

[www.vishnuias.com](http://www.vishnuias.com)



# AUGUST

# 18.08.2021

# CURRENT AFFAIRS

A MAGAZINE FOR CIVIL SERVICES PREPARATION

JOIN OUR TELEGRAM: <https://t.me/vishnuiasmentor>

Articles of the day  
**THE HINDU & INDIAN EXPRESS**

**UPSC**

General Studies

Test Series

Online &  
Offline  
classes

One-Stop  
Solution

Free daily  
materials

## THE HINDU

### GS 2 : Polity, Governance, International Relations

#### 1. The script of the new endgame in Afghanistan

**Context:** The departure of Afghanistan President Ashraf Ghani and almost the entire top political leadership of Afghanistan to safer havens, as Taliban has quickly captured Afghanistan.

**US decision to withdraw** its forces irrespective of the situation within Afghanistan – without any consideration of the consequences – enabled the Taliban to take over.

#### Issues

- **The Taliban's duplicity** in projecting, at one level the image of a mature group during the Doha talks while at another, perpetuating violence of the most ferocious kind, is clearly evident as events unfold.
- **Present situation is worse than in 1990** when USSR withdrew from Afghanistan. During 1990s there was at least a leader who could mobilize people against Taliban rule. Today, there is collapse of organised resistance both at domestic and international level to Taliban takeover.
- **As the Afghan state implodes**, one can expect a wider cleaving between Pashtuns, Uzbeks, Tajiks, Hazaras and the myriad other clans that populate Afghanistan.
- **Radicalised Islamist terror** and the forces of 'doctrinaire theocracy' have become stronger. The collapse of the Afghan state will ignite many old threats (resurgence of Al-Qaeda & ISIS)
- US exit without any responsibility has **diminished the image of the U.S. in Asian eyes**. In light of this, U.S. claims to 'make America great again' sound extremely hollow
- In Afghanistan, the Taliban is intent on keeping absolute control and is counting on China, Russia, and Pakistan to do so. All of them are **more intent on keeping out the U.S., and in effect India**.

#### Situation not in favour of India

- India may be the outlier among Afghanistan's neighbours for a variety of reasons, including its warm relations with the Karzai and the Ghani regimes in the past two decades.

- For India, the virtual retreat of the U.S. from this part of Asia; the growing China-Russia-Pakistan nexus across the region; and an Iran under a hardliner like Ebrahim Raisi, all work to its disadvantage.

## Conclusion

If the 21st century was expected to become the century of progress, the situation in Afghanistan represents a severe setback to all such hopes and expectations. The aftershock of the takeover of Afghanistan by the Taliban can be expected to continue for long.

## 2. National Commission for Minorities

**In news** Recently, the Delhi High Court directed the Centre to nominate persons to all the vacant positions in the National Commission for Minorities (NCM) by 30th September, 2021.

- This is to ensure that the commission functions efficiently and the purpose of the commission as envisaged under the National Commission for Minorities Act (NCM), 1992 is also fully given effect to.

### What is the background of NCM?

- In 1978, setting up of the Minorities Commission (MC) was envisaged in the Ministry of Home Affairs Resolution.
- In 1984, the MC was detached from the Ministry of Home Affairs and placed under the newly created Ministry of Welfare.
- The MC became a statutory body and was renamed as the NCM in 1992, with the enactment of the NCM Act, 1992.
- In 1993, the first Statutory National Commission was set up and five religious communities viz. The Muslims, Christians, Sikhs, Buddhists and Zoroastrians (Parsis) were notified as minority communities.
- In 2014, Jains were also notified as a minority community.

### What is the composition of NCM?

- NCM consists of a Chairperson, a Vice-Chairperson and five members and all of them shall be from amongst the minority communities.
- Total of 7 persons to be nominated by the Central Government should be from amongst persons of eminence, ability and integrity.
- Tenure: Each Member holds office for a period of three years from the date of assumption of office.

### What are the functions of NCM?

- **Monitoring of the working of the safeguards** for minorities provided in the Constitution and in laws enacted by Parliament and the state legislatures.
- **Making recommendations** for the effective implementation of safeguards for the protection of the interests of minorities by the central or state governments.
- Ensures that the Prime Minister's 15-Point Programme for the Welfare of Minorities is implemented.
- **Looking into specific complaints** regarding deprivation of rights and safeguards of minorities and taking up such matters with the appropriate authorities.
- **Investigates matters** of communal conflict and riots.

### 3. Person in news: Maharaja Ranjit Singh

A bronze statue of the first ruler of the Sikh Empire, Maharaja Ranjit Singh, was vandalized in Pakistan.

#### Who was Maharaja Ranjit Singh?

- Maharaja Ranjit Singh (13 November 1780 – 27 June 1839), [4][5] popularly known as Sher-e-Punjab or "Lion of Punjab", was the first Maharaja of the Sikh Empire.
- He survived smallpox in infancy but lost sight in his left eye.
- Prior to his rise, the Punjab region had numerous warring misls (confederacies), twelve of which were under Sikh rulers and one Muslim.
- Ranjit Singh successfully absorbed and united the Sikh misls and took over other local kingdoms to create the Sikh Empire.
- He repeatedly defeated invasions by outside armies, particularly those arriving from Afghanistan, and established friendly relations with the British.

#### Empirical expansion

- Ranjit Singh's trans-regional empire spread over several states. His empire included the former Mughal provinces of Lahore and Multan besides part of Kabul and the entire Peshawar.
- The boundaries of his state went up to Ladakh – Zorawar Singh, a general from Jammu, had conquered Ladakh in Ranjit Singh's name – in the northeast.
- His empire extended till Khyber pass in the northwest, and up to Panjnad in the south where the five rivers of Punjab fell into the Indus.
- During his regime, Punjab was a land of six rivers, the sixth being the Indus.

## His legacy

- Ranjit Singh's reign introduced reforms, modernization, investment into infrastructure, and general prosperity.
- His Khalsa army and government included Sikhs, Hindus, Muslims, and Europeans.
- His legacy includes a period of Sikh cultural and artistic renaissance, including the rebuilding of the Harmandir Sahib in Amritsar, Takht Sri Patna Sahib, Bihar, and Hazur Sahib Nanded, Maharashtra under his sponsorship.

## 4. Between word and intent

In the light of the comments made by the Chief Justice of India on legislative debates, the article talks about the importance of clarity in law-making.

### Context:

Recently, the CJI highlighted the “sorry state of affairs” of lawmaking and parliamentary debate in India.

### Issue:

- Concerns over the absence of adequate debate or discussion in Parliament is quite widespread.
- Concerned citizens and sections of the Opposition have expressed their discontent over the hurriedness with which laws are passed in the Parliament.
- Crucial pieces of legislation are passed without sufficient debate, with concerns of the members not being adequately addressed.
- Presiding officers have deplored over the low productivity in the Parliament due to time lost amidst chaotic protests.
- Furthermore, the Government representatives themselves are worried that their legislative agenda is not being carried out in time.

### CJI's Comments:

- The CJI added a new dimension to this sense of discontent by pointing out the absence of any help from parliamentary debates when the courts are faced with ambiguities or lacunae in laws.
- He stressed that in the absence of quality debate in the parliament, courts are unable to understand the intent and object of the new laws.

## GS 3 : Economy, Science and Technology, Environment

### 5. More feed, better productivity through a Sub-Mission on Fodder and Feed

#### Context

The government recently announced a Sub-Mission on Fodder and Feed.

#### Why availability of good and affordable quality feed and fodder matters

- A study by the **Indian Grassland and Fodder Research Institute** has observed that for every 100 kg of feed required, India is short of 23.4 kg of dry fodder, 11.24 kg of green fodder, and 28.9 kg of concentrate feed.
- **Low milk productivity:** The lack of good quality feed and fodder impacts the productivity levels of cattle.
- This is one of the chief reasons why Indian livestock's **milk productivity is 20%-60% lower than the global average.**
- **High input cost:** If we break down the input costs, we find that feed constitutes 60%-70% of milk production costs.
- When the **National Livestock Mission** was launched in 2014, it focused on supporting farmers in producing fodder from non-forest wasteland/ grassland, and cultivation of coarse grains.
- However, this model could not sustain fodder availability **due to lack of backward and forward linkages** in the value chain.

#### Why Sub-Mission on Fodder and Feed is significant

- As about 200 million Indians are involved in dairy and livestock farming, the scheme is important from the **perspective of poverty alleviation.**
- The Sub-Mission on Fodder and Feed intends to create a **network of entrepreneurs** who will make silage (the hub) and sell them directly to the farmers (the spoke).
- **Bringing down the input cost:** The large-scale production of silage will bring down the input cost for farmers since **silage is much cheaper than concentrate feed.**
- **Objective:** The revised scheme has been designed with the objectives of increasing productivity, reducing input costs, and doing away with middlemen (who usually take a huge cut).
- Since India has a **livestock population of 535.78 million**, an effective implementation of this scheme will play a major role in **increasing the return on investment for our farmers.**

## About the Sub-Mission on Fodder and Feed

- The scheme will provide **50% capital subsidy up to ₹50 lakh towards project cost to the beneficiary for infrastructure development** and for procuring machinery for value addition in feed such as hay/silage/total mixed ration.
- Private entrepreneurs, self-help groups, farmer producer organisations, dairy cooperative societies, and Section 8 companies (NGOs) can avail themselves of the benefits under this scheme.
- The scheme can be used for covering the cost of infrastructure/ machinery such as baling units, harvester, chaff cutter, sheds, etc.

## Challenges and solution

- **Seasonal availability:** A major challenge in the feed sector emanates from the fact that good quality green fodder is **only available for about three months during the year.**
- Fermenting green fodder: Ideal solution would be to **ferment green fodder** and convert it into silage.
- Hence, under the **fodder entrepreneurship programme**, farmers will receive subsidies and incentives to create a consistent supply chain of feed throughout the year.

## Conclusion

The mission will help marginal farmers reduce their input cost and help them in increasing the return on capital employed.

## 6. RBI unveils Financial Inclusion Index

The Reserve Bank of India (RBI) has announced the formation of a composite Financial Inclusion Index (FI-Index) to capture the extent of financial inclusion across the country.

### Financial Inclusion Index

- The FI-Index will be published in July every year.
- The index captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.
- It has been conceptualized as a comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with the government and respective sectoral regulators.

- It has been constructed without any 'base year' and as such it reflects cumulative efforts of all stakeholders over the years towards financial inclusion.

### Parameters of the index

- The FI-Index comprises three broad parameters viz.,
  1. Access (35%),
  2. Usage (45%), and
  3. Quality (20%)
- These parameters are the identification of the customer, reaching the last mile, and providing relevant, affordable and safe products.
- The index is responsive to ease of access, availability and usage of services, and quality of services for all 97 indicators.

### This year's highlight

- The annual FI-Index for the period ended March 2021 stood at 53.9 compared with 43.4 for the period ended March 2017.

### 7. What is RoDTEP Scheme?

The Centre has notified the rates and norms for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme asserting that it would put 'direct cash in the pockets of exporters' soon.

### RoDTEP Scheme

- RoDTEP is a scheme for Exporters to make Indian products cost-competitive and create a level playing field for them in the Global Market.
- It has been kicked in from January 2021, replacing the earlier Merchandise and Services Export Incentive Schemes (MEIS and SEIS) that were in violation of WTO norms.
- The new RoDTEP Scheme is a fully WTO compliant scheme.
- It will reimburse all the taxes/ duties/levies being charged at the Central/State/Local level which are not currently refunded under any of the existing schemes but are incurred at the manufacturing and distribution process.



### Why need such a scheme?

- The scheme was announced last year as a replacement for the Merchandise Export from India Scheme (MEIS), which was not found not to be compliant with the rules of the World Trade Organisation.
- Following a complaint by the US, a dispute settlement panel had ruled against India's use of MEIS as it had found the duty credit scrips awarded under the scheme to be inconsistent with WTO norms.

### Coverage of the scheme

- It covers about 75% of traded items and 65% of India's exports.
- To enable zero-rating of exports by ensuring domestic taxes are not exported, all taxes, including those levied by States and even Gram Panchayats, will be refunded under the scheme.
- Steel, pharma and chemicals have not been included under the scheme because their exports have done well without incentives.

**GS 2 : Polity, Governance, International Relations**

**1. Understanding the strategic flux and humanitarian crisis in Afghanistan**

**Context**

The Afghan government and its defence forces have completely collapsed. The world over, television screens are full of images of the extraordinary takeover of Afghanistan by the Taliban.

**Background of the US intervention in Afghanistan**

- The original trigger for the US military intervention in Afghanistan was **the 9/11 attacks**.
- The objective then was **to eliminate the al Qaeda sanctuaries** hosted by the Taliban.
- That goal was quickly attained, as was another one – the elimination of Osama Bin Laden in Abbottabad, Pakistan, in 2011.
- The US was thereafter stuck into a vortex in which its mission oscillated between **counter-terrorism and counter-insurgency**.
- The military presence in Afghanistan has been questioned by the US political firmament for a decade.

**Factors driving the US exit**

- **China factor:** The US now regards China as its principal strategic competitor.
- China's muscle-flexing in the East and South China Seas calls for a renewed effort by the US to protect its stakes.
- The rise of China is the main geo-strategic threat for the US.
- In 2001, the US had taken its eye off the ball in diverting its attention to the global war on terror.
- Beginning with Afghanistan, **it meandered through Iraq, Libya and Syria, with mixed results**.
- **Taiwan:** China's recent ratcheting up of pressure on Taiwan has also sounded the alarm.

## Implications of Taliban's return for region

- The new regime in Kabul is likely to **open the door to economic investments from China.**
- At the geopolitical level, **the BRI may well receive a boost**, given China's interests in connectivity that could straddle the region, from Pakistan to Iran.
- Pakistan has shown alacrity in welcoming the change of guard in Kabul.
- The change in Afghanistan has **security implications** for India and the region at large.
- A spill-over of any chaos and instability in Afghanistan beyond its borders **could give terrorism a shot in the arm.**
- It could also singe Pakistan if it does not review its malevolent practices, which favour terror as an instrument of state policy.

## Way forward for India

- India should **prioritise the welfare of the Afghan people**, whenever the opportunity presents itself.
- Currently, about 2,500 Afghan students are enrolled in educational and vocational institutions across India.
- They will no doubt wish to extend their scholarships.
- As a close neighbour, India has keen stakes in ensuring **a stable, secure and developed Afghanistan.**
- As the **rotational President of the UN Security Council** for August, India has an opportunity to engage important stakeholders on the way forward.
- Beyond that too, India's presence in the UN Security Council till the end of 2022 will provide a platform to explore options with greater flexibility.

## Conclusion

The global community needs to underscore the continued participation of women in governance in Afghanistan and keep an eye on violations of human rights and international humanitarian law.

## 2. Water shortage in Colorado River Basin

The federal government in the US has declared a water shortage for the Colorado river basin due to a historic drought.

### Colorado River

- The Colorado River flows from the Rocky Mountains into the southwestern US and into Mexico.

- The river is fed by snowmelt from the Rocky and Wasatch mountains and flows a distance of over 2,250 km (river Ganga flows through a distance of roughly 2,500 km) across seven states and into Mexico.
- The Colorado River Basin is divided into the Upper (Wyoming, Colorado, New Mexico, Utah and northern Arizona) and Lower Basins (parts of Nevada, Arizona, California, southwestern Utah and western New Mexico).
- In the Lower Basin, the Hoover Dam controls floods and regulates water delivery and storage.
- Apart from the Hoover dam, there is the Davis Dam, Parker Dam and the Imperial Dam that regulate the release of water from the Hoover Dam.

### Major lakes in its basin

- Lake Mead is the largest reservoir in the US in terms of volume and was formed in the 1930s by the Hoover Dam in Southern Nevada.
- Its main source of water is obtained from the Rocky Mountain snowmelt and runoff.
- The other is Lake Powell, the reservoir created by the Glen Canyon Dam in Arizona.

### Reasons for shortage

- Since the year 2000, this river basin has been experiencing a prolonged drought.
- This persistent drought has led to a lowering down of the water levels in the basin's reservoirs to meet the demand over the years.
- But even with great water storing capacity, over the years the demand for water from the basin has increased whereas supply is restricted.

## 3. Upheaval In Meghalaya

### Why in News

Recently, a former militant of the **Hynniewtrep National Liberation Council (HNLC)**, was killed in a police encounter that has led to a crisis in Meghalaya.

- The encounter was reportedly carried out by the police team of **East Khasi Hills and East Jaintia Hills**.

### Key Points

- **Background:**

- Meghalaya shares a border with Bangladesh and has seen **decades of migration from the neighbouring country** as well as from **other parts of India - Bengal, Punjab and Bihar**.
- This has **sparked anxieties of indigenous communities who feared becoming a "minority in their own homeland"** because of the influx of "outsiders".
- It was a **culmination of these "anti-outsider sentiments" that led to the formation of Meghalaya's first militant group, the Hynniewtrep Achik Liberation Council (HALP), in 1992.**
  - Hynniewtrep represented the Khasi and Jaintia communities and Achik represented the Garo community.
- HALC was later divided and **HNLC** came into being that represented the **Khasi and Jaintia communities** and the **Achik Matgrik Liberation Army that represented the Garo community.**
  - The Achik Matgrik Liberation Army was later replaced by the **Achik National Volunteers Council (ANVC).**
- HNLC claimed to represent only the interest of Khasi Communities, whereas, **the Achik Matgrik Liberation Army demanded a separate state for the Garo community.**
- **Present Status of militancy in Meghalaya:**
  - The ANVC since 2004 has been under an **extended ceasefire agreement with the government** while the **HNLC has been trying to talk peace with the government** but on a conditional basis.
  - Over the last several years, militancy in Meghalaya was seen as declining.
    - In 2018, the Centre withdrew the **Armed Forces Special Powers Act (AFSPA)** from Meghalaya after almost 27 years of witnessing a **decline by 80% in insurgency-related incidents.**
- **Insurgencies in other North East states:**
  - **Nagaland: Naga Insurgency**
  - **Mizoram: Mizo Movement.**
  - **Assam Insurgency: United Liberation Front of Assam (U.L.F.A.)** was formed in 1979 for the deportation of illegal migrants.
    - **Bodoland Statehood Movement.**
  - **Manipur: United National Liberation Front** formed in 1964, with an objective of ending the discrimination against **Manipur.**
  - **Arunachal Pradesh:** The only case of indigenous insurgency movement in Arunachal Pradesh was the rise of the **Arunachal Dragon Force (ADF)**, which was rechristened as **East India Liberation Front (EALF)** in 2001.
- **Implications:**
  - **Fatalities:**

- Severe fatalities have been reported from the northeast including both civilians and security forces.
- **Hindrance in India's NE Economic Policies:**
  - In the **oil-rich Assam, militants have periodically targeted oil and gas pipelines for sabotage**, alleging that India is exploiting the natural resources of the state.
  - National projects have either been stalled or have moved with a tardy pace after militants attacks. **Tourism**, which could have flourished in the scenic northeast, has **suffered** a lot due to instability in the region.
- **Hampers India's Act East policy.**
  - Militancy has also stalled the prospect of **linking the economy of the northeast with the neighbouring Southeast Asian countries**
- **Resistance in Education:**
  - The education sector too has been affected by militancy. **A number of schools in states like Tripura's interior areas have been shut** as teachers avoid the areas due to fear of militant strikes.
- **Measures to Counter Insurgency:**
  - **Operations and special acts:**
    - In the Assam 1990s, two military operations, **Operation Rhino and Bajrang, were launched against U.L.F.A. militants.**
    - Special powers under **AFSPA (Armed Forces Special Powers Act)** were bestowed on armed forces to deal with emergency conditions. It is there in the whole of **Assam, Nagaland, most of Manipur, and some areas of Arunachal Pradesh.**
  - **Peace Talks:**
    - Today, **almost all the major insurgent groups in the region, except the Meitei insurgents, have entered into a ceasefire or Suspension of Operation (SoO) agreements** with the Union and/or state governments.
    - They are **engaged in peace talks** with some even disbanding their armed cadres.
  - **Inner Line Permit (ILP):**
    - **Restrictions are imposed on the entry of outsiders** to maintain the original identity of indigenous people of Mizoram, Nagaland and Arunachal Pradesh entry of outsiders are not allowed without ILP.
  - **Ministry of Development of North Eastern Region (DoNER):**
    - It is responsible for the matters relating to the planning, execution and monitoring of development schemes and projects in the North Eastern Region, to accelerate the pace of socio-economic development of the region.

## Khasi Community

- Khasi people are an **indigenous ethnic group of Meghalaya** in north-eastern India. They **have a distinctive culture** and are **the largest tribe** of Meghalaya.
  - Both **inheritance of property and succession to tribal office run through the female line**, passing from the mother to the youngest daughter.
- The Khāsi speak a **Mon-Khmer language of the Austroasiatic stock**.
- They are **divided into several clans**. Wet rice (paddy) provides the main subsistence; it is cultivated in the valley bottoms and in terrace gardens built on the hillsides.

## Garo Community

- The Garos, who call themselves A'chiks, are **the second largest tribe in Meghalaya**.
- The Garos have a **strong tradition that they have come from Tibet**. They have a **number of dialects and cultural groups**. Each of them originally settled at a particular area of the Garo Hills and outlying plain lands.
- However, **the culture of the modern Garo community has been greatly influenced by Christianity**. Nokpantes are the glory of the past and all children are given equal care, rights and importance by the modern parents.
- The Garo marriage is regulated by **two important laws, viz., Exogamy and A'Kim belongs to the same clan**. Marriages are not allowed within the same clan.

## Way Forward

- Government should **enhance communication and connectivity, infrastructure** improvement for better integration of the region with the mainland.
- **Stringent law and fast criminal justice system** for quick disposal of insurgents attack cases should be imposed.
- Government should promote greater **coordination between central forces and state forces for better tactical response** and **greater cultural interaction** with the rest of the country and socio-economic development that includes a holistic inclusive development.

## 4. Defence Testing Infrastructure Scheme

## Why in News

Recently, the **Defence Ministry** has announced that it will soon issue **Requests For Proposal (RFPs)** to set up **eight defence testing facilities in the country** in partnership with the **private sector**.

- These RFPs would be issued under the **Defence Testing Infrastructure Scheme (DTIS)**.
- The RFP is a **business document** that announces a **project, describes it, and invites bids for completing it**.

## Key Points

- **Background:**
  - Under **Make in India**, India has accorded **high priority to development of the manufacturing base of Defence and Aerospace sectors in the country** so as to reduce dependence on imports.
  - Towards this, the establishment of **Defence Industrial Corridors (DICs) in Uttar Pradesh and Tamil Nadu** was announced.
  - Several other initiatives like **Revised Make-II procedures, Innovations for Defence Excellence (iDEX) and Defence Investors Cell** have been created with an aim to provide an ecosystem to foster innovation and technology development and encourage Indian industry to invest in Aerospace and Defence sectors.
    - **Defence Investors Cell** was created to **provide all necessary information** including addressing queries related to investment opportunities, procedures and regulatory requirements for investment in the sector.
- **About DTIS:**
  - The scheme was launched on **8<sup>th</sup> May, 2020** and would run for the **duration of five years**.
  - It envisages **setting up of 6-8 Greenfield Defence Testing Infrastructure facilities** that are required for **defence and aerospace related production**.
  - It also envisages to **set up test facilities** in partnership with private industry.
- **Objectives:**
  - **Promote indigenous defence production**, with special focus on participation of the **Ministry of Micro, Small and Medium Enterprises (MSMEs)** and Start Ups by bridging gaps in defence testing infrastructure in the country.
  - **Provide easy access and to meet the testing needs** of the domestic defence industry.



- **Facilitate indigenous defence production**, consequently reduce imports of military equipment and help make the country self-reliant.
- **Finance and Cooperation:**
  - The Scheme has an **outlay of Rs 400 crore** for creating **state of the art testing infrastructure** over the duration of five years.
  - The projects under the Scheme will be provided with up to **75% government funding in the form of 'Grant-in-Aid'**.
  - The **remaining 25% of the project cost** will have to be borne by the **Special Purpose Vehicle (SPV)** whose constituents will be **Indian private entities and State Governments**.
    - **Only private entities registered in India and State Government agencies** will qualify for forming the implementation agency for the Scheme.
    - The **SPVs under the Scheme** will be registered under **Companies Act 2013**.

## **GS 3 : Economy, Science and Technology, Environment**

### **5. What are Oil Bonds?**

The Centre has argued that it cannot reduce taxes on petrol and diesel as it has to bear the burden of payments in lieu of oil bonds issued by the previous UPA government to subsidize fuel prices.

#### **What are Oil Bonds?**

- Oil bonds are special securities issued by the government to oil marketing companies in lieu of cash subsidy.
- These bonds are typical of a long-term tenure like 15-20 years and oil companies are paid interest.
- Before the complete deregulation of petrol and diesel prices, oil marketing companies were faced with a huge financial burden as the selling price of petrol and diesel in India was lower than the international market price.
- This 'under-recovery' is typically compensated through fuel subsidies allocated in the Union budget.
- However, between 2005 and 2010, the UPA government issued oil bonds to the companies amounting to Rs 1.4 lakh crore to compensate them for these losses.

### Why do governments issue such bonds?

- Compensation to companies through issuance of such bonds is typically used when the government is trying to delay the fiscal burden of such a payout to future years.
- Governments resort to such instruments when they are in danger of breaching the fiscal deficit target due to unforeseen circumstances that lead to a collapse in revenues or a surge in expenditure.
- These types of bonds are considered to be 'below the line' expenditure in the Union budget and do not have a bearing on that year's fiscal deficit, but they do increase the government's overall debt.
- However, interest payments and repayment of these bonds become a part of the fiscal deficit calculations in future years.

### Backgrounder: Deregulation of fuel prices

- Fuel price decontrol has been a step-by-step exercise, with the government freeing up prices of aviation turbine fuel in 2002, petrol in 2010, and diesel in 2014.
- Prior to that, the government would intervene in fixing the price at which retailers were to sell diesel or petrol.
- This led to under-recoveries for oil marketing companies, which the government had to compensate for.
- The prices were deregulated to make them market-linked, unburden the government from subsidizing prices, and allow consumers to benefit from lower rates when global crude oil prices tumble.
- Price decontrol essentially offers fuel retailers such as Indian Oil, HPCL or BPCL the freedom to fix prices based on calculations of their own cost and profits.
- However, the key beneficiary in this policy reform of price decontrol is the government.

### Impact: Loss of consumers

- While oil price deregulation was meant to be linked to global crude prices, Indian consumers have not benefited from a fall in global prices.
- The central, as well as state governments, impose fresh taxes and levies to raise extra revenues.
- This forces the consumer to either pay what she's already paying, or even more.

## Why are the Oil Bonds in news?

- As prices of petrol and diesel climb steeply, the Centre has been under pressure to cut the high taxes on fuel.
- Taxes account for 58 per cent of the retail selling price of petrol and 52 per cent of the retail selling price of diesel.
- However, the government has so far been reluctant to cut taxes as excise duties on petrol and diesel are a major source of revenue, especially at a time the pandemic has adversely impacted other taxes such as corporate tax.
- The government is estimated to have collected more than Rs 3 lakh crore from tax on petrol and diesel in the 2020-21 fiscal year.

## The blame game

- The present government has blamed the UPA regime for its inability to cut taxes.
- It pointed out that the bonds issued by the Manmohan Singh government have weakened the financial position of the oil marketing companies and added to the government's fiscal burden now.
- It is an argument that has been often repeated since 2018.

## What budget documents show

- Budget documents show that such bonds will be up for redemption over the next few years – beginning with two to be redeemed in the current fiscal year – till 2026.
- The government has to repay a principal amount of Rs 10,000 crore this year, according to these documents.
- The government has paid around Rs 10,000 crore annually as interest over the last decade.
- The government is likely to pay a similar amount of interest for the current fiscal as well.

## Is the issuance of such special securities restricted to the UPA era?

- Besides oil bonds, the UPA era also saw the issuance of fertilizer bonds from 2007 to compensate fertilizer companies for their losses due to the difference in the cost price and selling price.
- However, the issuance of such special securities is not limited to the UPA regime.
- Over the years, the Modi government has issued bank recapitalization bonds to specific public sector banks (PSBs) as it looked to meet the large capital requirements of these PSBs without allocating money from the budget.

## 6. Why banks want inspection reports by RBI to be kept confidential?

The contentious issue of whether banks should disclose inspection reports by the Reserve Bank of India (RBI) is back in the news once again after a division bench of the Supreme Court referred writ petitions filed by banks to another bench for reconsideration.

### What is RBI's inspection on banks?

- The Banking Regulation Act, 1949 empowers the Reserve Bank of India to inspect and supervise commercial banks.
- These powers are exercised through on-site inspection and off-site surveillance.
- RBI carries out dedicated and integrated supervision overall credit institutions, i.e., banks, development financial institutions and non-banking financial companies.
- The Board for Financial Supervision (BFS) carries out this function.
- Banks currently disclose the list of wilful defaulters and names of defaulters against whom they have filed suits for loan recovery.

### Why in news now?

- In 2015, the Supreme Court had come down on the RBI for trying to keep the inspection reports and defaulters list confidential.
- This was aimed for the public disclosure of such reports of the RBI, much against the wishes of the banking sector.
- The SC had said the RBI has no legal duty to maximize the benefit of any public sector or private sector bank, and thus there is no relationship of 'trust' between them.
- It added that the RBI was duty-bound to uphold the public interest by revealing these details under RTI.

### What is the issue?

- The RBI was allowed to make such reports public following the Supreme Court order.
- The SC had wanted full disclosure of the inspection report.
- However, the court agreed that only some portions on bad loans and borrowers would be made public.
- Banks have been refusing to disclose inspection reports and defaulters' lists.

## Issues with report publication

- **Bank defamation:** As banks are involved in dealing in money, they fear any adverse remarks – especially from the regulator RBI – will affect their performance and keep customers away.
- **Trust of the account holder:** Banks are driven by the “trust and faith” of their clients that should not be made public.
- **Invalidity of RTI:** On the other hand, private banks insisted that the RTI Act does not apply to private banks.
- **Right to Privacy:** Banks also argued that privacy is a fundamental right, and therefore should not be violated by making clients’ information public.

## Why are banks against disclosing inspection reports?

- Many feel that the RBI’s inspection reports on various banks, with details on alleged malpractices and mismanagement, can open up a can of worms.
- As these reports have details about how the banks were manipulated by rogue borrowers and officials, banks want to keep them under wraps.
- Obviously, banks don’t want inspection reports and defaulters’ lists to be made public as it affects their image.
- Customers may also keep out of banks with poor track records.

## 7. Second-generation bioethanol: It is time to launch it headlong

### What is Bioethanol?

- Biomass has always been a reliable source of energy.
- Cultivated biomass has begun to be used to generate bioethanol.
- They are categorised as first (1G), second (2G) and third-generation (3G), based on the source of raw material used for bioethanol production.

### Its types

- **1G bioethanol:** Raw materials required are corn seeds and sugarcane; both are food sources. There is not enough food for everyone; so the use of 1G is a major concern. However, some countries have enough raw materials to manufacture 1G.
- **2G bioethanol:** It can be produced using inedible farm waste left over after harvest. Corn cobs, rice husks, wheat straw and sugarcane bagasse can all be transformed into cellulose and fermented into ethanol that can then be mixed with conventional fuels.
- **3G bioethanol:** Algae grown in wastewater, sewage or saltwater can be used to produce bioethanol. Water used for human consumption is not required.

The benefit of 3G is that it does not compete with food. Nevertheless, economic viability remains a critical issue.

### **Ethanol blending in India**

- India currently blends approximately 8.5 per cent ethanol with petrol.
- It is estimated that ethanol production in India will triple to approximately 10 billion litres per year by 2025.
- The 2G plant will play a major role in making bioethanol available for blending.
- In addition to reducing agricultural waste incineration, it can also help meet the goal of converting waste into energy.

### **Moves for production**

- The first 2G ethanol biorefinery is being set up at Bathinda, Punjab.
- Hindustan Petroleum Corporation Ltd (HPCL) plans to set up four 2G ethanol plants that will convert agricultural waste into biofuel, reducing toxic air pollution in northern India.
- Additionally, HPCL has plans to build four plants to produce ethanol using grains, such as surplus maize, surplus rice and damaged grain.

### **Innovations in this field**

- An Indian company has filed a patent for loop reactor technology.
- It is a long, serpentine tubular reactor, in which fermentable sugars are converted to ethanol with the help of brewer's yeast.
- This sparked an idea to come up with reactive pipeline technology, wherein the pipeline connects the sugar factories where the ethanol is produced to the blending depot at the closest oil manufacturing companies.
- Reactive pipeline technology is poised to be a game-changer for sugar factories and grain-based distilleries since uninterrupted raw material supply is a major challenge.

### **Benefits offered by ethanol blending**

#### **(1) Energy security**

- The Union government has emphasized that increased use of ethanol can help reduce the oil import bill.
- India's net import cost stands at \$551 billion in 2020-21. It is estimated that the E20 program can save the country \$4 billion (Rs 30,000 crore) per annum.

#### **(2) Emission reduction**

- Use of ethanol-blended petrol decreases emissions such as carbon monoxide (CO), hydrocarbons (HC) and nitrogen oxides (NO<sub>x</sub>), the expert committee noted.
- Higher reductions in CO emissions were observed with E20 fuel – 50 per cent lower in two-wheelers and 30 per cent lower in four-wheelers.

### **Some issues to be addressed**

#### **(1) Fuel efficiency**

- There is an estimated loss of six-seven per cent fuel efficiency for four-wheelers and three-four per cent for two-wheelers when using E20, the committee report noted.
- These vehicles are originally designed for E0 and calibrated for E10.

#### **(2) Recalibrating engines**

- The use of E20 will require new engine specifications and changes to the fuel lines, as well as some plastic and rubber parts due to the fuel's corrosive nature.
- The engines, moreover, will need to be recalibrated to achieve the required power, efficiency and emission-level balance due to the lower energy density of the fuel.

### **Conclusion**

- The country's target of 20 per cent ethanol blending in petrol (E20) by 2025 can play a key role in reducing crude oil imports and bolstering India's energy independence.
- But India may miss an earlier goal set by him in 2015 – of reducing crude oil import dependency 10 per cent by 2022.
- The target is far from being met and the country's import dependency is only increasing.
- The country's target of 20 per cent ethanol blending in petrol (E20) by 2025 can play a key role in reducing crude oil imports and bolstering India's energy independence.

**Prelims Practice Questions**

**1. In the administrative records of the British East India Company, “Koots” refers to?**

- a. A Peasant uprising
- b. A form of Land tax
- c. A title given to Indians
- d. Right to trade duty free

**Answer : a**

**Koots**

- These are peasant uprisings that broke out in South Kanara District during 1830-31.
- The uprising broke out against the East India Company in the coastal belt reached the stage of an armed struggle in 1837.
- The revolt by peasants was not related to the freedom movement, though, but against the high land revenue (tax) assessment and the absence of a lucrative market for farm produce.
- But it did motivate people to join the freedom movement after 1850, say researchers.
- The peasants were mainly agitated over the company for introducing a system that mandated that taxes should be paid only in cash and not in kind.

**2. The Arctic is warming twice as fast as the rest of the globe. This warming differential between the poles and the tropics is known as?**

- a. Arctic Polarisation
- b. Arctic Sublimation
- c. Arctic Amplification
- d. Arctic Differentiation

**Answer : c**

**Arctic Warming**

- The Arctic is warming twice as fast as the rest of the world.
- The rapid Arctic warming is referred to as Arctic Amplification.
- Researchers suggests that it may be blamed for some of the extreme weather episodes.



### Arctic Amplification

- It occurs whenever there is any change in the net radiation balance of Earth, and this produces a larger change in temperature near the poles than the global average.
- It is typically measured as the ratio of polar warming to tropical warming.
- This amplification is primarily caused by melting ice - a process that is increasing in the Arctic at a rate of 13% per decade.
- Ice is more reflective and less absorbent of sunlight than land or the surface of an ocean.
- When ice melts, it typically reveals darker areas of land or sea, and this results in increased sunlight absorption and associated warming.

### Effects of Arctic warming

- One of the most significant effects of Arctic amplification is the weakening of west-to-east jet streams in the northern hemisphere.
- As the Arctic warms at a faster rate than the tropics, this results in a weaker atmospheric pressure gradient and hence lower wind speeds.

### 3. Consider the following pairs

#### Movement: Organization Leader

1. All India Anti-Untouchability League: Mahatma Gandhi
2. All India Kisan Sabha: Swami Sahajanand Saraswati
3. Self Respect Movement: E.V. Ramaswami Naicker

### Which of the pairs given above is/are correctly matched?

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

**Answer: d**

#### Explanation:

- Mahatma Gandhi founded the All India Anti Untouchability League in 1932, to remove untouchability in the society, which was later renamed as Harijan Sevak Sangh (“Servants of Harijan Society”).
- All India Kisan Sabha was a peasant movement formed by Sahajanand Saraswati in 1936.

- The Self-Respect Movement had the aim of achieving a society in which backward castes have equal human rights. It was founded in 1925 by S. Ramanathan who invited E. V. Ramasamy (also known as Periyar by his followers) to head the movement in Tamil Nadu. The movement was extremely influential not just in Tamil Nadu, but also overseas in countries with large Tamil populations, such as Malaysia and Singapore.

**4. Consider the following statements:**

1. The Doha talks is the first-ever meeting between the Taliban and the Afghan government.
2. It was in the Doha talks where the US administration promised to withdraw all the American troops from Afghanistan by May 2021.

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 : B**

Explanation

- Recently, the Taliban has seized Kabul, the capital city of Afghanistan, raising questions over the US and NATO(North Atlantic Treaty Organization) trained Afghan Forces.
  - The Taliban have proclaimed that there will be no witch hunt, that it will respect a transitional process, and that it will work for a future Islamic system that is acceptable to all.
- Peace Talks between Taliban, Afghanistan and USA:
  - **Murree Talks:**
    - In 2015 the US had sent a representative to the **first-ever meeting between the Taliban and the Afghan government** that was hosted by Pakistan in Murree in 2015. **Hence, statement 1 is not correct.**
      - However, the Murree talks did not progress.
  - **Doha Talks:**
    - In 2020, before the Doha Talks started, the Taliban had maintained that they would hold direct talks only with the US, and not with the Kabul government, which they did not recognise.

- In the agreement, the US administration promised that it would **withdraw all American troops from Afghanistan by 1<sup>st</sup> May, 2021. Hence, statement 2 is correct.**
  - The deadline has been pushed to 11<sup>th</sup> September 2021.
  - This provided the Taliban a sense of victory and demoralised the Afghan troops.
- The Taliban promised to reduce violence, join intra-Afghan peace talks and cut all ties with foreign terrorist groups.

**5. Who among the following cannot receive foreign contribution as per the Foreign Contributions Regulation Act (FCRA)?**

1. Political party
2. A candidate for election
3. Publisher of a registered Newspaper
4. Member of any legislature
5. Editor or correspondent of a registered Newspaper

**Options:**

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

**Answer: d**

**Explanation:**

- As per Section 3(1) of the Foreign Contributions Regulation Act (FCRA), 2010, foreign contribution cannot be accepted by any:
  - Candidate for election
  - Correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper
  - Judge, government servant or employee of any Corporation or any other body controlled or owned by the Government
  - Member of any legislature
  - Political party or office bearer thereof
  - Organization of a political nature as may be specified by the Central Government
  - Association or company engaged in the production or broadcast of audio news or audio-visual news or current affairs programmes through any electronic mode, or any other electronic form

- Correspondent or columnist, cartoonist, editor

**6. National Atlas & Thematic Mapping Organisation operates under which of the following ministry?**

- a. Ministry of Earth sciences
- b. Ministry of Communications
- c. Ministry of Science & Technology
- d. Ministry of Petroleum and Natural Gas

**Answer : c**

***National Atlas & Thematic Mapping Organisation***

- NATMO being a specialized institution of its kind also engaged cartographic and geographical researches at national level, headquarter at Kolkata.
- It has the largest repository of spatial and non-spatial data processed with greater accuracy for delivering good quality products.
- To ensure precision and value addition, NATMO keeps pace with the most modern technologies viz. GIS, GPS and Remote sensing.
- Main Functions of this organization are :
  1. Compilation of the National Atlas of India in Hindi, English and other regional languages.
  2. Preparation of thematic maps based on socio-economic, physical, cultural, environmental, demographic and other issues.
  3. Preparation of maps/atlasses for visually impaired.
- Recently NATMO has organised 40th Indian National Cartographic Association (INCA) International Congress.

## Mains Practice Questions

**1Q. 'Existing evidence from the Covid-19 pandemic provides a clear message that a neglect of public health systems can mean large-scale, avoidable losses of lives.' Discuss the issues with Public Health systems. (250 Words).**

### Approach

- Start with the situation of the public health system during Covid-19 pandemic.
- Discuss the issues associated with the Public health system.
- Suggest measures to improve the health system in India.

**2Q. To achieve social justice in society, governments have to do more than just ensure that laws and policies treat individuals in a fair manner. Explain. (250 words)**

### Approach

- Explain how the government ensures social justice through fair and inclusive laws and policies.
- Mention some limitations of focussing only on policies and laws to ensure social justice.
- List the other steps to be taken by the government to ensure social justice.