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GS 2 : Polity, Governance, International Relations

1. Members of Parliament Local Area Development Scheme (MPLADS)

Virtually, 50% of funds allotted for ongoing MPLADS projects have lapsed.

What is the MPLAD scheme?

- The Members of Parliament Local Area Development Scheme (MPLADS) is a program first launched during the Narasimha Rao Government in 1993.
- It was aimed towards providing funds for developmental works recommended by individual MPs.

Funds available

- The MPs then were entitled to recommend works to the tune of Rs 1 crore annually between 1994-95 and 1997-98, after which the annual entitlement was enhanced to Rs 2 crore.
- The UPA government in 2011-12 raised the annual entitlement to Rs 5 crore per MP.

Implementation

- To implement their plans in an area, MPs have to recommend them to the District Authority of the respective Nodal District.
- The District Authorities then identify Implementing Agencies that execute the projects.
- The respective District Authority is supposed to oversee the implementation and has to submit monthly reports, audit reports, and work completion reports to the Nodal District Authority.
- The MPLADS funds can be merged with other schemes such as MGNREGA and Khelo India.

Guidelines for MPLADS implementation

- The document 'Guidelines on MPLADS' was published by the Ministry of Statistics and Programme Implementation in June 2016 in this regard.

- It stated the objective of the scheme to enable MPs to recommend works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs in their Constituencies.
- Right from the inception of the Scheme, durable assets of national priorities viz. drinking water, primary education, public health, sanitation, and roads, etc. should be created.
- It recommended MPs to works costing at least 15 percent of their entitlement for the year for areas inhabited by Scheduled Caste population and 7.5 percent for areas inhabited by ST population.
- It lays down a number of development works including construction of railway halt stations, providing financial assistance to recognized bodies, cooperative societies, installing CCTV cameras etc.

2. CJI recuses himself from Andhra-Telangana Case

The Chief Justice of India (CJI) N V Ramana (who hails from AP) recused himself from hearing Andhra Pradesh's plea after it said "no" to the Supreme Court's suggestion to go for mediation over a dispute with Telangana over the Krishna River dispute.

What is the Recusal of Judges?

- Recusal is the removal of oneself as a judge or policymaker in a particular matter, especially because of a conflict of interest.
- Recusal usually takes place when a judge has a conflict of interest or has a prior association with the parties in the case.
- For example, if the case pertains to a company in which the judge holds stakes, the apprehension would seem reasonable.
- Similarly, if the judge has, in the past, appeared for one of the parties involved in a case, the call for recusal may seem right.
- A recusal inevitably leads to delay. The case goes back to the Chief Justice, who has to constitute a fresh Bench.

Rules on Recusals

- There are no written rules on the recusal of judges from hearing cases listed before them in constitutional courts.
- It is left to the discretion of a judge.

- The reasons for recusal are not disclosed in an order of the court. Some judges orally convey to the lawyers involved in the case their reasons for recusal, many do not. Some explain the reasons in their order.
- The decision rests on the conscience of the judge. At times, parties involved raise apprehensions about a possible conflict of interest.

Issues with recusal

- Recusal is also regarded as the abdication of duty. Maintaining institutional civilities is distinct from the fiercely independent role of the judge as an adjudicator.
- In his separate opinion in the NJAC judgment in 2015, Justice Kurian Joseph highlighted the need for judges to give reasons for recusal as a measure to build transparency.
- It is the constitutional duty, as reflected in one's oath, to be transparent and accountable, and hence, a judge is required to indicate reasons for his recusal from a particular case.

3. Stubble Burning

Why in News

Recently, some experts advised that the government should speed up implementation of **alternatives to stubble burning**.

- The centre, facing criticism from **farmers protesting against the farm laws**, had committed to **removing a clause in the Air Commission Bill, 2021** that would penalise farmers for burning stubble, an important contributor to noxious air quality.

Key Points

- **About:**
 - Stubble (parali) burning is the **act of setting fire to crop residue** to remove them from the field to sow the next crop.
 - In order to plant the next winter crop (Rabi crop), farmers in **Haryana and Punjab** have to move in a very short interval and if they are late, due to short winters these days, they might face considerable losses. Therefore, **burning is the cheapest and fastest way to get rid of the stubble**.
 - If parali is left in the field, **pests like termites may attack the upcoming crop**.

- The precarious **economic condition of farmers doesn't allow them to use expensive mechanised methods** to remove stubble.
 - **It begins around October and peaks in November**, coinciding with the withdrawal of **southwest monsoon**.
- **Major Causes:**
 - **Technology:**
 - The problem arises due to the **use of mechanised harvesting** which leaves several inches of stubble in the fields.
 - Earlier, this excess crop was used by farmers for cooking, as hay to keep their animals warm or even as extra insulation for homes.
 - But, now the stubble use for such purposes has become outdated.
 - **Adverse Impact of Laws:**
 - Implementation of the **Punjab Preservation of Subsoil Water Act (2009)** made the time period of stubble burning coincident with the onset of winter in Northern India.
 - **Late transplanting of paddy** during Kharif season to prevent water loss as directed by PPSW Act (2009) had left farmers with little time between harvesting and preparing the field for the next crop and hence farmers are resorting to the burning of stubble.
 - **High Silica Content:**
 - Rice straw is **considered useless as fodder** in the case of non-basmati rice, because of its high silica content.
- **Effects of Stubble Burning:**
 - **Pollution:**
 - Open stubble burning emits large amounts of toxic pollutants in the atmosphere which contain harmful gases like **methane (CH₄)**, **Carbon Monoxide (CO)**, **Volatile organic compound (VOC)** and **carcinogenic polycyclic aromatic hydrocarbons**.
 - After the release in the atmosphere, these pollutants disperse in the surroundings, may undergo a physical and chemical transformation and eventually **adversely affect human health by causing a thick blanket of smog**.
 - **Soil Fertility:**
 - Burning husk on the ground **destroys the nutrients in the soil**, making it less fertile.
 - **Heat Penetration:**
 - Heat generated by stubble burning penetrates into the soil, leading to the **loss of moisture and useful microbes**.
- **Alternatives to Stubble Burning:**
 - **In-Situ Treatment of Stubble-** For example crop residue management by zero-tiller machine and Use of bio-decomposers.

- **Ex-Situ (off site) Treatment-** For example use of rice straw as cattle fodder.
- **Use of Technology-** For example Turbo Happy Seeder (THS) machine, which can uproot the stubble and also sow seeds in the area cleared. The stubble can then be used as mulch for the field.
- **Changing Cropping Pattern-** It is the deeper and more fundamental solution.

Way Forward

- Imposing a **fine is not going to work in our socio-economic conditions** for curbing stubble burning. We need to **focus on alternative solutions**.
- Although the government is distributing but **everyone is not getting the machines for in-situ management**. The government should ensure their availability to everyone.
- Similarly, in ex-situ management, some companies have started collecting stubble for their use, **but more effort on this front is needed**.
- **Small and marginal farmers, especially, need support for adoption of in-situ strategies**, to mulch the straw into the soil and not burn it. **Penalty without access to solutions does not work.**

GS 3 : Economy, Science and Technology, Environment

4. Air Quality Commission Bill, 2021

The Lok Sabha has passed the Bill to formalize the Commission for Air Quality Management For National Capital Region and Adjoining Areas.

Highlights of the AQC Bill

- The AQC would be a 'permanent' body to address pollution in the National Capital Region Delhi and address sources of pollution in Delhi, Punjab, Rajasthan, Haryana and Uttar Pradesh.
- The all-powerful body assumed several powers to coordinate action among States, levy fines — ranging up to ₹1 crore or five years of prison — to address air pollution.

Key features

- **Over-riding powers:** While the Central Pollution Control Board (CPCB) and its state branches have the powers to implement provisions of the Environment Protection Act for air, water and land pollution.
- In case of dispute or a clash of jurisdictions, the AQC's writ would prevail specific to matters concerning air pollution.
- **Chair:** The body has a full-time chairperson and a range of members consisting of both representatives from several Ministries as well as independent experts and will have the final say on evolving policy and issuing directions.
- **Curb on stubble burning:** the Commission may impose and collect environment compensation causing pollution by stubble burning.
- **No penalties to farmers:** The Centre, facing flak earlier this year from farmers protesting the farm laws, had committed to removing a clause in the Air Commission Bill that would penalize farmers for burning stubble, an important contributor to noxious air quality.

5. Need to deal with the flaws in the existing structure of GST

Context

After four years, the promise of the Goods and Services Tax (GST) remains substantially unrealised.

Why tax base of GST is not expanding

- The GST is strongly co-related to overall GDP.
- Revenue collection of the GST is dependent on the nominal growth rate of Gross Value Added (GVA) in the economy.
- Since inception, GVA per quarter has been between ₹40-lakh crore to ₹47-lakh crore and GST revenue has not been higher than ₹2.7-lakh crore to ₹3.1-lakh crore.
- The Tax to Gross value addition is only about 5% to 6.5% though GVA growth was much higher.
- **Issues:** A very large segment is covered by exemption, composition schemes, evasion and lower tax rate.

Five Issues with the GST structure

1) Dominance of the Centre

- The political architecture of GST is asymmetrically loaded in favour of the Centre.
- **No body to adjudicate:** There is no particular body is tasked to adjudicate if there is a dispute between States and between the Centre and the States.
- **Centre's domination:** In the voting, the central government has one-third vote and **States have two-thirds of total votes.**
- All states have equal voting rights regardless of size and stake.
- With the support of a dozen small States whose total GST collection is not more than 5% of the total central government can dominate the decision making process in GST Council.
- **Small states dictate the terms:** With equal value for each States' voting, larger and mid-sized States feel shortchanged.

2) Flaw in tax structure

- Nearly 45% to 50% of commodity value is **outside the purview of the GST**, such as petrol and petroleum products.
- **Certain states not getting revenue as origin state:** States which export or have inter-State transfers or mineral and fossil fuel extractions are not getting revenue as the origin States and need a compensation mechanism.
- The pre-existing threshold level of VAT has been tweaked too often which has led to an evaporation of tax base incentivising, enabling evasion and mis-reporting.
- Most trading and retail establishments, (however small) are **out of the fold of the GST.**
- At the retail level, irrespective of whether Input Tax Credit (ITC) is required or not, the burden can be passed off to the consumer.
- As a result, the **loss could be as high as one third.**

3) Exemptions

- **Exemptions from registration and taxation** of the GST have further eroded the GST tax base compared to the tax base of the pre-existing VAT.
- **Ground for evasion:** Exemptions are purely distortionary and also provide a good chance to remain under the radar, thereby directly increasing evasion or misclassification.
- Theoretically, exemptions at the final stages reduce tax realisation.
- **Multiple rates:** As **multiple rates** are charged at different stages, it goes against the lessons of GST history.

- This tax works well with a **single uniform tax rate for all commodities** and services at all stages, inputs and outputs alike.
- While most countries have a single rate, India stands out and is among the five countries to have four rates/slabs.

4) Exclusion

- **Against the interest of States:** Petroleum products remaining outside the purview of GST has helped the **Centre to increase cesses and decrease central excise**, in what would otherwise have been shareable with the States.
- Now, **States will be keen on including petrol and diesel under the GST** as their share of tax goes up in the process, even if there is a special rate fixed for it.
- Equity requires that petrol and diesel be brought under the GST.
- **Cascading of taxes:** Apart from the complexity it creates in record keeping and 'granting ITC', in the present form **it also leads to a cascading** which the GST avowedly tried to avoid.

5) Lack of compliance

- Compliance with GST return (GSTR-1) filing stipulation and the resultant tax information is not up to date.
- **Fraudulent claims of Input Tax Credit (ITC)** because of a lack of timely reconciliation are quite high though it has come down by two thirds.
- **Tax evasion**, estimated by a National Institute of Public Finance and Policy's paper, is at least 5% in minor States and plus 3% in the major States.

Conclusion

Policy gaps along with compliance gaps do need to be addressed. Without proper tax information, infrastructure and base, the States would go in for selective tax enforcement. In the long run, voluntary compliance will suffer and equity in taxation will be violated.

6. Indigenous Aircraft Carrier 1 (INS Vikrant)

The much-awaited sea trials of India's maiden indigenous aircraft carrier (IAC-1), built by the public sector Cochin Shipyard Ltd (CSL) have begun.

Indigenous Aircraft Carrier 1

- IAC is the first aircraft carrier designed and built in India.

- It has been designed by the Indian Navy's Directorate of Naval Design (DND), and is being built at Cochin Shipyard Limited (CSL), a public sector shipyard under the Ministry of Shipping.
- The IAC-1, the biggest warship made indigenously, has an overall length of 263 m and a breadth of 63 m.
- It is capable of carrying 30 assorted aircraft including combat jets and helicopters.
- Propelled by four gas turbines, it can attain a top speed of 30 knots (about 55 kmph).
- The vessel will have a complement of 1,500 personnel.

Significance of IAC 1

- An aircraft carrier is one of the most potent marine assets for a nation, which enhances a Navy's capability to travel far from its home shores to carry out air domination operations.
- Many experts consider having an aircraft carrier as essential to be considered a 'blue water' navy – one that has the capacity to project a nation's strength and power across the high seas.
- An aircraft carrier generally leads as the capital ship of a carrier strike/battle group.
- As the carrier is a valuable and sometimes vulnerable target, it is usually escorted in the group by destroyers, missile cruisers, frigates, submarines, and supply ships.

Why does it matter that this is a Made-in-India warship?

- Only five or six nations currently have the capability of manufacturing an aircraft carrier – India joins this elite club now.
- According to the Navy, over 76 per cent of the material and equipment on board IAC-1 is indigenous.
- India's earlier aircraft carriers were either built by the British or the Russians.
- The INS Vikramaditya, currently the Navy's only aircraft carrier that was commissioned in 2013, started out as the Soviet-Russian Admiral Gorshkov.
- The country's two earlier carriers, INS Vikrant and INS Viraat, were originally the British-built HMS Hercules and HMS Hermes before being commissioned into the Navy in 1961 and 1987 respectively.

Why will this warship be named INS Vikrant?

- INS Vikrant, a Majestic-class 19,500-tonne warship, was the name of India's much-loved first aircraft carrier, a source of immense national pride over several decades of service before it was decommissioned in 1997.

- India acquired the Vikrant from the United Kingdom in 1961, and the carrier played a stellar role in the 1971 war with Pakistan that led to the birth of Bangladesh.

Now that India has the capability, will it build more carriers?

- Since 2015, the Navy has been seeking approval to build a third aircraft carrier for the country, which, if approved, will become India's second Indigenous Aircraft Carrier (IAC-2).
- This proposed carrier, to be named INS Vishal, is intended to be a giant 65,000-tonne vessel, much bigger than IAC-1 and the INS Vikramaditya.
- The Navy has been trying to convince the government of the "operational necessity" of having a third carrier.

7. LS clears Air Quality Commission Bill for NCR

Context:

Lok Sabha has cleared the **Commission for Air Quality Management in National Capital Region and Adjoining Areas Bill, 2021**.

Details:

- An Ordinance establishing a similar Commission was promulgated in October 2020.
- It lapsed in March 2021 and was repromulgated in April 2021.
- The Bill repeals the 2021 Ordinance.

Key Provisions of the bill:

- The Bill provides for the constitution of a Commission for better **coordination, research, identification, and resolution of problems related to air quality in the National Capital Region (NCR) and adjoining areas**.
 - Adjoining areas have been defined as areas in **Haryana, Punjab, Rajasthan, and Uttar Pradesh**, adjoining the National Capital Territory of Delhi and NCR.
- The Bill **dissolves the Environment Pollution Prevention and Control Authority** established in the NCR in 1998.
- Composition:
 - The Commission will consist of: (i) a Chairperson, (ii) an officer of the rank of a Joint Secretary as the member-secretary and Chief

- Coordinating Officer, (iii) a serving or former Joint Secretary from the central government, (iii) three independent technical members with expertise in air pollution, and (iv) three members from non-government organisations.
- The Chairperson and members of the Commission will have a tenure of **three years or till the age of seventy years**, whichever is earlier.
 - The Commission will also include ex-officio members: (i) from the central government and concerned state governments, and (ii) technical members from CPCB, ISRO and NITI Aayog.
 - Functions of the Commission:
 - Coordinating actions by concerned state governments
 - Planning and executing plans to prevent and control air pollution in NCR,
 - Providing a framework for identifying air pollutants,
 - Conducting research and development through networking with technical institutions,
 - Training and creating a special workforce to deal with issues related to air pollution, and
 - Preparing action plans such as increasing plantation and addressing stubble burning.
 - Penalties:
 - Contravention of provisions of the Bill, or orders and directions of the Commission will be punishable with **imprisonment of up to five years, or fine of up to one crore rupees**, or both.
 - The Bill excludes farmers from the scope of these penalties. However, the Commission may collect an environmental compensation from farmers causing pollution by stubble burning. This compensation will be prescribed by the central government.

THE INDIAN EXPRESS

GS 2 : Polity, Governance, International Relations

1. Road to Zero Hunger Goal: SDG 2

Why in News

According to a recent report by the **United Nations**, the goal of achieving **Sustainable Development Goals (SDG) 2** i.e. '**Zero Hunger**' has been hit in the wake of the novel **coronavirus disease (Covid-19) pandemic**.

- The **zero hunger goal works in tandem** with many others: Poverty elimination (SDG1), good health and well-being (SDG3), and the need for clean drinking water (SDG6).

Key Points

- **Relation with other SDGs:**
 - **SDG 2 and SDG 1:**
 - Food security **does not only rely on food availability**, but also on food access.
 - If **food security and poverty** can be seen as **part of the same battle**, reduction of poverty should not only be sought through lower food prices but also through higher income.
 - **SDG 2 and SDG 3:**
 - **Nutrition is key to good health**, so the relation between **SDG 2 and SDG 3** is also synergetic.
 - **Environmental health** through a more sustainable agriculture also establishes a link between SDG2 and SDG 3.
 - **Agricultural activities** substantially contribute to **global pollution**: Biomass burning causes air pollution and land clearing contributes to fuel combustion emissions.
 - **Agriculture ammonia emissions** also impact human health. They are behind **several hundred thousand premature deaths** per year globally.
 - **Other SDGs**: Similarly, education (SDG4), gender equality (SDG5), decent work and economic growth (SDG8), reduction of inequality (SDG10), sustainable cities and communities (SDG11), peace, justice and strong institutions (SDG16), and partnership for the goals (SDG17) also **influence consumption patterns and healthy diet choice**.
 - **Gender inequality** makes **several women food insecure**: Female workers are a substantial share of the agricultural workforce, but face difficulties in accessing land, livestock, education, extension and financial services.
 - Decent work and economic growth (SDG8) and reduction of inequality (SDG10) **can also support better nutrition** by going beyond SDG1 and bringing economic resources.
- **Challenges:**
 - One of the most widely studied **adverse environmental impacts** of the food system is its contribution to **climate change**.
 - The **food system** contributes **34% of the anthropogenic greenhouse gas** emissions.
 - **Overconsumption of water resources** is another critical challenge faced by agriculture.

- **Irrigation represents about 70% of global water withdrawals**, and this demand is expected to continue to increase in the coming decades.
- **Excess use of nitrogen (N) and phosphorus (P)** is harmful for terrestrial and marine ecosystems.
 - Excess of N causes acidification of soils and freshwater; Nitrous oxide (N₂O) causes climate-warming emissions and stratospheric ozone depletion.
- **Suggestions:**
 - Facilitating new investment, research and innovation for sustainable agriculture.
 - Reducing food waste and losses.
 - Changing our consumption patterns to leverage considerable benefits on SDG outcomes by relieving pressure on natural resources and fostering the health benefits.

India's Initiatives for Making Food Systems Sustainable

- Achievements of India's **Green Revolution** and learnings there from.
- **Cropping patterns are being changed** as per agro ecological zones defined for the country.
- **Alternate farming** including organic and natural farming
- **Enhancing water use efficiency** in agriculture.
- Integrated farming systems.
- **National Initiative on Climate Resilient Agriculture**

2. Fast Track Special Courts

The Union Cabinet has approved the continuation of 1023 Fast Track Special Court (FTSCs) including 389 exclusive POCSO Courts for two more years.

Fast Track Special Courts

- Fast Track Special Courts are dedicated courts expected to ensure swift dispensation of justice.
- They have a better clearance rate as compared to the regular courts and hold speedy trials.
- Besides providing quick justice to the hapless victims, it strengthens the deterrence framework for sexual offenders.
- Central Share is to be funded from Nirbhaya Fund. The Scheme was launched on 02.10.2019.

- To bring more stringent provisions and expeditious trial and disposal of such cases, the Central Government enacted “The Criminal Law (Amendment) Act, 2018”.
- It made provision of stringent punishment including the death penalty for perpetrators of rape.
- This led to the establishment of the Fast Track Special Courts (FTSCs).

Benefits offered by fast track courts

- Further the commitment of the Nation to champion the cause of safety and security of women and girl child.
- Reduce the number of pending cases of Rape & POCSO Act.
- Provide speedy access to justice to the victims of sexual crimes and act as a deterrent for sexual offenders.
- Fastracking of these cases will declog the judicial system of the burden of case pendency.

3. In J and K, new hope

Context

Two years ago, India bid farewell to Articles 370 and 35 (A), marking the start of a new era in the politics of Jammu and Kashmir.

Assessing the impact of changes on five parameters

1) National unity

- Articles 370 and 35 (A) created an unnatural and unhealthy divide in our nation.
- For every law passed, every rule made, we had to ascertain whether it applied to J&K or not.
- Today, such distinctions are history, **J&K has been fully integrated** with the other states and Union Territories.

2) Democracy at the grass-root level

- A healthy culture of grassroots-level participation was absent.
- **Panchayat polls held:** One of the critical deliverables for J&K was to hold **panchayat polls**, which were finally held in 2020.
- This one step will go a long way in shaping the development paradigm in Jammu and Kashmir.

- Political activity has also picked up across Jammu and Kashmir.
- The Centre's emphasis on a proper **delimitation** followed by full-fledged elections is in line with the commitments made to the people of Jammu and Kashmir.

3) Peace

- The third parameter is that of peace.
- The memories of 2008, 2010 and 2016 are still fresh in the minds of the people of Jammu and Kashmir.
- An effort was made to reignite such sparks of tension after the decisions on Article 370 and 35 (A) but the Valley as well as Jammu have remained peaceful.

4) People's aspirations

- Jammu and Kashmir did not have RTI laws and its SC, ST and OBC communities were not able to get the benefits of reservation
- The fact that the most marginalised groups can now get reservation benefits is a major **leap forward in fulfilling the aspirations of the people of J&K.**

5) Economic growth

- The Valley is today abuzz with news of action against corruption in key departments and financial bodies in the state.
- Money being sent for public good was being misused by vested interest groups.
- The economic upliftment in the Valley began with the Prime Minister's Package of 2015.
- This set the stage for extensive spending on physical and social infrastructure.
- With the going of 370 and 35 (A) there is great hope **that tourism will pick up in the Valley.**
- Incentives given to different sectors of the economy – be it saffron farmers or those who fish trout – combined with a largely peaceful environment is empowering many lives.
- With corruption and leakages drastically reduced, resources are reaching the intended beneficiaries.

Conclusion

The situation in Jammu and Kashmir was never easy. As we enter the Amrut Mahotsav, it is for us to see the new realities in J&K. The people of the state have got the wings to fly and, in the years to come, J&K will make even greater contributions to India's growth and development.

GS 3 : Economy, Science and Technology, Environment

4. Swinhoe's Softshell Turtle

Why in News

In recent years, **a lot of efforts** have been put by the conservationists to save the **world's most endangered turtle**, Swinhoe's softshell turtle from the brink of extinction.

- The animal is also known as the **Hoan Kiem turtle or Yangtze giant softshell turtle**.
- In **Vietnam**, these animals have **great cultural significance** as people in Hanoi revere this creature as a **living god**.

Key Points

- **Scientific Name:** Rafetus swinhoei
 - These turtles are **gray with light gray or yellow spots**.
- **Significance:**
 - Some researchers have highlighted their **importance to the seafloor biosystem**, where they contribute by enriching soil nutrients and facilitating seed dispersion.
- **Habitat:**
 - The natural habitat for these turtles are **wetlands and large lakes**.
 - Native to **China and Vietnam**.
- **Protection Status:**
 - **IUCN Red List:** Critically Endangered
 - **CITES:** Appendix II
- **Threats:**
 - They have been driven to the brink by hunting for its meat and eggs, as well as by destruction of its habitat.

5. New Framework for Payment Systems Operators

Why in News

Recently, the **Reserve Bank of India (RBI)** has issued a framework for **payment and settlement related activities by payment system operators**.

- This framework is issued under provisions of **Payment and Settlement Systems Act, 2007**.
 - The **Payment and Settlement Systems Act, 2007** provides for the **regulation and supervision of payment systems in India and designates the RBI** as the authority for that purpose and all related matters.

Payment System

- A **payment system** is a system used to **settle financial transactions** through the transfer of monetary value and consist of the various mechanisms that facilitate the transfer of funds from one party (the payer) to another (the payee).
- A payment system includes the **participants (institutions) and the users** (customers/clients), the rules and regulations that guide its operation and the standards and technologies on which the system operates
- The **Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)**, a sub-committee of the **Central Board of the RBI** is the **highest policy making body** on payment systems in India.

Payment System Operators (PSOs)

- PSOs by virtue of services they **provide and the construct of models** on which they **operate, largely outsource their payment and settlement-related activities** to various other entities.
- It is an **institution** which has been **granted an authorisation for the operation of a payment system**.

Key Points

- **New Framework:**
 - **Licensed non-bank Payment System Operators (PSOs)**, cannot outsource core management functions.
 - **Core management functions** include **risk management and internal audit, compliance and decision-making functions** such as determining compliance with KYC norms.

- It will be **applicable to all service providers, whether located in India or abroad.**
- **Objective:**
 - To **put in place minimum standards** to manage risks in outsourcing of payment and settlement-related activities including tasks such as onboarding customers and IT-based services.
- **Need:**
 - **There is a potential area of operational risk associated** with outsourcing by payment system operators and participants of authorised payments systems.
 - **India's tech ecosystem** has seen **several high-profile cyber attacks** such as those at **Juspay, Upstox and Mobikwik** over the last year targeting customers' payments data.
- **Related Previous Initiative:**
 - Earlier, the **RBI** has put in place **restrictions with respect to investments in payments system operators (PSOs)** by new entities from jurisdictions that have **weak measures to deal with money laundering and terrorist financing activities.**

Way Forward

- **Since, India is the second-fastest digital** adapter among 17 of the most-digital economies globally, and rapid digitisation does **require forward-looking measures to boost cybersecurity.**
- It is **important for the corporates or the respective government departments to find the gaps in their organisations** and address those gaps and create a layered security system, wherein security threat intelligence sharing is happening between different layers.

6. PSUs Exempted from Minimum Public Shareholding

Why in News

The Ministry of Finance **has amended the Securities Contracts (Regulation) Rules, 1957** to exempt listed public sector companies from the minimum public shareholding norm.

Key Points

- **The Amendment:**
 - **About:**

- The government can now exempt any listed public sector enterprise from the Minimum Public Shareholding (MPS) norm, which mandates at least 25% public float for all listed entities.
- **Rationale to the New Amendment:**
 - The framework for the MPS has been revised to **make it easier for large companies to launch IPOs** (Initial Public Offers).
 - The move comes as the **government prepares for the IPO of Life Insurance Corp (LIC) of India**, likely to be the biggest listing ever.
- **Concerns:**
 - **Can Affect Liquidity in PSU Stocks:**
 - Investors, especially foreign ones, are wary of investing in such stocks due to absence of liquidity – because of high promoter holding.
 - **Can Impact Foreign Investment:**
 - Maintenance of minimum public float by listed companies helps attract higher foreign capital and increases India's weight in international indices like MSCI (Morgan Stanley Capital International) and FTSE (Financial Times Stock Exchange).
 - Government firms not adhering to these norms could be a drag on inflow of foreign capital.
 - **Can Impact Strategic Disinvestment Program:**
 - This can be detrimental at a time the government is planning **Strategic Sales** in various PSUs including BPCL, Shipping Corporation, and Air India.
 - Low free float is one of the reasons why PSU stocks command low valuation in the market.
 - **Non-Uniform Governance Standards:**
 - Various government expert committees have in their reports argued all listed entities, government or private, should be treated at par on governance standards.
- **Minimum Public Shareholding (MPS):**
 - **About:**
 - The MPS (also called free float) rule **requires all listed companies in India to ensure that at least 25% of their equity shares are held by non-promoters, i.e. public.**
 - Public shareholders **could be individual or financial institutions** and they normally **buy shares through public offer or secondary markets.**

- In order to **bring more transparency** in the working of listed companies, the concept of minimum public shareholding was introduced.
 - In **2010, SEBI amended the Securities Contracts Regulation Rules** to insist on this 25% public float for private sector companies.
- The **average promoter holding in India is among the highest globally**.
 - In the 2019-20 Budget, the government had proposed to increase the minimum public float from 25% to 35%.
- **Compliance Status:**
 - While the timeline for achieving 25% MPS for listed companies was 2013, the timeline for public sector companies i.e. PSUs and public sector banks (PSBs), were extended multiple times closer to the deadline due to lack of efforts from such companies towards compliance.
 - The previous such extension granted them time till 2nd August, 2021 for compliance.
 - With the latest amendment, the Central government has empowered itself to exempt selected public sector companies from the 25% MPS norm.
- **Significance:**
 - Adequate free float in a listed company is **essential for providing sufficient liquidity in trading stocks** thereby facilitating efficient price discovery and maintaining market integrity.
 - Public float ensures that there is **lesser price manipulation in the stock**.
 - Forcing promoters to relax their grip on listed companies **can improve corporate governance** by giving public shareholders and institutions greater say in corporate actions.
 - There are very few investment opportunities in the stock market and so forcing promoters to sell shares would **improve the supply of shares**.

SEBI

- SEBI is a **statutory body** established in April, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
- The basic functions of the Securities and Exchange Board of India is to protect the interests of investors in securities and to promote and regulate the securities market.

Listed Companies

- "Listed" is a term that describes a company that is included and on a given stock exchange (such as NSE, BSE) so that its stock can be traded.

Central Public Sector Enterprises

- Central Public Sector Enterprises (CPSEs) are those companies in which the **direct holding of the Central Government or other CPSEs is 51% or more**
- As on 31st March 2019, there were 348 CPSEs (excluding insurance companies). Of these, 86 enterprises were yet to commence commercial operations and 13 CPSEs are under closure/liquidation. Remaining 249 were operating enterprises (including 180 scheduled CPSEs).

Promoter

- The meaning of 'promoter' and 'promoter group' is **defined in Companies Act, 2013 and SEBI (ICDR) Regulations, 2018.**
- Generally, a promoter conceives an idea for setting-up a particular business at a given place and performs various formalities required for starting a company.

Primary Market and Secondary Market

- The primary market is where securities are created, while the secondary market is where those securities are traded by investors.
- In the primary market, companies sell new stocks and bonds to the public for the first time, such as with an initial public offering (IPO).
- The secondary market is basically the stock market and refers to the New York Stock Exchange, the Nasdaq, and other exchanges worldwide.

Stock Liquidity

- Liquidity generally refers to **how easily or quickly a security can be bought or sold in a secondary market.** Liquid investments can be sold readily and without paying a hefty fee to get money when it is needed.

7. Inequitable Food System

Why in News

According to a **United Nations' report on the Food System**, today's **food systems are heavily afflicted by power imbalances and inequality**, and do not work for most women.

- Women are affected disproportionately by the factors such as **Climate Change, Covid-19, Discrimination, Less land rights, migration** etc.
- The Report has **come ahead of the Food Systems Summit in September 2021**.

Key Points

- **Food Systems:**
 - **Food systems** are a complex web of activities involving production, processing, handling, preparation, storage, distribution, marketing, access, purchase, consumption, food loss and waste, as well as the outputs of these activities, including social, economic and environmental outcomes.
- **Findings from the Report:**
 - **Climate Change:**
 - Women farmers are disproportionately more affected by climate change and land degradation.
 - While women are more likely than men to notice the climate change impacts on agricultural productivity, livestock problems and water availability, they are less likely than men to receive key information on climate and agricultural information that would allow them to plan for climate concerns.
 - **Malnutrition:**
 - They face high levels of obesity and are more susceptible to chronic disease.
 - Indigenous women play a crucial role in eradicating hunger and malnutrition. But limitations in the recognition and exercise of rights have hampered access to equitable systems of food.
 - **Migration:**
 - Migration among youths over the course of urban transition have had impacts on the gendered nature of economic roles.
 - Such migration has entailed a **growing gap between the location of food production and food consumption**.
 - This may have been followed by a change in lifestyle, including dietary habits.
 - **Covid-19:**

- A 2020 UN report had hinted how epidemics can significantly reduce women's economic and livelihood activities, increasing poverty rates and exacerbating food insecurity.
- **Food Insecurity:**
 - **Rural women were among the worst affected** among the food insecure population of 821 million (as of 2017).
 - As many as 31 African countries depended on external food aid till 2019.
- **Discrimination:**
 - Rural women accounting for nearly half the agricultural workforce in developing countries, face discrimination. They have very little land rights, face difficulties obtaining ownership, do not have access to credit and are engaged in unpaid work.
 - This lack of agency reflects in their dietary patterns: They eat least, last and least well. Women farmers who control resources generally have better-quality diets.
- **Suggestions:**
 - **Independent Women Groups are Needed:**
 - **Dimitra Clubs in the rural regions of sub-Saharan Africa** have been drivers of women's leadership for over a decade. These groups comprise women and men who shed light on the gender inequalities in households and communities.
 - The UN has called for more such independent, social systems at the national as well as the regional level to strengthen institutional architecture and make decision-making processes related to food systems more inclusive.
 - **Ensure Access to Fundamental Services:**
 - It urged the systems **to adopt policies that eliminate barriers in access to fundamental services**, ensuring, for example, the right to food, shelter and health.
 - The report **cited the example of German dual training system**, an institutional infrastructure that creates a path to jobs and better livelihoods. It integrates school-based learning with work-based practice by providing theoretical training for aspiring farmers as well as short-term courses on specific skills.
 - **Making Governments and Businesses Accountable:**
 - The UN stressed that **inequitable systems** and structures that enable and exacerbate inequalities for food systems workers and consumers **be dismantled** and **governments, businesses, and organizations be held accountable for ensuring equitable livelihoods**.

India's Initiatives for Equitable Food System

- **Class:** Small and marginal farmers FPO (Farmer producer Organisation), Cooperatives, cluster mode of working in most development programs .
- **Disadvantaged sections** (Agricultural labour and tribal population): Dedicated budget allocation for better inclusion in programs.
- **Gender budgeting**, incentives for ensuring greater participation, **mahila sashaktikaran pariyojana** (women empowerment scheme of M/oRD), National Gender Resource Center for agriculture.
- **Food and nutrition security: PDS, One Nation One Card, National Nutrition Mission**, focus on nutri cereals.

UN Food Systems Summit

- **About:**
 - It will be convened as part of the Decade of Action to achieve the **Sustainable Development Goals (SDGs)** by 2030.
 - The Summit will launch bold new actions to deliver progress on all 17 SDGs, each of which relies to some degree on healthier, more sustainable and equitable food systems.
 - The Food Systems Summit is organised around **five action tracks**.
- **Action Tracks:**
 - Safe and nutritious food.
 - Sustainable consumption patterns.
 - Nature-positive production.
 - Advance equitable livelihoods.
 - Resilience to vulnerabilities, shocks and stress.
- **India at UN Food Systems Summit:**
 - **India has volunteered, but not limited to, to the Action Track 4: Advance Equitable Livelihoods** for the UN Food System Summit 2021.
 - **Agriculture being a State subject**, implementation of specific initiatives by state governments will be crucial.

Prelims Practice Questions

1. With reference to the Crew Space Transportation-100 (CST-100), consider the following statements:

1. It is part of an uncrewed test flight to the International Space Station (ISS).
2. The mission is part of NASA's Commercial Crew Program.

Which of the statements given above is/are correct?

- A 1 only
B 2 only
C Both 1 and 2
D Neither 1 nor 2

Answer : C

Explanation

- Recently, the launch of **Boeing's uncrewed Starliner Orbital Flight Test-2 (OFT-2)** has been postponed once again.
 - The spacecraft, which is called the **Crew Space Transportation-100 (CST-100)**, is part of an uncrewed test flight to the International Space Station (ISS). **Hence, statement 1 is correct.**
- The mission is **part of NASA's Commercial Crew Program. Hence, statement 2 is correct.**
 - The CST-100 spacecraft has been designed to accommodate seven passengers or a mix of crew and cargo for missions to low-Earth orbit.
 - For NASA service missions to the ISS, it will carry up to four NASA-sponsored crew members and time-critical scientific research.
 - The Starliner is supposed to carry more than 400 pounds of NASA cargo and crew supplies.
 - The Starliner has an innovative, weldless structure and is reusable up to 10 times with a six-month turnaround time.

2. The 'Red Tide', recently in the news, refers to?

A Ocean Acidification

- B Harmful Algal Bloom
C Disruption of Water Cycle
D Rapid increase in Antimicrobial Resistance

Answer : B

Explanation

- **Harmful Algal Blooms**, or HABs, occur when **colonies of algae grow out of control** and produce toxic or harmful effects on people, fish, shellfish, marine mammals and birds.
 - While **many people call these blooms 'red tides,'** scientists prefer the term harmful algal bloom.
- One of the best known HABs in the US **occurs nearly every summer along Florida's Gulf Coast.**
 - This type of bloom is caused by a species of dinoflagellate known as **Karenia brevis.**
- On the other hand, blooms in freshwater lakes and reservoirs are most commonly caused by blue-green algae (also known as cyanobacteria).
 - Blue-green algae blooms have a direct relation to agricultural and urban runoff. Nutrient pollution encourages the growth of cyanobacteria.
- **Hence, option B is correct.**

3. Consider the following statements:

1. India shares its border with eight countries and Bangladesh shares the longest border with India.
2. India has fenced its borders more along the Indo-Bangladesh border than the Indo-Pakistan border.

Which of the statement(s) given above is/are correct?

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

Answer : b

Borders	Covered by fence in Kms
Indo-Pakistan	2041
Indo-Bangladesh	3141

4. Consider the following statements:

1. The scope of the pardoning power of the President is wider than the pardoning power of the Governor.
2. Both President and Governor have the power to grant pardon in the case of a death sentence.

Which of the statements given above is/are correct?

- A 1 only
- B 2 only
- C Both 1 and 2
- D Neither 1 nor 2

Answer ; A

Explanation

Difference Between Pardoning Powers of President and Governor:

- The scope of the pardoning power of the President under Article 72 is wider than the pardoning power of the Governor under Article 161 which differs in the following two ways:
 - The power of the President to grant pardon extends in cases where the punishment or sentence is by a Court Martial but Article 161 does not provide any such power to the Governor. **Hence, statement 1 is correct.**
 - The **President can grant pardon in all cases** where the sentence given is the sentence of death but the **pardoning power of the Governor does not extend to death sentence cases. Hence, statement 2 is not correct.**

5. Consider the following statements with respect to *Minervarya Pentali*

1. It is a newly discovered frog belongs to family of Semi-Aquatic frogs.
2. It is largest known *Minervarya* (genus) which is endemic to the Nagaland.

Which of the statement(s) given above is/are correct?

- a. 1 only
- b. 2 only

- c. Both 1 and 2
- d. Neither 1 nor 2

Answer : a

Minervarya Pentali

- The new frog species named Minervarya Pentali belongs to the family of Dicroglossidae.
- The family Dicroglossidae comprises 202 species of semiaquatic frogs distributed by the tropical and subtropical regions of Africa and Asia and Papua New Guinea.
- It was discovered from the Western Ghats biodiversity hotspot, extending along the southwest coast of the Indian Peninsula.
- This new species is endemic to the southern Western Ghats, it is also among the smallest known Minervarya (genus) frogs.

6. Which among the following are applications of Coir geo-textiles?

1. Rainwater Harvesting
2. Promoting quick vegetation
3. Improvement of sub-grade soil strength in road pavements
4. Stabilization of side slopes to check soil erosion
5. Construction of roads

Options:

- a. 1, 2, 3 and 4 only
- b. 2 only
- c. 2, 4 and 5 only
- d. 1, 2, 3, 4 and 5

Answer: d

Explanation:

All of the given options are applications of Coir geo-textiles.

Mains Practice Questions

1Q. Examine the Stoic's models of ethics in terms of its suitability for modern civil servants? (150 words)

Approach

- Briefly discuss the Stoics ethical models in Introduction.
- In body mention the ethical notions and cardinal virtues of Stoic.
- Inspect the suitability of the model properly in terms of their utility for modern-day civil servants.
- Conclude the answer suitably.

2Q. Act East Policy can only be successful if apprehensions of ASEAN nations are resolved. Discuss with the relevant examples. (150 words)

Approach

- Briefly discuss Act East Policy in introduction.
- Highlight ASEAN's apprehensions in the region.
- Highlight steps taken by India to overcome such apprehensions.