respondent fatigue lead to high incidence of non-response, indifferent response and biased response. These problems are particularly serious among the more affluent and better-educated sections of respondents.

#### **Conclusion**

Increasing the role of CSO officials in running the NSSO will not solve these problems, but they can help by providing funds for specialised research on survey design and methodology. The necessity and importance of such research calls for far greater attention and resources than they receive at present.

# The Second Coming

**Category: GS 2 (International)**

## **Theme of the article**

The invitation list for the swearing-in signals the Modi government's foreign policy focus.

### **Why has this issue cropped up?**

Prime Minister Narendra Modi has decided to invite leaders of the other six BIMSTEC countries to the swearing-in ceremony of his Council of Ministers.

### **What does this invitation indicate?**

It sends out several messages on new government's foreign policy focus.

- The invitation to Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand is a continuation of the "neighbourhood first" policy.
- By not inviting leaders of Afghanistan, Pakistan and the Maldives on this occasion, the government is underlining that its regional preferences have shifted from the SAARC grouping to BIMSTEC, given the logjam at SAARC because of India-Pakistan tensions.
- Thailand is not just a member of BIMSTEC but also holds the chair of ASEAN this year, and an invitation is as much about India's "Act East" initiative and outreach to East Asia.
- Finally, the separate invitation to the Shanghai Cooperation Organisation chairperson indicates India's commitment to the Central Asian grouping led by China and Russia.
- The other separate invitation to Prime Minister of Mauritius, who visited India in January this year as chief guest at the Pravasi Bharatiya conference, is an affirmation of the close affinity between the two countries.

### **BIMSTEC and SCO**

- India's engagement with both BIMSTEC and the SCO, which India joined as an observer in 2005, is at a promising but incipient stage.
- After its formation in 1997, BIMSTEC made very little progress and didn't even have a fully working secretariat until recently.
- Its deliberations on subregional connectivity have been delayed owing to concerns in Bhutan, while Nepal and Thailand sent only observers to the military exercises last

year due to other misgivings. Even so, India sees BIMSTEC as a possible alternative to SAARC, which has failed to meet for five years.

- The SCO, which inducted India and Pakistan as full members last year, is yet to demonstrate its utility for India, but is seen as a possible balancer at a time when the U.S. is taking a more aggressive position on trade, sanctions against Iran, Venezuela and Russia, all of which are sources of concern for India.

### **Conclusion**

The attendance at PM Modi's swearing-in ceremony and the bilateral meetings that will follow may represent little by way of actual outcomes. Rather, it is a statement of intent on new avenues of India's multilateral engagements.

CHROME IAS

# Capital Buffers

Category: GS 3 (Economy)

## Theme of the article

The RBI's draft norms for non-banking financial companies are timely.

### Why has this issue cropped up?

Non-banking financial companies, already reeling under a painful liquidity crisis, are up against a fresh challenge in the form of new regulatory norms set by the Reserve Bank of India. The central bank has released draft norms on liquidity risk management for deposit taking and non-deposit taking NBFCs.

### The proposed norms

- According to these proposed rules, NBFCs would have to comply with a higher liquidity coverage ratio (LCR), which is the proportion of assets that an NBFC needs to hold in the form of high-quality liquid assets that can be quickly and easily converted into cash.
- NBFCs would have to maintain their LCR at 60% of net cash outflows initially, and improve it to 100% by April 2024.

### Why new norms for NBFCs?

- The strict norms have to be seen in the context of the present crisis where even prominent NBFCs are struggling to meet their obligations to various lenders.
- NBFCs, which are in the business of borrowing short term to lend long term, typically run the risk of being unable to pay back their borrowers on time due to a mismatch in the duration of their assets and liabilities.

### Impact of these rules on NBFCs

- The new norms would likely put significant pressure on the margins of NBFCs.
- NBFCs may be forced to park a significant share of their money in low-risk liquid assets, such as government bonds, which yield much lower returns than high-risk illiquid assets.
- While the profit outlook and other short-term financial metrics of NBFCs may be affected by the norms, there are good reasons to be optimistic about their long-term impact on the health of NBFCs and the wider financial sector.
- This is particularly so in instances where panic sets in among short-term lenders, as happened last year when lenders, worried about the safety of their capital,

demanded to be paid back in full. In other words, NBFCs rely heavily on short-term lenders rolling over their loans without fail in order to avoid any kind of liquidity crisis.

- The new norms would discourage NBFCs from borrowing over short term to extend long-term loans without the necessary buffer capital in place.
- This could compel NBFCs to shrink the scope of their lending from what it is today, but it would save them from larger crises and significantly reduce the need for the government or the RBI to step in as the lender of last resort.

### **Conclusion**

NBFCs have done a tremendous job in recent years in widening and deepening access to credit by taking a share from the public sector banks, which have been severely affected by the bad loans crisis. However, the latest liquidity norms for NBFCs are still necessary to ward off systemic crises.

# Bills of Rights for the Vulnerable

**Category: GS 2 (Social sector)**

## **Introduction**

Towards the end of the previous government's tenure, a number of controversial bills were introduced in Parliament. With the dissolution of Parliament, these bills lapsed.

## **The problematic social bills**

- In the social sphere, the government introduced the Transgender Bill, the Surrogacy Bill, and the Trafficking Bill.
- In each of the cases, the draft legislation was introduced with the aim of addressing an existing lacuna in the legal landscape.
- However, when it came to the content of these bills, consultation with impacted communities was effectively eschewed, and the result was a set of drafts that, far from protecting rights, actively harmed them.
- For example, the Transgender Bill did away with the fundamental and non-negotiable principle of the right to self-determination of gender identity.
- Similarly, the Surrogacy Bill excluded LGBT individuals from its ambit, imposed discriminatory age restrictions upon men and women, and by entirely outlawing "commercial" surrogacy opened up space for underground and unreported exploitation of women.
- The Trafficking Bill criminalised begging without providing any manner of effective alternatives and failed to distinguish between non-consensual trafficking and consensual sex work. It thus opened the door to criminalising livelihoods on the basis of what was effectively a set of narrow, moral objections.

## **Common factors between these bills**

- First, each of them dealt with intimate subjects such as individuals' decisions of what to do with their body, personal dignity and autonomy, and gender identity.
- Second, they concerned the rights of some of the most vulnerable and marginalised members of our society.
- Third, they were drafted without adequately consulting with, or listening to, the members of the communities who were impacted.
- Fourth, instead of guaranteeing and securing the rights of these communities to be free from state interference, they extended the state's control and domination.

- And last, they were met by extensive and widespread protests from the communities themselves.

### **What lies ahead?**

- While the government is, of course, entitled to frame its own policies, and draft and implement legislation to enact those policies, there are certain constraints upon how it should go about that task.
- At the minimum, the voices of those who will be directly impacted by the policy should be listened to and engaged with in good faith, and basic constitutional principles and values ought to be respected.
- .It is to be hoped that these lacunae and shortcomings are remedied by the continuing government in power. Apart from the courts, however, this would need a sustained public movement around these issues, which can make its voice heard in the halls of power.