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NOVEMBER

19.11.2021

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GS 2 : Polity, Governance, International Relations

1. More a private sector primer than health-care pathway

NITI Aayog recently published a road map document entitled “Health Insurance for India’s Missing Middle”.

About missing middle and provision in the NITI Aayog report

- The Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), aims to extend hospitalisation **cover of up to ₹5 lakh per family per annum** to a poor and vulnerable population of nearly 50 crore people.
- **Left out segment:** Covering the **left out segment of the population**, commonly termed the ‘missing middle’ sandwiched between the poor and the affluent, has been discussed by the Government recently.
- Towards this, NITI Aayog recently published a road map document entitled “**Health Insurance for India’s Missing Middle**”.
- **Primary role for private commercial health insurer:** The report proposes **voluntary, contributory health insurance** dispensed mainly by **private commercial health insurers** as the prime instrument for extending health insurance to the ‘missing middle’.

Issues with the provision in the NITI Aayog report

- **Narrow coverage:** Government subsidies, if any at all, will be reserved for the very poor within the ‘missing middle’ and only at a later stage of development of voluntary contributory insurance.
- This is a major swerve from the vision espoused by the high-level expert group on UHC a decade ago, which was sceptical about such a health insurance model.
- No country has ever achieved UHC by relying predominantly on private sources of financing health care.
- **Contributory insurance not best way:** Evidence shows that in developing countries such as India, with a gargantuan informal sector, contributory health insurance is not the best way forward and can be replete with problems.
- **Issues with low premium model:** For hospitalisation insurance, the report proposes a model similar to the Arogya Sanjeevani scheme, albeit with lower projected premiums of around ₹4,000-₹6,000 per family per annum.

- This model is a little different from **commercial private insurance**, except for somewhat lower premiums.
- Low premiums are achieved by reducing administrative costs of insurers through an array of measures, including private use of government infrastructure.
- This model is vulnerable to nearly every vice that characterises conventional private insurance.
- **Insufficient measures to deal with adverse selection:** The report suggests enrolment in groups as a means to counter adverse selection.
- The prevailing **per capita expenditure on hospital care** is used to reflect affordability of hospital insurance, and thereby, a possible willingness to pay for insurance.
- **Both these notions are likely to be far-fetched** in practice, and the model is likely to be characterised by widespread adverse selection notwithstanding.
- **OPD insurance on a subscription basis:** The report proposes an OPD insurance with an insured sum of ₹5,000 per family per annum, and again uses average per capita OPD spending to justify the ability to pay.
- However, the OPD insurance is **envisaged on a subscription basis**, which means that insured families would need to pay nearly the entire insured sum in advance to obtain the benefits.
- Clearly, this route is unlikely to result in any significant reduction of out-of-pocket expenditure on OPD care.
- **Role of government:** The NITI report defies the universally accepted logic that UHC invariably entails a strong and overarching role for the Government in health care, particularly in developing countries.

Conclusion

The National Health Policy 2017 envisaged increasing public health spending to 2.5% of GDP by 2025. Let us not contradict ourselves so early and at this crucial juncture of an unprecedented pandemic.

2. Speaker's powers on Anti-Defection Cases

The All-India Presiding Officers' Conference (AIPOC) ended with the delegates failing to reach a consensus on whether the Speaker's powers under the anti-defection law should be limited.

What is Anti-defection Law?

- The Anti-Defection Law under the **Tenth Schedule** of the Constitution punishes MPs/ MLAs for defecting from their party by taking away their membership of the legislature.
- It gives the Speaker of the legislature the power to decide the outcome of defection proceedings.
- It was added to the Constitution through the Fifty-Second (Amendment) Act, 1985 when Rajiv Gandhi was PM.
- The law applies to both Parliament and state assemblies.

Cases considered under the anti-defection law

The law covers three scenarios with respect to shifting of political parties by an MP or an MLA.

(1) Voluntary give-up

- The first is when a member elected on the ticket of a political party “voluntarily gives up” membership of such a party or votes in the House against the wishes of the party.
- Such persons lose his seat.

(2) Independent members

- When a legislator who has won his or her seat as an independent candidate joins a political party after the election.
- In both these instances, the legislator loses the seat in the legislature on changing (or joining) a party.

(3) Nominated MPs

- In their case, the law gives them six months to join a political party, after being nominated.
- If they join a party after such time, they stand to lose their seat in the House.

Powers to disqualification

- Under the anti-defection law, the power to decide the disqualification of an MP or MLA rests with the **presiding officer of the legislature**.
- The law **does not specify a time frame** in which such a decision has to be made.

- As a result, Speakers of legislatures have sometimes **acted very quickly or have delayed** the decision for years – and have been **accused of political bias** in both situations.

Significant role of the Speaker/Presiding Officer

- Pandit Nehru had referred to the Speaker as “the **symbol of the nation’s freedom and liberty**” and emphasized that Speakers should be men of “**outstanding ability and impartiality**”.
- Several judgments on the anti-defection law have been rendered by the Supreme Court.
- A common factor that shows up in these rulings is the **blatant, partisan conduct of speakers** in state assemblies.

Reasons for Speakers’ bias

- The Speaker continues to belong to a **particular political party**.
- The electoral system and conventions in India have ‘not been developed to ensure **protection to the office**, there are cogent reasons for Speakers to retain party membership.
- It would be **unrealistic to expect** a speaker to completely abjure all party considerations while functioning.
- There are **structural issues** regarding the manner of appointment of the Speaker and her tenure in office.

Way forward

- Parliament may seriously consider a Constitutional amendment to bring in a **permanent Tribunal** for dealing with defection cases.
- It is suggested that a scheme should be brought wherein **Speakers should renounce all political affiliations**, membership, and activity once they have been elected.
- We can learn from the **UK model**. In practice, once elected, the Speaker gives up all-partisan affiliation, as in other Parliaments of British tradition.
- He/she **remains in office until retirement**, even though the majority may change and does not express any political views during debates.

Conclusion

- Impartiality, fairness, and autonomy in decision-making are the hallmarks of a robust institution.
- It is the freedom from interference and pressures which provide the necessary atmosphere where one can work with an absolute commitment to the cause of neutrality as a constitutional value.

3. Battle of Rezang La

November 18 marks the 59th anniversary of **the Battle of Rezang La**. A memorial was inaugurated on the occasion.

Rezang La

Rezang La is **a mountain pass on the Line of Actual Control in Ladakh**.

It is located between village of **Chushul and the Spanggur Lake** that stretches across both Indian and Chinese territories.

It had also been the site of a heroic battle on 18 November 1962.

About the battle:

- Troops from the 13 Kumaon Regiment defeated several waves of the Chinese People's Liberation Army in 1962.
- Despite being heavily outnumbered, soldiers of the regiment fought to the last man standing, under freezing temperatures, and with limited ammunition.

Significance of the region:

Rezang La is vital for the defence of the crucially important Chushul. Any invader reaching there would have had a free run to Leh.

4. ASEAN objects as China wants Myanmar junta to join the summit:

A Chinese envoy has lobbied Southeast Asian nations to let Myanmar's military ruler attend a regional summit being hosted by China's President next week but has met stiff opposition from other leaders.

What's the issue?

Myanmar's standing as a member of **the Association of Southeast Asian Nations (ASEAN)** has been thrown into the spotlight by a February 1 coup, when its military

ousted the elected government of Nobel laureate Aung San Suu Kyi, sparking bloody turmoil.

- Following this, ASEAN leaders blocked Myanmar's military chief, Senior General Min Aung Hlaing, from an ASEAN summit after he failed to honour pledges to allow an ASEAN envoy to meet lawmakers overthrown in the coup.
- Later, ASEAN leaders said a non-political figure from Myanmar should be asked to attend. In the end, Myanmar was not represented.

What is ASEAN?

The **Association of Southeast Asian Nations** is a regional organization which was established to promote political and social stability amid rising tensions among the Asia-Pacific's post-colonial states.

The motto of ASEAN is "One Vision, One Identity, One Community".

ASEAN Secretariat - Indonesia, Jakarta.

Genesis:

Established in 1967 with the signing of **the ASEAN Declaration (Bangkok Declaration)** by its founding fathers.

Founding Fathers of ASEAN are: Indonesia, Malaysia, Philippines, Singapore and Thailand.

Ten Members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

Significance of ASEAN for India:

1. Against the backdrop of aggressive moves by China, including the Ladakh standoff, India placed the ASEAN at the centre of **India's Act East policy** and held that a cohesive and responsive ASEAN is essential for security and growth for all in the region.
2. ASEAN is necessary for **the success of the Security And Growth for All in the Region (SAGAR) Vision.**

3. The region is significant for **diversification and resilience of supply chains for post-Covid-19 economic recovery.**
4. It is **India's 4th largest trading partner with about USD 86.9 billion in trade.**

GS 3 : Economy, Science and Technology, Environment

5. Regulating Cryptocurrencies: Treating them as speculative assets

With cryptocurrencies such as Bitcoin gaining popularity among citizens, the Centre has been compelled to take a stance on the legal status of cryptocurrencies.

Background

- The Union Government is said to be considering a proposal to tax cryptocurrency transactions in the country.
- The move would bring cryptocurrency trading, which has till date happened outside the ambit of the law, into the formal economy.

Defying RBI ban

- RBI has been vehemently opposed to the idea of legalizing cryptocurrencies.
- It had banned financial institutions such as banks from facilitating transactions involving cryptocurrencies back in 2018.
- The RBI's order was overturned by the Supreme Court in 2020, and this led to a tremendous surge in cryptocurrency transactions through exchanges.

Why did RBI propose a ban?

- **Financial stability:** The RBI has characterized private cryptocurrencies as a threat to financial stability.
- **Threat to the sovereignty of Rupee:** It perceives cryptocurrencies rise as a threat to the sovereignty of the rupee.
- **Beyond regulatory scope:** The widespread acceptance of cryptocurrencies could interfere with the ability of the RBI to conduct monetary policy effectively.
- **Digital currency in the pipeline:** It should be noted that RBI and other central banks are also looking to come up with digital versions of their own currencies.

- **Competition of currencies:** The rupee or central bank digital currencies may not be able to outcompete cryptocurrencies just because they are digital.

Legislative opinion on Cryptocurrencies

- **Not in favour of ban:** This week, a Parliamentary Standing Committee recommended that cryptocurrencies be regulated rather than banned.
- **Making a legal framework:** The Government is also expected to table a bill that clarifies its position on cryptocurrencies in Parliament next year.
- **Taxing cryptocurrencies:** There is a proposal to classify cryptocurrency exchanges as e-commerce platforms and tax them under the GST framework comes.

Why has the Government chosen to regulate rather than ban cryptocurrencies?

- **Popularity amongst Public:** The growing popularity of cryptocurrencies among citizens may have played a role in the Government opting for regulation over an outright ban.
- **Lack of evident threat:** There is no clear evidence of the misuse of cryptocurrencies and their risks.
- **Boosting with policy:** The Union govt may also not want to kill the nascent cryptocurrency industry which many believe can be a hub for financial innovation.
- **Revenue generation:** Fiscal revenues can be adversely impacted by the increased tax evasion opportunities that crypto-currencies can facilitate.
- **Capitalizing the market:** The govt wants to capitalise on the recent surge in the usage of cryptocurrencies to tax them and shore up its revenues.
- **Financial innovation:** Blockchain technology has multiple uses beyond just facilitating cryptocurrency transactions.

Issues with the ban

- **Brain-Drain:** Ban of cryptocurrencies is most likely to result in an exodus of both talent and business from India, similar to what happened after the RBI's 2018 ban.
- **Capital inflows will be restricted:** If cryptos begin to get mined onshore, they will induce capital inflows.
- **Killing financial innovation:** A ban will deprive India, its entrepreneurs and citizens of a transformative technology that is being rapidly adopted across the world.

Other generic concerns:

- **Safety** (cyber-attacks and fraud)

- **Financial integrity** (money laundering and evasion of capital controls)
- **Energy usage** (outsized energy needs to mine cryptos)

Way forward

- Thus it can be inferred that cryptocurrency is better classified as an asset rather than as a currency, in order to gain acceptance and avoid a ban.

Conclusion

- There is no doubt that the acceptance of cryptocurrencies by the Government is likely to be limited.
- While cryptocurrencies may be accepted as speculative assets, it is highly unlikely that they will be accepted as full-fledged currencies competing against the rupee.

6. RBI panel brings law to regulate Digital Lending

A Reserve Bank of India (RBI) Working Group (WG) on digital lending has recommended separate legislation to oversee such lending as well as a nodal agency to vet the Digital Lending Apps.

Digital Lending

- Digital lending is the process of availing credit online.
- Its increased popularity amongst new-age lenders can be attributed to expanding smartphone penetration, credit range flexibility, and speedy online transactions.

Significance of Digital Lending

India has a huge growth potential when it comes to the Digital Lending landscape:

- **Alternate source of finance:** Digital lending is mostly preferred by those who are generally not able to avail any credit through the formal sources of finance, like banks.
- **Lender of the last resort:** Digital lending is mostly preferred by those who are generally not able to avail any credit through the formal sources of finance, like banks.
- **Financial inclusion:** Digital lending is a powerful tool that can be used for financial inclusion.

- **Cost-efficient lending:** With new innovations underway, digital lending offers much better products to the masses at a much faster rate which is even more cost-efficient.
- **Exception for red-tapism:** Online lending has played a pivotal role in evading cumbersome red-tapism usually involved while availing loans offline in a traditional setting.
- **Preference by MSMEs:** The online lending platforms have gained massive popularity among MSMEs post-Covid as they were unable to secure finance through traditional lending.
- **Easy onboarding:** The quick turnaround time and onboarding, easy KYC, as well as disbursement within minutes have attracted the cash-crunched MSMEs towards these digital routes to secure credit.

Issues with Digital Lending

- **No business model:** There are many gaps that are existent in this model of digital lending like any new business operation.
- **High interest:** Unauthorised lenders provided credit to customers without any collateral and at exorbitant rates coupled with unachievable deadlines to pay off these humongous debts.
- **Coercing and harassment for recovery:** Resultantly, borrowers were coerced by the lenders to recollect when they were unable to pay off these debts. We see many cases of suicides due to such harassment.

Key recommendations by RBI

- **Self-Regulation:** RBI has mooted a Self-Regulatory Organisation for participants in the digital lending ecosystem.
- **Developing a Baseline Technology:** Development of certain baseline technology standards and compliance with those standards as a pre-condition for offering digital lending solutions.
- **Direct loan disbursement:** Disbursement of loans directly into the bank accounts of borrowers; disbursement and servicing of loans only through bank accounts of the digital lenders.
- **Data collection:** With the prior and explicit consent of borrowers with verifiable audit trails.
- **Standardized code of conduct:** for recovery to be framed by the proposed SRO in consultation with RBI.

Way forward

- There is a growing need for regulation in this space or unauthorized players like pointed out above will keep popping up.

- Stringent provisions must be formulated which can be enforceable legally.
- Regulation must be enforced in this industry soon to ensure consumer trust remains unfettered.

7. Centre accepts Cairn's offer on retrospective tax

Moving quickly towards ending a retrospective tax dispute with a firm that gave India its largest oilfield, the government has accepted Cairn Energy PLC undertakings which would allow for **the refund of taxes**.

- The company will now be issued a ₹7,900 crore refund.

What's the issue?

In December 2020, a three-member **international arbitral tribunal at the Permanent Court of Arbitration in the Netherlands** ruled unanimously that the **Indian government was "in breach of the guarantee of fair and equitable treatment"**, and against the **India-UK Bilateral Investment Treaty**, and that the breach caused a loss to the British energy company and ordered compensation of \$1.2 billion.

- Cairn had challenged the Indian government seeking taxes over an internal business reorganisation using **the 2012 retrospective tax law**, under the UK-India Bilateral Investment Treaty.
- In 2014, the Indian tax department had demanded Rs 10,247 crore in taxes.
- In 2015, Cairn Energy Plc commenced international arbitration proceedings against the Indian government.

What next?

Please note that **the Indian government's recent amendment to taxation laws** nullifies the tax assessment originally levied against Cairn in January 2016 and orders the refund of ₹7,900 crore which was collected from Cairn in respect of that assessment.

What is retrospective taxation?

- It allows a country to pass a rule on taxing certain products, items or services and deals and charge companies from a time behind the date on which the law is passed.
- Countries use this route to correct any anomalies in their taxation policies that have, in the past, allowed companies to take advantage of such loopholes.
- Retrospective Taxation hurts companies that had knowingly or unknowingly interpreted the tax rules differently.

Permanent Court of Arbitration:

1. It was **established in 1899** and is **headquartered in The Hague, Netherlands**.
2. It is an intergovernmental organization dedicated to serve the international community in the field of dispute resolution and to facilitate arbitration and other forms of dispute resolution between States.
3. All **decisions, called “awards” are binding on all the parties in the dispute and have to be carried out without delay.**

THE INDIAN EXPRESS

GS 2 : Polity, Governance, International Relations

1. Puri Heritage Corridor Project

Odisha CM will lay the foundation stone of the much-awaited Puri Heritage Corridor.

Puri Heritage Corridor Project

- Conceived in 2016, the Puri Heritage Corridor Project was unveiled in December 2019 to transform the holy town of Puri into an international place of heritage.

- The project includes redeveloping major portions of the holy town and in the vicinity of the temple for visitors and tourists.

About Jagannath Temple

- The Jagannath Temple is an important Vaishnavite temple dedicated to Jagannath, a form of Sri Krishna in Puri in Odisha.
- The present temple was rebuilt from the 10th century onwards, on the site of an earlier temple, and begun by Anantavarman Chodaganga Deva, the first king of the Eastern Ganga dynasty.
- The Puri temple is famous for its annual Ratha Yatra, or chariot festival, in which the three principal deities are pulled on huge and elaborately decorated temple cars.

Its architecture

- With its sculptural richness and fluidity of the Oriya style of temple architecture, it is one of the most magnificent monuments of India.
- The huge temple complex covers an area of over 400,000 square feet and is surrounded by a high fortified wall.
- This 20 feet high wall is known as Meghanada Pacheri.
- Another wall known as kurma bedha surrounds the main temple.

The temple has four distinct sectional structures, namely:

1. Deula, Vimana or Garba griha (Sanctum sanctorum) where the triad deities are lodged on the ratnavedi (Throne of Pearls). In Rekha Deula style;
2. Mukhashala (Frontal porch);
3. Nata mandir/Natamandapa, which is also known as the Jagamohan (Audience Hall/Dancing Hall), and
4. Bhoga Mandapa (Offerings Hall)

2. The International Commission to Reignite the Fight Against Smoking

A report on smoking was recently released by “The International Commission to Reignite the Fight Against Smoking”, which makes specific recommendations to achieve the goal of ending smoking worldwide.

About the commission

- The commission has members from the U.S., the U.K., South Africa, Indonesia and India.
- It examines several important issues, including the trends in tobacco use, challenges to cessation efforts, the emergence of technological innovations, lessons from the COVID-19 pandemic, etc.

Key findings

- All countries ban marketing and direct sales of tobacco products to children, but in low-to-middle income countries these prohibitions are not rigorously enforced.
- Despite prohibitions in India, many schools have nearby vendors displaying tobacco products which are appealing to children and youth. An estimated 54% of the points of sale had no visible health warning.
- India is among countries with the lowest quit rates for smoking. The quit rates for men are less than 20%.
- China and India are home to more than 500 million tobacco users between the ages of 16 and 64.
- Tobacco prevalence in India is three times higher among men than women. India also accounts for some of the highest rates of smokeless tobacco use and oral cancer in the world.

Recommendations

- Adopting best practices to combat misinformation
- Build a healthier information environment to reduce harm from tobacco.
- Leveraging multi-national, multi-disciplinary and participatory foresight studies.
- Advocating risk-proportionate regulations as a means of making it easier for smokers to switch quit

3. Addressing Fiscal Worries of States

Centre will release over 95,000 crores in one stroke to States this month after Union Finance Minister met with Chief Ministers and State Finance Ministers to discuss the state of the economy and to sustain the recovery from the COVID-19 pandemic.

Implication of such an announcement

- The Government set aside the spate of recent confrontations with States over
 - Revenue
 - GST compensation concerns

- Fear by States about 'encroachment' on their powers,
- The measure shows that government has taken steps to initiate an **economy-focused dialogue independent of Budget consultations** and GST Council machinations.
- Its ready acceptance of States' request to expedite the sharing of taxable revenues is a token of faith to reinforce federalism.
- While most States have positive cash balances, access now to **double the funds** than usual will help them ramp up capital expenditure.
- The cash flow could also help several States **catch up on their capex targets**, on which hinges an additional borrowing limit of 0.5% of their Gross State Domestic Product.
- The Finance Ministry's clarification that the **excise duty cuts on petrol and diesel shall not dent the tax pool** shared with States has also soothed frayed nerves.
- The meeting with CMs **yielded several ideas and policy proposals**, including a simple demand that the Centre share leads about prospective investors and come out with a clear policy on green clearances.

Challenges Ahead

- While the Finance Ministry believes that investments are on the verge of a take-off, **public investments need to increase for several more quarters** before the private sector can be expected to spur the economy's growth.
- The Centre and States need to combine forces to make it an easier and swifter journey to **reduce the red tape** for potential investors.
 - Commerce and Industry has said that just 10 States have joined the single window clearance system for investors, and four more may join next month.
- Investment facilitation was a key agenda item, so it would have been apt to include the Industry Minister in the deliberations to nudge States into joining the single window system.

Way Forward

- We need to **sustain this free-wheeling economic dialogue** with States because the economy still needs collective hand-holding,
- Also, this economic dialogue needs a **broad-basing of the framework** to include key economic ministries, and occasionally, the Prime Minister too.
- Closing this somewhat **informal channel for dialogue with the States**, outside the framework of NITI Aayog and the National Development Council, would be a wasted opportunity with embedded economic costs.

GS 3 : Economy, Science and Technology, Environment

4. Shale and its potential in India

Cairn Oil & Gas has announced that it is partnering US-based Halliburton to start shale exploration in the Lower Barmer Hill formation, Western Rajasthan.

What is Shale oil?

- Shale oil is an unconventional oil produced from oil shale rock fragments by pyrolysis, hydrogenation, or thermal dissolution.
- These processes convert the organic matter within the rock (kerogen) into synthetic oil and gas.
- The refined products can be used for the same purposes as those derived from crude oil.

How does it differ from conventional crude oil?

- The key difference between shale oil and conventional crude is that the former, also called 'tight oil', is found in smaller batches, and deeper than conventional crude deposits.
- Its extraction requires creation of fractures in oil and gas rich shale to release hydrocarbons through a process called hydraulic fracking.

What is fracking?

- Fracking is the process of drilling down into the earth before a high-pressure water mixture is directed at the rock to release the gas inside.
- Water, sand and chemicals are injected into the rock at high pressure which allows the gas to flow out to the head of the well.
- The process can be carried out vertically or, more commonly, by drilling horizontally to the rock layer, which can create new pathways to release gas or used to extend existing channels.
- The term fracking refers to how the rock is fractured apart by the high-pressure mixture.

Shale production in the world

- Russia and the US are among the largest shale oil producers in the world.
- With a surge in shale oil production in the US, it has played a key role in turning the country from an importer of crude to a net exporter in 2019.

Shale reserves in India

- As per the US EIA 2015 report, India has got technically recoverable shale gas of 96 trillion cubic feet.
- The recoverable reserves are identified in Cambay, Krishna – Godavari, Cauvery, Damodar Valley, Upper Assam, Pranahita – Godavari, Rajasthan and Vindhya Basins.
- The ONGC has drilled the first exploratory shale gas well in Jambusar near Vadodara, Gujarat, in Cambay basin during October 2013.

What are the prospects of shale oil exploration in India?

- Currently, there is no large-scale commercial production of shale oil and gas in India.
- Shale oil and gas exploration faces several challenges other than environmental concerns around massive water requirements for fracking and potential for ground water contamination.
- State-owned ONGC had, in 2013, started exploration and, by the end of FY21, assessed shale oil and gas potential in 25 nomination blocks.
- But it has reduced investments over the past few years after only getting limited success in shale exploration efforts.

5. Cartelization

The Competition Commission of India (CCI) has slapped certain penalties on paper manufacturing companies from agricultural waste and recycled wastepaper against Cartelization.

What is a Cartel?

- According to CCI, a “Cartel includes an association of producers, sellers, distributors, traders or service providers who, by agreement amongst themselves, limit, control or attempt to control the production, distribution, sale or price of, or, trade in goods or provision of services”.
- The International Competition Network, which is a global body dedicated to enforcing competition law, has a simpler definition.
- The three common components of a cartel are:
 1. an agreement
 2. between competitors
 3. to restrict competition

What is Cartelization?

- Cartelization is when enterprises collude to fix prices, indulge in bid rigging, or share customers, etc.
- But when prices are controlled by the government under a law, that is not cartelization.
- The Competition Act contains strong provisions against cartels.
- It also has the leniency provision to incentivise a party to a cartel to break away and report to the Commission, and thereby expect total or partial leniency.
- This has proved a highly effective tool against cartels worldwide.
- Cartels almost invariably involve secret conspiracies.

How do they work?

- According to ICN, four categories of conduct are commonly identified across jurisdictions (countries). These are:
 1. price-fixing
 2. output restrictions
 3. market allocation and
 4. bid-rigging
- In sum, participants in hard-core cartels agree to insulate themselves from the rigours of a competitive marketplace, substituting cooperation for competition.

How do cartels hurt?

- While it may be difficult to accurately quantify the ill-effects of cartels, they not only directly hurt the consumers but also, indirectly, undermine overall economic efficiency and innovations.
- A successful cartel raises the price above the competitive level and reduces output.
- Consumers choose either not to pay the higher price for some or all of the cartelized product that they desire, thus forgoing the product, or they pay the cartel price and thereby unknowingly transfer wealth to the cartel operators.

Are there provisions in the Competition Act against monopolistic prices?

- There are provisions in the Competition Act against abuse of dominance.
- One of the abuses is when a dominant enterprise “directly or indirectly imposes unfair or discriminatory prices” in purchase or sale of goods or services.

- Thus, excessive pricing by a dominant enterprise could, in certain conditions, be regarded as an abuse and, therefore, subject to investigation by the Competition Commission if it were fully functional.
- However, it should be understood that where pricing is a result of normal supply and demand, the Competition Commission may have no role.

How might cartels be worse than monopolies?

- It is generally well understood that monopolies are bad for both individual consumer interest as well as the society at large.
- That's because a monopolist completely dominates the concerned market and, more often than not, abuses this dominance either in the form of charging higher than warranted prices or by providing lower than the warranted quality of the good or service in question.

How to stop the spread of cartelization?

- Cartels are not easy to detect and identify.
- As such, experts often suggest providing a strong deterrence to those cartels that are found guilty of being one.
- Typically this takes the form of a monetary penalty that exceeds the gains amassed by the cartel.
- However, it must also be pointed out that it is not always easy to ascertain the exact gains from cartelization.
- In fact, the threat of stringent penalties can be used in conjunction with providing leniency – as was done in the beer case.

6. Yamuna Pollution

Delhi's Chief Minister has announced a six-point action plan to completely clean the Yamuna by 2025.

- Timelines are set for every small aspect of the project and they will be revisited every 15 to 30 days to ensure that it is completed on time.

Action plan

- **New sewage treatment plants (STP):** Building new sewage treatment plants (STP), increasing capacity of existing STPs, and technology upgradation
- **In situ treatment** of major drains.

- **Diverting industrial waste:** All industrial waste will be diverted to the common effluent treating plants. There will be a crackdown on industries for not sending its waste to the treatment plants.
- **Proper Sewer network:** JJ clusters will be connected to the larger sewer network to completely stop stormwater drains from being polluted. Every household may also be connected to the sewer network.
- **Desilting:** Complete desilting of entire sewer network

About Yamuna

- The Yamuna is a major tributary of river Ganges,
- **Origin:** Yamunotri glacier near Bandarpooch peaks, Uttarkashi, Uttarakhand. It meets the Ganges at the Sangam in Prayagraj, UP
- **Important Tributaries:** Chambal, Sindh, Betwa, Ken, Tons, Hindon.
- **Causes of Pollution in Yamuna**
 - - Industrial Pollution
 - Mixing of Drains
 - Effects of Rising Ammonia

7. First Global Innovation Summit

The Indian Prime Minister recently inaugurated the first Global Innovation Summit of the pharmaceuticals sector.

- India must think about increasing domestic manufacturing of key ingredients for vaccines and medicines

Key takeaways

- Every aspect of healthcare has received global attention over the last two years.
- During the pandemic, India exported lifesaving medicines and medical equipment to over 150 countries during the initial phase.
- India has also exported more than 65 million doses of Covid vaccines to nearly 100 countries this year.
- Policy interventions are being made based on wide consultation with all stakeholders that will create An ecosystem to make India a leader in drug discovery and innovative medical devices.

- The Prime Minister invited the stakeholders to Ideate in India, Innovate in India, Make in India and Make for the World.

Prelims Practice Questions

1. Consider the following statements:

1. The Collegium System was introduced in the Third Judges Case (1998).
2. The government plays no role regarding the appointment of judges in a High Court Collegium.

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 : D

Explanation

- A Collegium System is the system of appointment and transfer of judges.
- The **Second Judges Case (1993) introduced the Collegium system**, holding that “consultation” really meant “concurrence”. **Hence, statement 1 is not correct.**
 - It added that it was not the CJI’s individual opinion, but an institutional opinion formed in consultation with the two senior-most judges in the SC.
- Judges of the higher judiciary are appointed only through the collegium system and the **government has a role only after names have been decided** by the collegium.
 - The government is **responsible for getting an inquiry conducted by the Intelligence Bureau (IB)** if a lawyer is to be elevated as a judge in a High Court or the Supreme Court.
 - It can also raise objections and seek clarifications regarding the **collegium’s choices**, but if the collegium reiterates the same names, the government is bound, under Constitution Bench judgments, to appoint them as judges. **Hence, statement 2 is not correct.**

2. In 1920, which of the following changed its name to “Swarajya Sabha”?

- a. All India Home Rule League
- b. Hindu Mahasabha
- c. South Indian Liberal Federation
- d. The Servants of Indian Society

Answer: a

Explanation:

- In 1920 All India Home Rule League changed its name to Swarajya Sabha.

3. With reference to Pochampally, consider the following statements:

1. It is referred to as the silk city of India.
2. Ikat, a unique style of weaving sarees in this village, has received the GI status.
3. The United Nations World Tourism Organisation (UNWTO) has selected it as one of the best tourism villages.

Which of the statements given above is/are correct?

- A 1 only
B 2 only
C Both 1 and 2
D None

Answer : C

Explanation

- Recently, **Pochampally village in Telangana** was selected as **one of the Best Tourism Villages** by United Nations World Tourism Organisation (UNWTO).
 - The award will be given on the occasion of the 24th session of the UNWTO General Assembly in December 2021 in Madrid, Spain.
- **Pochampally** in Nalgonda district is **often referred to as the silk city of India** for the exquisite sarees that are woven through a unique style called Ikat. **Hence, statement 1 is correct.**

- This style, **Pochampally Ikat**, received a **Geographical Indicator (GI Status)** in 2004. **Hence, statement 2 is correct.**
 - Pochampally's unique weaving styles and patterns received special focus through the Prime Minister's mantra of Vocal 4 Local as a part of Atma Nirbhar Bharat.
- The village is also known as Bhoodan Pochampally to commemorate the Bhoodan Movement that was launched by Acharya Vinobha Bhave from this village on 18th April, 1951.

4 Which committee referred to the 5th Schedule as "Constitution within Constitution"?

- a. Mungekar Committee
- b. Dhebar Commission
- c. Tendulkar Committee
- d. C. Rangarajan Committee

Answer: a

Explanation:

- The Fifth Schedule of the Indian Constitution deals with the administration and control of Scheduled Areas as well as of Scheduled Tribes residing in any State other than the States of Assam, Meghalaya, Tripura and Mizoram.
- The Mungekar Committee Report on Standards of Administration and Governance in the Scheduled Areas submitted by the Standing Committee on Inter-Sectoral Issues relating to Tribal Development under the chairmanship of Dr. Bhalchandra Mungekar contains recommendations on a variety of issues. These include inter-alia reviving institutions of self-governance, effective delivery mechanism, creation of critical infrastructure, Tribal Sub-plan, implementation of the Scheduled Tribes and the Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 and Governors Report.
- The Mungekar Committee famously referred to the 5th schedule as "Constitution within Constitution"
- Dhebar Commission (196061) laid down the four factors for the creation of scheduled areas:
 - Preponderance of tribal population
 - Compactness and reasonable size of the area
 - Under-developed nature of the area

- Marked disparity in economic standard of the people

5. Build Back Better World (B3W) has been recently in the news. Which of the following statements most appropriately describes it.

- A UN-Habitat Initiative for sustainable Urbanisation.
- B Russia development project in Central Asia.
- C Normalisation between Israel and Gulf Countries.
- D Development Project of G7 countries.

Answer : D

Explanation

- The **Build Back Better World (B3W)** is an international infrastructure investment **initiative announced by the Group of Seven (G-7) richest democracies** in June 2021.
- The B3W initiative is being seen as the **US' initiative to counter China's Belt and Road Initiative (BRI)**.
- The Build Back Better Plan is a Covid-19 relief, future economic, and infrastructure package proposed by G-7 countries for developing and lower-income countries.
- Components of B3W: Through B3W, the G7 and other like-minded partners will coordinate in mobilizing private-sector capital in four areas of focus:
 - Climate,
 - Health and health security,
 - Digital technology,
 - Gender equity and equality.
- **Hence, option D is correct.**

6. The Sydney Dialogue is focussed on -

- a. Nuclear disarmament
- b. Emerging, critical and cyber technologies
- c. Clean and renewable energy
- d. Demilitarisation of outer space

Answer: b

Explanation:

- The Sydney Dialogue is an initiative of the Australian Strategic Policy Institute.
- The dialogue will bring together political, business and government leaders to debate, generate new ideas, and work towards common understandings of the opportunities and challenges posed by emerging and critical technologies.

Mains Practice Questions

1. Globalisation has been widely debated as a matter of boon or bane for the world. In this context, discuss the ethical challenges posed by the process of globalization.

Approach

- Start the answer by briefly discussing the process of globalization.
- Discuss the ethical challenges associated with globalization.
- Conclude Suitably.

2. Hydrogen is being dubbed as the alternative fuel. However, there are many problems associated with the leveraging of hydrogen technology. Discuss.

Approach

- Start the answer by briefly discussing the context of using hydrogen as an alternate fuel.
- Discuss the pros and cons of hydrogen as a source of energy.

- Conclude suitably.

