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# SEVEN IMPORTANT ISSUES

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## COMBATING THE FINANCING OF TERRORISM

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### Why in News?

The Financial Action Task Force (FATF) in its recent meeting in Paris decided to place Pakistan on the watch-list from this summer, although the formal announcement would be made in June after Islamabad submits its plan of action to curb terror financing. Pakistan was removed from FATF in 2015 after three years but its inaction put it back in the grey list with fear of being put in the black list in June. Its allies including China and Saudi Arabia also withdrew their support when the United States pressed for punitive action against Islamabad.

### Background

In September last year, the BRICS summit, which comprises Brazil, Russia, India, China and South Africa, declared a number of militant groups allegedly based in Pakistan a regional security threat. A week ago, reports emerged that China has been holding talks with Baloch militants to “protect the \$60 billion worth of infrastructure projects it is financing as part of the China-Pakistan Economic Corridor (CPEC).”

China, Turkey and Saudi Arabia, which during the initial phase of the meeting resisted U.S. pressure to place Pakistan on the list of states that lack effective regulations to combat terrorism financing, withdrew their support during the final phase, allowing the motion to go through successfully.

China’s eventual decision to withdraw its support was partially motivated by Islamabad’s inaction against terror groups operating in the country. China, which has previously preferred to deal with Pakistan regarding the latter’s questionable policy on terrorism behind closed doors, has now started to use regional and international public forums to indicate its seriousness to the Pakistani authorities.

The message coming out of Beijing is simple and clear:

- If Islamabad chooses to follow a policy that is not in line with Beijing’s economic or security interests, it should not expect China’s blanket support at any forum.
- Moreover, one can argue that while China’s position at the FATF was motivated by its own broader regional and international interests, Beijing is clearly not happy with Pakistan’s slow or perhaps complete lack of action against groups such as the Jamaat-ul-Dawa’s (JuD), Jaish-e-Mohammad and other sectarian groups that are a long-term threat to China’s security and economic interests in the region.

While Pakistan may have received a three-month reprieve before the practical implications of the decision kick in, what remains to be seen is whether the government in Pakistan will take any significant steps to ensure that

the country doesn’t remain on the list for a longer period, which would certainly hurt Pakistan’s struggling economy. Arguably, the three months of acquittal that Pakistan has received offers the country a window of opportunity in terms of taking serious steps to show the international community, including its close ally, China, that the country is serious in combating all sorts of terrorism.

Arguably, the situation at the FATF meeting was another chance to send a message to Islamabad that if Pakistan continued to stick with its policy of inaction, the country will not only face significant isolation internationally but should also expect China’s opposition.

### The Financial Action Task Force

The Financial Action Task Force (FATF) was established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to combat money laundering. In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering. Since its inception, the FATF has operated under a fixed life-span, requiring a specific decision by its Ministers to continue. The current mandate of the FATF (2012-2020) was adopted at a Ministerial meeting in April 2012. Finance Ministers and Central Bank Governors of the countries are member.

India has become a full-fledged member of Financial Action Task Force (FATF). As of 2018, there were 37 members of the Financial Action Task Force, including the European Commission and the Gulf Cooperation Council. To become a member, a country must be considered strategically important (large population, large GDP, developed banking and insurance sector, etc.), must adhere to globally accepted financial standards and be a participant in other important international organizations. Once a member, a country or organization must endorse and support the most recent FATF recommendations, commit to being evaluated by (and evaluating) other members and work with the FATF in the development of future recommendations.

The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. Starting with its own members, the FATF monitors countries' progress in implementing the FATF recommendations; reviews money laundering and terrorist financing techniques and counter-measures; and, promotes the adoption and implementation of the FATF Recommendations globally.

### FATF Effectiveness

The FATF has gained in importance, despite the fact that it is merely a task force, which is funded by its member countries and has a mandate extendable for specific durations. The effectiveness of the FATF emerges from a number of factors.

- First, the organisation does not grant overriding voting rights to any of its members.
- Second, the FATF has adopted a policy of "naming and shaming."

While the UN has occasionally resorted to the same, it is not necessarily implemented as a policy for judging the effectiveness of counter terrorism resolutions in relation to specific countries.

- Third, countries can initiate economic sanctions against target nations within the UN. However, besides the veto constraint, the inability of the UN to enforce it remains an enduring limitation that has rarely witnessed desirable results.
- Fourth, the actions of the UN often tend to get deeply influenced by geopolitical considerations, rather than technical parameters, which are based on objective and professional analysis, as in the case of the FATF.
- Finally, the FATF gains credibility by its ability to hurt a country where it hurts the most, its economic well-being.

### FATF Evaluation and Compliance: The Case of Pakistan

The trajectory of the FATF's effectiveness has seen it evolve from merely emphasising on the framing of laws to encouraging its implementation and finally with the fourth round of mutual evaluations in 2012, to assessing the effectiveness of its implementation. This can be better understood by relating it to the focus and implementation of the process.

There are two elements to gauge the effectiveness of guidelines that govern global standards to safeguard the financial system and fight terrorism and money laundering.

First, a technical evaluation assesses compliance with associated elements of all 40 recommendations. Thereafter each country is evaluated on effectiveness parameters, based on 11 areas of implementation. These include

measures that are particularly relevant for a country like Pakistan that has been accused of selectively targeting terrorists.

### Effects of FATF Listing on Pakistan

Pakistan's fear that being placed on the list again at the FATF Plenary could make it "harder for foreign investors and companies to do business in the country." As consequences of the decision, Pakistan will be put on regular monitoring, all banking transactions in the country will come under closer global watch, thus pulling down Pakistan's credibility in global financial transactions.

- The possible implications of being placed on the list seemed to have already affected the stocks.
- Besides these indicators, an assessment of the period from 2012 till 2015 also provides useful data points as Pakistan was placed on a similar list in the past.
- Amongst other factors, the credit rating of a country is the basis for assessing its financial credibility. Moody's credit rating for Pakistan was downgraded to 'junk' category during the three years that it was on the FATF listing.
- Being in the "grey list" means that accessing funds from international markets, for instance, would become tougher for Pakistan.
- A decline in foreign transactions and foreign currency inflows could lead to further widening of Pakistan's already large current account deficit (CAD).

This will become even more difficult as compared with the previous listing, given the adversarial relationship with the US and the latter's influence in major financial institutions. Moreover, the decision to place Islamabad on the list of countries financing terrorism is an opportunity for Pakistan's civil and

military leadership to bridge their own differences when it comes to forming a counterterrorism policy with consensus and taking on board all stakeholders in the country. Currently, Pakistan's counterterrorism policy is being guided by the country's powerful military with the elected civilian government virtually left sitting on the sidelines. The civilian government and military leadership in Pakistan need to realize that the current counterterrorism policy is likely to have huge implications for Pakistan if the country doesn't make any changes to its security policy.

### Going Forward

The FATF statement at the end of the conference did not as yet include Pakistan on the list of countries subject to the compliance process. However, inputs from the conference suggest that a vote indeed took place and Pakistan will be placed on the list in June 2018. This is likely to ensure that Pakistan will remain under pressure to undertake urgent measures to improve

the effectiveness of its CFT record. Further, its ability to merely employ symbolic measures as a substitute for combating terrorism is increasingly going to become a challenge in future.

A number of countries have been on the FATF list on account of procedural limitations or constraints on capacity. Pakistan however will again find itself identified as a state that has been complicit in the funding of terrorism, by its continued refusal to take necessary action against terrorist leaders and groups. The FATF listing will negate any pretensions of being a victim that Pakistan has employed to obfuscate its role in funding terrorism and employing it as state policy.

### Conclusion

The war on terror launched by the United States in the wake of 9/11 has been largely congruent with India's security interests, though some components of this exercise have actually gone against India. The challenge for both India and

the United States is to see that this war on terror reaches its logical conclusion and extremist forces like the Taliban, al-Qaeda and LeT are comprehensively defeated. There is no middle path while dealing with these groups. Negotiations with forces like the Taliban can only bring momentary peace. Unless comprehensively defeated, these forces are bound to regroup and create far greater trouble for the whole world. For India, there is an additional challenge. It should try to ensure that the war on terror does not go haywire and in the process create new problems for its safety and security.

### General Studies Paper- III

**Topic:** Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security; money-laundering and its prevention.

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## CORPORATE INSOLVENCY IN INDIA: A LONG WAY TO GO

### Why in News?

Jolted by the PNB fraud and other bank scams surfacing in recent days, the Finance Ministry directed public sector banks to investigate all bad loan (NPA) accounts exceeding Rs 50 crore for possible fraud and in case of any adverse findings report the cases immediately to the CBI. State-owned banks, with combined gross non-performing assets (NPAs) of about Rs 8.5 lakh crore, have been asked by the ministry to go in for prompt fraud identification and take action within prescribed deadlines.

### The New Insolvency and Bankruptcy Regime

The Insolvency and Bankruptcy Code, 2016 (IBC) was passed in May 2016. At the time the previous Economic Survey

was issued, the new regime was in its very early days. The regulator had just been set up and the basic ecosystem, including the rules governing corporate insolvency/ liquidation and certification of insolvency professionals, who could run those transactions, had been newly created.

Since then, there has been a significant amount of progress – the entire mechanism for the Corporate Insolvency Resolution Process (CIRP) has been put in place. A number of rules and regulations have been notified to create the institutions and professionals necessary for the process to work. A large number of cases have entered the insolvency process and a few have even exited the process.

Over 1,300 Insolvency Professionals are registered (under

three Insolvency Professional Agencies). The first information utility has also started functioning. Over 525 cases of corporate insolvency have been admitted across all the National Company Law Tribunal (NCLT) benches. In addition, 108 voluntary liquidation proceedings and one fast-track corporate insolvency resolution have also been initiated.

A major factor behind the effectiveness of the new Code has been the adjudication by the Judiciary. The Code prescribes strict time limits for various procedures under it. In spite of the large inflow of cases to NCLT benches across India, these benches have been able to admit or reject applications for CIRP admissions with few delays. In addition, appellate courts, including the NCLAT, High

Courts and the Supreme Court have also disposed appeals quickly and decisively. In this process, a rich case-law has evolved, reducing future legal uncertainty. On 13<sup>th</sup> June, 2017, the RBI identified 12 large loan defaulters where the Insolvency and Bankruptcy Code (IBC) was initiated.

### **The Insolvency and Bankruptcy Code (Amendment) Bill, 2017**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2017, was passed by the Lok Sabha on December 29, 2017, and by the Rajya Sabha on January 2, 2018. It replaces the IBC (Amendment) Bill, 2017, which was promulgated on November 23, 2017. In the CIRP the Committee of Creditors (CoC) invites resolution plans from resolution applicants and may select one of these plans. The Code originally does not specify any restrictions on which these resolution applicants might be. The Bill has declared that some persons are ineligible to submit resolution plans:

- an undischarged insolvent;
- a “wilful defaulter”;
- a borrower whose account has been identified as a non-performing asset for over a year and who has not repaid the amount before submitting a plan;
- a person convicted of an offence punishable with two or more years of imprisonment;
- a person disqualified as a director under the Companies Act, 2013;
- a person prohibited from trading in securities;
- a person who is the promoter or in the management of a company which has indulged in undervalued, preferential, or fraudulent transactions;
- a person who has given guarantee on a liability of the defaulting company undergoing resolution or liquidation and has not honoured the guarantee;

- a person who is subject to any of the above disabilities in any jurisdiction outside India; or
- a person who has a connected person disqualified in any manner above.

The thrust of the Bill is to prevent a range of undesirable persons from bidding for the debtor. The Bill may prevent promoters from bidding for their own firms. A resolution plan would typically involve significant haircuts on the parts of the financial and operational creditors. Thus, allowing a promoter to bid without restriction would mean countenancing a situation where an owner, having driven a firm into insolvency, is now able to purchase it back at a discount. This can lead to a situation of moral hazard, where incompetent or fraudulent promoters are effectively rewarded with the control of their company, leaving the creditors to write off their debts.

The Bill, thus, seeks to achieve a balanced approach, enabling the CoC to avoid imprudent transactions, while preserving its freedom to choose the best resolution plan from amongst all the applicants.

### **Formation of NCLTs and Evolution Of Insolvency Jurisprudence**

Law Commission of India vide its 124<sup>th</sup> Report, while highlighting the issues of multiplicity of jurisdictions with High Courts, pendency of cases, multiplicity of stages of appeal/ review/ revision under the Code of Civil Procedure and need of having specialized bodies to deal with specialized matters, recommended for setting up of specialized Tribunals. This paved way of setting of various Tribunals.

NCLTs were set up under the Companies Act, 2013 w.e.f. 01<sup>st</sup> June 2016. Eleven benches have been set up with one principal bench at New Delhi and ten benches at New Delhi,

Ahmadabad, Allahabad, Bengaluru, Chandigarh, Chennai, Guahati, Hyderabad, Kolkata and Mumbai. NCLT enjoy corporate jurisdiction of the Company Law Board, Board for Industrial and Financial Reconstruction (BIFR), The Appellate Authority for Industrial and Financial Reconstruction (AAIFR) and the powers relating to winding up or restructuring and other provisions vested in High Courts.

The notification of transfer of cases from Company Law Board (CLB) to NCLT was issued on the 1<sup>st</sup> June 2016, all the proceedings which were pending before CLB were transferred to NCLT. Under IBC, NCLTs have been conferred with jurisdiction relating to powers and functions of Adjudicating Authority (AA) for corporate and subsequently for guarantors for such corporates.

Pendency: Economic Survey 2017-18 indicate that “there is a high level of pendency across the six tribunals, estimated at about 1.8 lakh cases. Second, pendency has risen sharply over time. Nearly every tribunal started with manageable caseloads, disposing instituted cases every year, but that soon spiraled out of control. Compared to 2012, there is now a 25 percent increase in the size of unresolved cases. The average age of pending cases across these tribunals is 3.8 years. It is noteworthy that in two cases—telecommunications and electricity—the explosion in pendency resulted from interventions by the Supreme Court”.

Overall, with huge pendency looming large, method adopted by some of NCLTs before admission of application on the pattern of civil proceedings, which consume whole lot of time of Tribunal both in hearing and thereafter in passing of final order where they have to address all those legal and factual issue raised in pleadings, has only added to the problem of delay

and is not helping cause of either of the parties. This needs to be addressed and arrested before the things go out of hand. To be fair to NCLT, in the absence of clear jurisprudence on the subject, as they had to tackle divergent issues that may have perhaps resulted in difference of approach by different NCLTs like on the issue of applicability of limitation, settlement/ compromise of cases/enforcement of third party guarantee during moratorium period and so on.

IBC is a unique law, it has conceptualized and implemented the principle of “separation of power” in implementation of fiscal and economic legislation. The Code has prescribed different roles for the different authorities established under the Code. The entire Corporate Insolvency Resolution Process (CIRP) is divided into four stages,

- ♦ First being admission of application by AA,
- ♦ Consideration of resolution plan before the committee creditors,
- ♦ Consideration of report of RP by AA, and
- ♦ Finally liquidation under professionals.

All such functions and powers were previously vested with a single authority viz High Courts. This, along with the strict time frame, are the USPs of the Code and also sine quo non for its success. All authorities need to recognize the legislative intent and implement it in letter and spirit.

### Role of Information Utilities & Issues Before

Technology is the king in modern times. Things which were considered unimaginable are happening in split of seconds. Disruptive technologies are challenging the way we think, visualize and implement the things. Digital printing, blockchain technology, artificial intelligence, APIs are the

things that will rule in the years to come and legal system cannot afford to remain aloof to such changes. The need and requirement of new generation, business, law, transactions cannot be met if we continue with old age system and procedures. Conceptualization of Information Utilities (IUs) is perhaps the first instance where technology is being used to curtail the judicial process on account of proving of facts.

T K Vishwanathan committee report recognized the fact and noted that “Under the present arrangements, considerable time can be lost before all parties obtain this information. Disputes about these facts can take up years to resolve in court. The objective of an IRP that is completed in no more than 180 days can be lost owing to these problems. Hence, the committee envisions a competitive industry of information utilities who hold an array of information about all firms at all times. When the IRP commences, within less than a day, undisputed and complete information would become available to all persons involved in the IRP and thus address this source of delay. The committee suggested introduction new institution of information utilities.

National E-Governance Services Limited (NeSL) is the first information utility to be granted license to function as IU under IBC. IBBI has issued IBBI (Information Utilities) Regulations, 2017 to provide a framework for registration and regulation of IUs, to ensure and enforce the reliability, confidentiality and security of financial information to be stored by the information utilities. Both financial and operational creditors are supposed to file information about transactions with IUs.

On January 04, 2018 RBI issued instructions to all Scheduled Commercial Banks (Including RRBs), Small Finance Banks, Local Area Banks, Co-operative Banks, NBFCs

and All India Financial Institutions and ARCs to adhere to the relevant provisions of IBC, 2016 and IBBI (IUs) Regulations, 2017 and immediately put in place appropriate systems and procedures to ensure compliance to the provisions of the code and regulations.

### Committee of Creditors (CoC)

CoC constitute another important aspect of the ecosystem governing insolvency and bankruptcy under IBC. Interim Resolution Professional (IRP) has to constitute CoC, after collating all the claims on debtor and on determining its financial Position. Where the debtor company has no financial creditors, the IBBI shall specify the constitution, composition and powers of CoC. CoC consist of only financial creditors who also decide fate of the enterprise by 75% of the vote.

Financial creditors mainly are from banking sector. If we look at the extent of share of banks in domestic credit, we note that credit extended by banks to the private sector as a share of GDP went up from 24% in 1992 to 53% in 2015. The share of banks in corporate borrowing has remained high and as of 2011 was close to 60%.

As per Indira Gandhi Institute of Development Research (IGDR) report – Non-performing assets in Indian Banks- The predominant position of government owned or public sector banks is due to share of such banks in banking assets being as high as 70% of the entire banking sector. As against this share of the state owned banks account for less than 10% of the banking system assets in developed economies. This explain the fact as to why there is over reliance on the banking sector to finance development of the economy and also resultant NPAs.

The report note that the roots of the present crisis can be traced to the excessive lending done by the banks during the credit and investment boom

of 2003-2008. In 2008, the world witnessed the Global Financial Crisis. In the aftermath of the crisis India experienced a dramatic slowdown in growth, a massive depreciation of the exchange rate, high inflation and a sustained period of monetary contraction during which RBI raised interest rates to deal with rising inflation. All of these events wreaked havoc for the corporate sector and in turn for the banking sector.

The IGDR report also states that various resolution mechanisms set up in the form of SDR, S4A, JLM and difficulty to arrive at common approach in large infrastructure projects did not work well in the absence of a pre-existing resolution regime. Given the small window for SDR it effectively resulted only in postponing NPAs. The 5/25 refinance scheme was limited to infrastructure and core industries. Moreover, it required banks to protect the NPV value of the loans refinanced, making it difficult to make the business sustainable at the same time. Asset reconstruction companies (ARCs) are thin, making valuation and asset transfer difficult. Bad loans sold by banks to ARCs halved from ₹50,000 crore over 2013-15, to ₹20,000 crore in 2015-16 and fell further to ₹15,000 crore in 2016-17.

Analysis done by Crisil indicated that the banks may have to take a haircut of 60 per cent, worth ₹2.4 lakh crore, to settle 50 large stressed assets with debt of ₹4 lakh crore. These 50 large stressed companies are from the metals (30 per cent of total debt), construction (25 per cent) and power (15 per cent) sectors and account for half of the ₹8 lakh crore non-performing assets (NPAs) in the banking system as on March 31, 2017. Crisil estimated that banks have provisioned for about 40 per cent of this loan exposure.

Banks worried about huge haircuts and provisioning norms coupled with accountability issues, were initially reluctant to avail IBC route and

the activities only picked up with RBI setting up regime pursuant to the promulgation of the Banking Regulation (Amendment) Ordinance, 2017. However, with system still jostling with issues and looking for more clarity on several of the issues like provisioning norms in case of successful implementation of CIRP, interim financial, compliances of various requirements, valuation of assets, networth of guarantor/promoters.

### **Criticality of IBC as Legislation - Challenges & Achievements of IBBI**

The government's efforts to make business and commerce easy have been widely acknowledged. The next frontier on the ease of doing business is addressing pendency, delays and backlogs in the appellate and judicial arenas. These are hampering dispute resolution and contract enforcement, discouraging investment, stalling projects, hampering tax collections but also stressing tax payers and escalating legal costs. Coordinated action between government and the judiciary—a kind of horizontal cooperative separation of powers to complement vertical cooperative federalism between the central and state governments—would address the "Law's delay" and boost economic activity". "The importance of an effective, efficient and expeditious contract enforcement regime to economic growth and development cannot be overstated. A clear and certain legislative and executive regime backed by an efficient judiciary that fairly and punctually protects property rights, preserves sanctity of contracts, and enforces the rights and liabilities of parties is a prerequisite for business and commerce.

### **Legislative Approach**

Legislative approach is critical part of any government agenda to push reforms and effect fundamental changes in

the economy and approach towards business. However, India stands very poorly at 164 on this benchmark behind countries like Pakistan, Congo and Sudan. This also shows that our dispute settlement mechanism and approach of judiciary does not evoke the kind of confidence with foreign players as they have in the economy. The changes effected by the government through Arbitration and Conciliation Act, 2015, the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 and efforts made to reduced intra-government litigation have not helped much in improving this impression. The Economic Survey points out that "there are currently one million Writ Petitions pending at the 6 High Courts studied, constituting between 50-60%. The higher judiciary has transformed into Courts of first rather than last resort and has consistently fused constitutional law and tort law, dissolving traditional distinctions between public and private law".

- Insolvency and Bankruptcy Code, 2016 (IBC) which is primarily an "economic legislation", was expected to address many critical issues affecting Indian economy and also the judicial process and to tackle issues hampering business. As we look back through "Economic Survey" and braces for new fiscal year, it is time that we also have a look at how the jurisprudence evolved and the different stake holders performed under IBC through a macro view of its "Balance Sheet" which this write up try to evaluate.

### **Way Ahead**

There are demands from various sectors to address issues concerning income tax, valuation, automatic approval and compliance under Companies

Act, Competition Act and SEBI Regulations in respect of merger and amalgamation, capital restructuring, listing requirement, takeover code. Provisions relating to squeeze out, approval of shareholders, creditors provisioning norms for NPA cases of bank under resolution process, filing of information with IUs by banks and other parties compliance of the requirements under the Companies (Share Capital and Debenture) Rules, 2014 for any new issuance of shares on a preferential basis by an unlisted company also

requirement of assessment of fair market value of the shares through a registered valuer / authorization under articles of association of the company/ and approval by shareholders by way of a special resolution /as also by the Board, are some of the issues which would keep up pressure of the Board.

However, these issues are not very difficult to resolve because NCLT also exercises jurisdiction over most of the issues under the Companies Act, issues relating to SEBI and CCI could also be addressed by suitable amendments.

With various committees already working on the remaining issues such as valuation, insolvency of non-corporate persons and group insolvency etc., IBBI deserve full marks for its efforts.

### General Studies Paper- III

**Topic:** Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

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## MODERN SLAVERY AND HUMAN TRAFFICKING

### Why in News?

The Union Cabinet approved the introduction of the Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018. The Bill contains provisions to ensure prevention, rescue and rehabilitation of trafficked persons. The baseline for achieving Sustainable Development Goal 8.7 (eradicate forced labour, end modern slavery and human trafficking and end child labour by 2025).

### Introduction

Human trafficking is the third largest organized crime after drugs and the arms trade across the globe.

As per data released by the National Crime Records Bureau (NCRB), human trafficking numbers rose by almost 20% in 2016 against the previous year. NCRB said there were 8,132 human trafficking cases last year against 6,877 in 2015, with the highest number of cases reported in West Bengal (44% of cases), followed by Rajasthan (17%). Of the 15,379 victims who were caught in trafficking, 10,150 were female and 5,229 males. NCRB said the purpose of trafficking included forced labour; sexual exploitation for prostitution; other forms of sexual exploitation; domestic servitude; forced marriage;

child pornography; begging; drug peddling; and removal of organs. It is believed that the numbers recorded by NCRB are a far cry to actual incidences of trafficking as many cases went unreported with many people still unaware of the crime or lacking confidence to seek police help.

Last year, India protested against the release of a report, 'Global estimates of modern slavery: forced labour and forced marriage', a collaborative effort of the International Labour Organisation (ILO), the Walk Free Foundation and the International Organisation for Migration. The report estimated that there were 40.3 million "modern slaves" worldwide in 2016, with 24.9 million in forced labour and 15.4 million in forced marriages. It did not name countries, but the writing on the wall was clear as 17,000 interviews had been conducted in India and 61.78% of the "modern slaves" were in Asia and the Pacific. Registering its protest with the ILO, India vowed to undertake its own surveys.

### What Is Human Trafficking?

Human trafficking is modern-day slavery and involves the use of force, fraud, or coercion to obtain some type of labor or commercial sex act. Human trafficking is a hidden crime

as victims rarely come forward to seek help because of language barriers, fear of the traffickers and/or fear of law enforcement.

According to the definition of the United Nations – "trafficking is any activity leading to recruitment, transportation, harbouring or receipt of persons, by means of threat or use of force or a position of vulnerability". Close to 80% of the human trafficking across the world is done for sexual exploitation and the rest is for bonded labor and India is considered as the hub of this crime in Asia. As per the statistics of the government – in every eight minutes a child goes missing in our country.

Traffickers use force, fraud, or coercion to lure their victims and force them into labor or commercial sexual exploitation. They look for people who are susceptible for a variety of reasons, including psychological or emotional vulnerability, economic hardship, lack of a social safety net, natural disasters, or political instability. The trauma caused by the traffickers can be so great that many may not identify themselves as victims or ask for help, even in highly public settings.

Fundamental theory of demand and supply is applicable to this situation as well. Men for work generally migrate

to major commercial cities and from here the demand for commercial sex is created. To fulfill the supply all sorts of efforts are made by the suppliers like abduction etc. Young girls and women belonging to poor families are at higher risk. Social inequality, regional gender preference, imbalance and corruption are the other leading causes of human trafficking in India.

Contrary to a common misconception, people don't necessarily have to be transported across borders for trafficking to take place. In fact, transporting or moving the victim doesn't necessarily define trafficking. When children are trafficked, no violence or coercion needs to be involved. Simply bringing them into exploitative conditions constitutes trafficking. Trafficking for sexual exploitation gets much attention. However, the majority of people are trafficked into labour exploitation. Many people who fall victim of trafficking want to escape poverty, improve their lives and support their families. Often they get an offer of a well-paid job abroad or in another region. Often they borrow money from their traffickers in advance to pay for arranging the job, travel and accommodation.

### **Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018**

Trafficking in human beings is the third largest organized crime violating basic human rights. There is no specific law so far to deal with this crime. Accordingly, the Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018 has been prepared. The Bill addresses one of the most pervasive yet invisible crimes affecting the most vulnerable persons especially women and children. The new law will make India a leader among South Asian countries to combat trafficking. Trafficking is a

global concern also affecting a number of South Asian nations. Amongst them, India is now a pioneer in formulating a comprehensive legislation. United Nations office on Drugs and Crime (UNODC) and (SAARC) nations are looking forward to India to take lead by enacting this law.

A bill to identify various forms of trafficking, including for the purposes of bonded labour, sexual exploitation, pornography, removal of organs and begging, has proposed severe punishment for those engaging in the heinous crime.

The bill proposes the establishment of a national anti-trafficking bureau, which shall be entrusted with the gamut of issues aimed at controlling and tackling the menace under various forms. These include coordination, monitoring and surveillance of illegal movement of persons and their prevention. The bureau will also be entrusted with increasing cooperation and coordination with authorities concerned and organisations in foreign countries for strengthening operational and long-term intelligence for investigation of trafficking cases and driving in mutual legal assistance.

Listing out the 'aggravated forms of trafficking', the bill speaks about offences such as forced labour, or bonded labour, by using violence, intimidation, inducement, promise of payment of money, deception or coercion. Also, it mentions trafficking after administering any narcotic drug or psychotropic substance or alcohol, or for the purpose of marriage or under the pretext of marriage. Apart from the national bureau, the bill also aims at having state-level anti-trafficking officers who shall also provide relief and rehabilitation services through district units and other civil-society organisations.

The bill also spells out measures towards relief and rehabilitation for the victims of trafficking and seeks

the formation of a committee for this purpose. The committee is proposed to be headed by the women & child development secretary and would have members from the ministries of home; external affairs; labour and employment; social justice and empowerment; panchayati raj; and health and family welfare.

### **Key Features of the Bill**

- **Forms of trafficking covered:** The Bill seeks to cover aggravated forms of trafficking including trafficking for the purpose of: (i) forced labour, (ii) begging, and (iii) marriage.
- **Confidentiality:** The Bill seeks to ensure confidentiality of: (i) victims, witnesses and complainants by not disclosing their identity and (ii) victims by recording their statements through video conferencing.
- **Time-bound trial:** The Bill seeks to complete trial as well as securing return of the victims within one year from taking up the matter. Special courts will be designated in each district for speedy trial of matters.
- **Rehabilitation of victims:** The Bill seeks to extend relief to rescued victims to address their physical and mental trauma. Rehabilitation of victims will not be dependent upon initiating criminal proceedings against the accused.
- **Rehabilitation fund:** The Bill seeks to create a rehabilitation fund to be used for the physical, psychological and social well-being of the victim. This will include education, skill development, health care and legal aid.
- **Institutional support:** Nodal agencies will be created at the district, state and central level. These will be responsible for prevention, protection, investigation and rehabilitation work. The National

Investigation Agency will perform the tasks of the Anti-Trafficking Bureau at the national level.

- **Punishment:** Punishment for trafficking will range from a minimum rigorous imprisonment of 10 years to life imprisonment, along with a fine of at least Rs. one lakh.

## Legal Provisions in India

India has a complex patchwork of anti-trafficking laws, ranging from the Indian Penal Code and the Immoral Traffic Prevention Act (ITPA), 1986, to social welfare legislation on contract and bonded labour and inter-state migrant work. While criminal laws like the ITPA target 'bad men' traffickers, labour laws presume endemic exploitation in labour markets. In India, a combination of penal, labour and contract laws are used to impose obligations for better working conditions. Unfortunately, as the topic of trafficking gained international prominence, the government understood trafficking to be equivalent to sex trafficking and sex work.

The current definition of trafficking in Section 370 of the IPC is not limited to sex work; yet, the Trafficking Bill is patently neo-abolitionist. It pursues the classic raid-rescue-rehabilitation model, with stringent penalties for trafficking, including life imprisonment for its aggravated forms, reversals of burden of proof and provisions for stripping traffickers of their assets. It creates a plethora of new institutions with unclear roles, capacious powers (including for surveillance) and no accountability, alongside a parallel adjudication machinery with special courts and special public prosecutors. There is no clarity on how the Bill relates to the ITPA and to labour laws.

## International Legislation

Almost every country in the world is affected by trafficking, whether as a

country of origin, transit or destination for victims. UNODC offers practical help to all countries, not only to draft laws and create comprehensive national strategies but also assisting with resources to implement them. The adoption in 2000 by the United Nations General Assembly of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children marked a significant milestone in international efforts to stop the trade in people. As the guardian of the Protocol, UNODC addresses human trafficking issues through its Global Programme against Trafficking in Persons. A vast majority of States have now signed and ratified the Protocol. But translating it into a reality remains problematic. Very few criminals are convicted and most victims are probably never identified or assisted.

## Fighting Human Trafficking

- Learn the indicators of human trafficking so you can help identify a potential trafficking victim. Human trafficking awareness training for individuals, businesses, first responders, law enforcement, educators and government employees, among others.
- Encourage companies to take steps to investigate and prevent human trafficking in their supply chains and publish the information, including supplier or factory lists, for consumer awareness.
- Volunteer and support anti-trafficking efforts in your community.
- Host an awareness-raising event to watch and discuss films about human trafficking. For example, learn how modern slavery exists today; watch an investigative documentary about sex trafficking; or discover how human trafficking can affect global food supply chains.

- Organize a fundraiser and donate the proceeds to an anti-trafficking organization.
- Encourage your local schools to partner with students and include modern slavery in their curricula. As a parent, educator, or school administrator, be aware of how traffickers target school-aged children.
- Work with a local religious community or congregation to help stop trafficking by supporting a victim service provider or spreading awareness of human trafficking.
- Businesses: Provide jobs, internships, skills training and other opportunities to trafficking survivors.
- Students: Join or establish a university club to raise awareness about human trafficking and initiate action throughout your local community.
- Journalists: The media plays an enormous role in shaping perceptions and guiding the public conversation about human trafficking.

## Criticism

India's desire to protect its international image by measuring "more" and "better" is wholly inadequate. Rather than succumb to the numbers game played by international organisations and philanthro-capitalists, India could be more ambitious. It could assert a leadership role in the global fight against exploitation by countering the influence of neo-abolitionism, a discourse that perpetuates sensationalist accounts of "modern slaves" as victims tricked by unscrupulous traffickers and whose only hope is to be rescued by law-enforcing heroes. After all, long before neo-abolitionist groups and indeed Western countries set the global policy agenda on "trafficking", in the 1970s and 1980s India and Brazil had developed a rich, indigenous jurisprudence on exploitation.

Scholars, activists and workers' rights groups argued against extending a criminal law, raid-rescue-rehabilitation model beyond sex work to other labour sectors. They called instead for a multi-faceted legal and economic strategy; robust implementation of labour laws; a universal social protection floor; self-organisation of workers; improved labour inspection, including in the informal economy; and corporate accountability for decent work conditions. They also reiterated the need for systemic reforms to counter distress migration, end caste-based discrimination, enforce the rural employment guarantee legislation, avoid the indiscriminate rescue of voluntary sex workers, and protect migrants' mobility and rights. As the introduction of the Trafficking Bill in Parliament appears imminent, only a bold, holistic

response to what is a socio-economic problem of labour exploitation can help India realise SDG 8.7.

### Conclusion

To prevent trafficking of persons and to provide protection and rehabilitation to the victims of trafficking and to create a legal, economic and social environment against trafficking of persons and for matters connected therewith or incidental thereto. Whereas, article 23 of Constitution of India prohibits trafficking in human beings and begar and other similar forms of forced labour, making a contravention of the same a punishable offence. And, article 21 of Constitution of India guarantees that no person shall be deprived of his life or personal liberty except according to the procedure established by law; the Government of India has

ratified the United Nations Convention on Transnational Organised Crime and its three Optional Protocols, including the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially women and children; trafficking of persons needs to be prevented and the victims need care, protection and rehabilitation.

#### General Studies Paper- II

**Topic:** Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

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## NEED FOR POLICE REFORMS IN INDIA

### Why in News?

The Supreme Court slams Centre for wanting modification of its order on police reforms through review petition. The Union of India for moving an interlocutory application (IA) seeking modification of its 11-plus-year order in Prakash Singh Vs Union of India and others in which it had passed a slew of directions regarding police reforms. Centre told the Supreme Court that states were misusing the SC direction to give two-year tenures to directors general of police and were appointing officers nearing retirement to the posts to give them two additional years in service.

### Introduction

India is a union of 29 states and 7 union territories. Under the Constitution of India, the 'Police' are a State subject. This means that they are the responsibility of State governments. The organisation and working of the police forces are governed by rules

and regulations framed by the state governments.

This huge reservoir of trained manpower, more than two million in strength can become a very important catalyst of positive change in society provided they are made to serve the rule of law and held accountable for their sins of commission and omission, if any. The issue of holding them accountable is very closely linked to the type of control and superintendence exercised over them.

### 1. The Police System - A Colonial Legacy

The police as an organised institution in this country came into existence with the Police Act of 1861. This legislation was passed in the wake of the Indian Sepoy Mutiny of 1857, when the Indian soldiers in the colonial army revolted against their British commanders. The mutiny later developed into a rebellion against British rule in India. Though the revolt was quelled speedily and

successfully, it did jolt the British into taking many steps to consolidate their rule in India, including the establishment of an authoritarian police force to support the colonial government.

The British realised that to perpetuate their rule in this country, they must have a police force that was totally subservient to the executive. The executive must exercise complete and unquestioning control over the police force. Section 3 of the 1861 Police Act vested the superintendence of the state police forces in the state governments. The same Act introduced a system of dual control at the district level. It put the police forces under the command of the District Superintendents of Police, but subject to the "general control and direction" of the District Magistrates. All the above factors combined to produce a system, which situated the bulk of the police force at a distance from the community. Understandably, the 1861 Act failed to

produce an efficient, professional and accountable police force in the country. This was realised by the colonial rulers themselves. For example, the Indian Police Commission appointed in July, 1902 under the chairmanship of Sir A.H.L. Fraser concluded:

"The police force is far from efficient; it is defective in training and organisation; it is inadequately supervised; it is generally regarded as corrupt and oppressive; and it has utterly failed to secure the confidence and cordial co-operation of the people." The Commission made many recommendations but either failed to recognise or conveniently ignored the fact that most of the ills afflicting the organisation could be ascribed to the system established by the Police Act of 1861 and the philosophy of policing that was prescribed. The Commission, despite themselves unearthing massive evidence to the contrary, concluded that the system introduced in 1861 was on the whole a wise and efficient system.

## 2. Post Independence Developments

The advent of independence changed the political system, but the police system remained more or less unaltered. The Police Act of 1861 continued to govern it. Its managerial philosophy, value system and ethos remained what they were. The powers granted to politicians and bureaucrats to exercise control and superintendence over the police remained the same. Though the country has been independent for more than 70 years, till now, no government, central or state, has taken the initiative to replace the Police Act of 1861 with new legislation, which would be in tune with requirements of democratic policing.

It is not as if no new legislation has been passed. Some state governments have enacted new legislation since independence to govern the functioning of their police forces. They are as silent

and remiss about the new requirements of democratic policing as the colonial legislation was. In fact, some of these state Acts, like the Bombay Police Act, 1952 further tightened the executive control over the police force, without introducing any safeguards to prevent the misuse of police force for partisan purposes and without incorporating effective mechanisms to ensure police accountability. How this Act failed to prevent the misuse of police force was clearly seen during the communal riots of 2002 in Gujarat.

## Key Insight of Police

### An overburdened police force

- Police accounts for about 3% of the central and state government budgets.
- The United Nations recommended standard is 222 police per lakh persons. While, the sanctioned police strength was 181 police per lakh persons in 2016, the actual strength was 137 police.
- Constables (86%) are typically promoted once during their service and normally retire as head constables. This could weaken their incentive to perform well.
- According to the Law Commission "due to poor quality of investigations crime has increased by 28%/lakh over the last decade (2005-2015). However, convictions have been low".

### Improving police infrastructure

- CAG audits have found shortages in weaponry with state police forces. For example, Rajasthan and West Bengal (75% and 71% respectively).
- The Bureau of Police Research and Development has also noted a 30.5% deficiency in stock of required vehicles with the state forces.
- Funds dedicated for modernisation of infrastructure are typically not

utilised fully. For example, in 2015-16, only 14% of such funds were used by the states.

## Holding police accountable

- Police has the power to investigate crimes, enforce laws and maintain law and order in a state. To ensure that such power is only used for legitimate purposes, various countries have adopted safeguards such as making police accountable to the political executive and creating independent oversight authorities.
- In India, the political executive (i.e., ministers) has the power of superintendence and control over the police forces to ensure their accountability. However, the 2<sup>nd</sup> ARC has noted that this power has been misused and ministers have used police forces for personal and political reasons. Hence, experts have recommended that the scope of the political executive's power must be limited under law.

## Police Deviance and Accountability Mechanisms

The existing mechanisms for calling the police account for their actions can be discussed broadly under two main headings:

1. Internal Accountability Mechanisms
2. External Accountability Mechanisms

### 1. Internal Accountability Mechanisms

**Police accountability:** Police forces have the authority to exercise force to enforce laws and maintain law and order in a state. However, this power may be misused in several ways. To check against such abuse of power, various countries have adopted safeguards, such as accountability of the police to the political executive, internal accountability to senior police officers and independent police oversight authorities.

**Accountability to the political executive vs operational freedom:** Both the central and state police forces come under the control and superintendence of the political executive (i.e., central or state government). The Second Administrative Reforms Commission (2007) has noted that this control has been abused in the past by the political executive to unduly influence police personnel and have them serve personal or political interests. This interferes with professional decision-

making by the police resulting in biased performance of duties.

**Independent complaints authority:** The Second Administrative Reforms Commission and the Supreme Court have observed that there is a need to have an independent complaints authority to inquire into cases of police misconduct. This may be because the political executive and internal police oversight mechanisms may favour law enforcement authorities and not be able

to form an independent and critical judgement.

However, the Second Administrative Reforms Commission has noted the absence of independent oversight authorities that specialise in addressing all kinds of police misconduct and are easily accessible. In light of this, under the Model Police Act, 2006 drafted by the Police Act Drafting Committee (2005) and the Supreme Court guidelines (2006), states are required to set up state and district level complaints authorities.

#### Directions of the Supreme Court in *Prakash Singh vs Union of India*

**Context:** In 1996, a petition was filed before the Supreme Court which stated that the police abuse and misuse their powers. It alleged non-enforcement and discriminatory application of laws in favour of persons with clout and also raised instances of unauthorised detentions, torture, harassment, etc. against ordinary citizens. The petition asked the court to issue directions for implementation of recommendations of expert committees.

**Directions:** In September 2006, the court issued various directions to the centre and states including:

- Constitute a State Security Commission in every state that will lay down policy for police functioning, evaluate police performance and ensure that state governments do not exercise unwarranted influence on the police.
- Constitute a Police Establishment Board in every state that will decide postings, transfers and promotions for officers below the rank of Deputy Superintendent of Police and make recommendations to the state government for officers of higher ranks.
- Constitute Police Complaints Authorities at the state and district levels to inquire into allegations of serious misconduct and abuse of power by police personnel.
- Provide a minimum tenure of at least two years for the DGP and other key police officers (e.g., officers in charge of a police station and district) within the state forces and the Chiefs of the central forces to protect them against arbitrary transfers and postings.
- Ensure that the DGP of state police is appointed from amongst three senior-most officers who have been empanelled for the promotion by the Union Public Service Commission on the basis of length of service, good record and experience.
- Separate the investigating police from the law and order police to ensure speedier investigation, better expertise and improved rapport with the people.
- Constitute a National Security Commission to shortlist the candidates for appointment as Chiefs of the central armed police forces.

**Implementation:** According to a report of the NITI Aayog (2016), of 35 states and UTs (excluding Telangana), State Security Commissions had been set up in all but two states and Police Establishment Boards in all states. The two states in which the State Security Commissions were not set up by August 2016 were Jammu and Kashmir and Odisha. Note that the report also found that the composition and powers of the State Security Commissions and the Police Establishment Boards were at variance with the Supreme Court directions. For example, in states such as Bihar, Gujarat and Punjab, the State Security Commissions were dominated by government and police officers. Further, many of these Commissions did not have the power to issue binding recommendations.

**Vacancies and an overburdened force:** A high percentage of vacancies within the police forces exacerbate an existing problem of overburdened police personnel. Police personnel discharge a range of functions related to:

- i. crime prevention and response (e.g., intelligence collection, patrolling, investigation, production of witnesses in courts),
- ii. maintenance of internal security and law and order (e.g., crowd

- control, riot control, anti-terrorist or anti- extremist operations) and
- iii. various miscellaneous duties (e.g., traffic management, disaster rescue and removal of encroachments).

The Second Administrative Reforms Commission has recommended that one way to reduce the burden of the police forces could be to outsource or redistribute some non-core police functions (such as traffic management, disaster rescue and relief and issuing of court summons) to government departments or private agencies. These functions do not require any special knowledge of policing and therefore may be performed by other agencies. This will also allow the police forces to give more time and energy to their core policing functions.

#### **Constabulary related issues:**

The constabulary constitutes 86% of the state police forces. A constable's responsibilities are wide-ranging and are not limited to basic tasks. The Padmanabhaiah Committee and the Second Administrative Reforms Commission have noted that the entry level qualifications and training of constables do not qualify them for their role. One of the recommendations made in this regard has been to raise the qualification for entry into the civil police to class 12<sup>th</sup> or graduation. It has also been recommended that constables and the police force in general, should receive greater training in soft skills (such as communication, counselling and leadership) given they need to deal with the public regularly.

**Crime investigation:** A core function of the state police forces and some central police agencies like the CBI is crime investigation. Once a crime occurs, police officers are required to record the complaint, secure the evidence, identify the culprit, frame the charges against him and assist with his prosecution in court so that a conviction may be secured. In India, crime rate has increased by 28% over the last decade and the nature of crimes is also becoming more complex (e.g., with emergence of various kinds of cybercrimes and economic fraud).

The Law Commission and the Second Administrative Reforms Commission have noted that state police officers often neglect this responsibility because they are understaffed and overburdened with various kinds of tasks. Further, they lack the training and the expertise required to conduct professional investigations. They also have insufficient legal knowledge (on aspects like admissibility of evidence) and the forensic and cyber infrastructure available to them is both inadequate and outdated. In light of this, police forces may use force and torture to secure evidence. Further, while crime investigations need to be fair and unbiased, in India they may be influenced by political or other extraneous considerations.

#### **Underreporting of crime in India:**

An expert committee has noted that there is significant under-reporting of crimes under the NCRB for various reasons. For example, there could be suppression of data and low registration of crimes because the police know that their work is judged on the basis of this information. Also, sometimes victims of crime may decide against reporting the incident with the police because they are afraid to approach the police, or think the crime is not serious enough, etc.

## **2. External Accountability Mechanisms**

**Judiciary:** The courts constitute one of the most important external mechanisms of ensuring police accountability. While writ petitions and public interest litigations can be filed in higher courts, criminal prosecutions can be launched in lower courts.

**Human Rights Commissions:** The human rights commissions established under the Protection of Human Rights Act, 1993. The Act provides another means of holding the police accountable in cases of misconduct. The most important of these commissions is the National Human Rights Commission

(NHRC), which was established on October 12, 1993. The NHRC undoubtedly has some achievements to its credit, in terms of its efforts to make the police accountable for their actions. However, the Commission's work has suffered due to certain infirmities and deficiencies in the law governing its functioning. It will take time and some amendments in law to make the human rights commissions in India sufficiently strong, independent and vibrant to ensure the accountability of state institutions and protection of citizens against violations of their rights.

#### **Non-government organizations:**

NGO activities relating to the police are broadly of two types: (1) those concerned with violations of human rights committed by police officers and (2) those concerned with reforms in the working of the police organisation. One problem faced by NGOs advocating for police reforms is the non-availability of information about government's plans and programmes concerning the police. The police are very reluctant to share information with outsiders, particularly the NGOs. This hampers the work of the NGOs, especially with regard to police reforms.

**Media:** One of the most vigilant watchdogs over the police functioning in this country is the media. The media has shown great interest in reporting on human rights violations committed by police officers. The government has occasionally tried to pressurize or intimidate the media, which has exposed corruption or abuse of power by politicians and senior bureaucrats.

## **Police Infrastructure**

Modern policing requires a strong communication support, state-of-art or modern weapons, and a high degree of mobility. The Comptroller and Auditor General of India (CAG) and the Bureau of Police Research and Development (BPRD) have noted shortcomings on several of these fronts.

**Weaponry:** The CAG has found that weaponry of several state police forces is outdated and the acquisition process of weapons slow, causing a shortage in arms and ammunition. An audit of the Rajasthan police force (2009 to 2014) concluded that there was a shortage of 75% in the availability of modern weapons against the state's own specified requirements.

**Police vehicles:** New vehicles are often used to replace old vehicles and there is a shortage of drivers. This affects the response time of the police and consequently their effectiveness. As of January 2015, state forces had a total of 1,63,946 vehicles, marking a 30.5% deficiency against the required stock of vehicles (2,35,339 vehicles).

### Police-public relations

Police requires the confidence, cooperation and support of the community to prevent crime and disorder. For example, police personnel rely on members of the community to be informers and witnesses in any crime investigation. Therefore, police-public relations are an important concern in effective policing. The Second Administrative Reforms Commission has noted that police-public relations is in an unsatisfactory state because people view the police as corrupt, inefficient, politically partisan and unresponsive.

One of the ways of addressing this challenge is through the community

policing model. Community policing requires the police to work with the community for prevention and detection of crime, maintenance of public order and resolving local conflicts, with the objective of providing a better quality of life and sense of security. Various states have been experimenting with community policing including Kerala through 'Janamaithri Suraksha Project', Rajasthan through 'Joint Patrolling Committees', Assam through 'Meira Paibi', Tamil Nadu through 'Friends of Police', West Bengal through the 'Community Policing Project', Andhra Pradesh through 'Maithri and Maharashtra through 'Mohalla Committees'.

### Model Police Act, 2006

**Organisation and recruitment:** Each state will have one police service, which shall be headed by the DGP. Direct recruitments to subordinate ranks (i.e. below Deputy SP) will be made through a state level Police Recruitment Board. Recruitment to officers' ranks will be through the Union Public Service Commission or State Public Service Commission.

**Responsibilities:** The responsibilities of the police serve will include: (i) enforcing the law impartially and protecting life, liberty and human rights, (ii) preserving public order and preventing terrorist, militant and other activities affecting internal security, (iii) protecting public properties, (iv) preventing and investigating crimes, (v) providing help in natural or man-made disasters, (vi) collecting intelligence, etc. In police stations in urban areas and crime prone rural areas, investigation of heinous and economic crimes (e.g., murder, serious cases of cheating) will be carried out by a Special Crime Investigation Unit, headed by an officer at least of the rank of a Sub-Inspector. Officers of these units will generally not be diverted for any other duty.

**Accountability:** The state government will exercise superintendence over the police service. This will include laying down policies and guidelines, setting standards for quality policing and ensuring that the police perform their duties in a professional manner. State Police Boards will be constituted in each state to frame guidelines, select officers who are qualified to be promoted to rank of DGP and evaluate police performance. Police Accountability Commissions will also be set up by states to address complaints of police misconduct. However key police functionaries (e.g., DGP and police station in charge) will have a minimum tenure of two years unless they have been convicted by a court, or suspended from service, etc.

**Service Conditions:** The state government will ensure that the average hours of duty of a police officer do not exceed 8 hours (in exceptional situations, 12 hours). Adequate insurance coverage will also be provided to personnel against any injury disability or death caused in line of duty. A Police Welfare Board must also be set up to administer and monitor welfare measures for police, including medical assistance, group housing and legal aid for officers facing court proceedings.

### Conclusion

The primary role of police forces is to uphold and enforce laws, investigate crimes and ensure security for people in the country. In a large and populous country like India, police forces need to be well-equipped, in terms of personnel, weaponry, forensic,

communication and transport support, to perform their role well. Providing a sense of security to the ordinary citizens and attending to their grievances is dependent on the establishment of a police force, which is efficient, honest and professional to the core. The fact that such a police force does not exist in

India is attested to by the findings of the various commissions and committees, the complaints received by the human rights commissions, the stories reported by the press and the experiences of the common people on the streets. The need for police reforms is self-evident and urgent.

The reforms package must include the establishment of statutory institutional arrangements, which would ensure that the power of superintendence of the state government over the police force is limited to guarantee that police performance is in strict accordance with law. In other words, the police function to establish rule of law and not the rule of politics. This would require insulating them from outside illegitimate control and

giving them functional autonomy. Once the police are given functional independence, they must be held accountable for the wrongs they do. The existing mechanisms of accountability must be strengthened and improved. In addition, new mechanisms, working independently to monitor the functioning of the police and to inquire into public complaints against the police, must be established.

### General Studies Paper- II

**Topic:** Important aspects of governance, transparency and accountability, e-governance-applications, models, successes, limitations and potential; citizens charters, transparency & accountability and institutional and other measures.

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## INDIA'S MARITIME DIPLOMACY

### Why in News?

A quiet maritime strategic diplomacy has emerged as the key theme of this year's Union budget, as the government has allocated large sums of money — hitherto meant for key neighbouring countries. Beneficiaries of the Budget are Seychelles, Mauritius, Sri Lanka and Maldives — all island nations in the strategic Indian Ocean region, where India is competing against China for influence.

### Background

Developments in the past few months, however, have shown that India's attention remains squarely focused on the Indian Ocean. It clear the Indian Ocean littorals remained India's top priority, India has actively nurtured relationships with its maritime neighbours. Having improved the texture of its diplomatic ties, India has also sought to undertake joint developmental projects and strengthen a maritime security trilateral with Sri Lanka and Maldives through the inclusion of Seychelles.

- India signed a revised pact with Seychelles to develop an airstrip and jetty on the island, among other infrastructure, that will allow military use.
- Mauritius has also been allocated Rs 350 crore, marginally more than

the current fiscal's Rs 335 crore. In Mauritius, India has signed a MoU for the "improvement in sea and air transportation facilities" at the Agalega Island.

- For Sri Lanka, the government has allocated Rs 150 crore, double of last year. India is moving for the reconstruction of Sri Lanka's Kankesanthurai Port. These moves come even as Chinese firms have expanded their footprint in the Indian Ocean region with the Hambantota port project, near Colombo and the under-construction Gwadar Port in Pakistan.
- Delhi has also been looking at strategic maritime opportunities in other overseas markets, committing a \$500-million investment in the management and operation of two dedicated berths at the Chabahar port in Iran and assisting Myanmar in infrastructure improvement projects at the Sittwe and Paletwa ports.
- For Maldives, Delhi has allocated Rs 125 crore — same amount as last year. However, there are no active projects in the island country, since there has been a strain in the relationship between India and Maldives.

The lion's share of the MEA's budget has gone to Bhutan — Rs 2,650 crore. Nepal, which has witnessed

political turmoil, has been allocated Rs 650 crore for projects, almost 75 per cent more than last year. The Budget also provides for Rs 280 crore towards schemes or projects in Myanmar.

### Introduction

India's 'Maritime Diplomacy' is a function of the desire of the nation to preserve, protect and promote her maritime interests. These maritime interests flow-from and simultaneously feed-into India's core national interest which, derived from the Constitution, is "to assure the societal, economic, and material well-being of the People of India". It is important to note that the word 'societal' encompasses the human development of Indian 'society' at large and includes the various tangible and intangible forms, structures and processes—such as political systems, human development indices such as health, life-expectancy, poverty-eradication, education, as also more complex intangibles, such as the 'pursuit of 'happiness' —that make-up India's body-politic. Indeed, concentration upon the 'societal' well-being of the people of India brings in a far more holistic understanding of 'security' - the desired end-result of the entire gamut of all diplomacy including, of course, maritime diplomacy - than the traditional one of ceaseless military-economic competition between nation-states.

The pursuit, promotion, preservation and protection of India's 'maritime interests' are all founded upon a single axiom - that "India wishes to use the seas for her own purposes while simultaneously preventing others from using them in ways that are to her disadvantage" - and define and shape our maritime-diplomacy as an instrument of State policy. It follows that no assessment of either the 'form' or the optimum 'content' of our maritime diplomacy can be possible without an understanding of our principal maritime interests:

- Protection from sea-based threats to our territorial integrity.
- Ensuring stability in our maritime neighbourhood.
- Creation, development and sustenance of a 'Blue Economy' incorporating.
- The protection of India's maritime resources and offshore infrastructure, within and beyond the maritime zones of India.
- The promotion, protection and safety of our overseas and coastal seaborne trade and our sea lines of communication, including the ports that constitute the nodes of this trade.
- Support to marine scientific research, including that in Antarctica.
- Provision of support and extrication-options to our diaspora.
- Provision of holistic maritime security ('human' security) — that is, freedom from threats arising 'in' or 'from' the sea.
- Gaining and maintaining a regionally favourable geostrategic and geopolitical maritime-position.

### About Maritime Diplomacy

It is also important to remember that the term 'maritime' comprises more than just the navy and that the country's 'naval power' is a sub-set of

its 'maritime power', which involves political, economic and military power exerted through the use of the sea. Thus 'maritime diplomacy' is not necessarily the same as 'naval diplomacy'. Even though the Indian Navy is the principal 'maritime manifestation' of the sovereign power of our republic, it need not be the sole one. This notwithstanding, more often than not, the main protagonists in any maritime-diplomacy game-play by India are the Indian Foreign Service and the Indian Navy. The closer in tandem the both of them work, the more effective is India's exercise of maritime power.

While the overall geographic ambit of India's maritime diplomacy encompasses all of the world's littoral nation-states - as also some benevolent inter-state and non-state entities - its principal focus is upon the 'Indo-Pacific' - a vast, largely-maritime region.

- It ranges from the African littoral, incorporating all coastal states of West Asia, Africa's East coast, and includes at least three critical African West-coast littorals - Nigeria, Angola and South Africa.
- It then runs right across the Indian Ocean in its entirety and encompasses the 'hinge-states' of SouthEast Asia (ASEAN).
- It stretches into the Western Pacific to include the littorals of East and NorthEast Asia (including South Korea and Japan) and even reaches into the South Pacific Ocean incorporating the seas abutting Australia's Eastern seaboard and New Zealand, as also the clutch of Pacific Islands comprising Fiji, Tuvalu and Tonga.

### China vs Indian Maritime Diplomacy

Maritime diplomacy is basically played-out at either the 'Strategic' level or the level of 'Operational Art'. China's development of major maritime

infrastructure abroad - the creation of 'artificial islands' in the Paracel and Spratly Islands; the Chittagong container-terminal; the Maday crude-oil terminal in Myanmar's Kyakpyu port; the development of ports such as Hambantota in Sri Lanka, Gwadar in Pakistan, Bagamoyo in Tanzania, Beira in Mozambique, Walvis Bay in Namibia, Kribi in Cameroon, the Djibouti Multipurpose Port (DMP), etc.; and of course the hugely-seductive Maritime Silk Route (One-Belt-One-Road) Initiative - are examples of China's maritime-diplomacy at the 'strategic' level.

Likewise, India's intent to be a net "security-provider in the Indian Ocean and beyond"; her hosting of the summit meeting of the Forum for India-Pacific Islands Cooperation (FIPIC); her efforts at maritime 'capacity-building' and 'capability-enhancement' (which although used interchangeably by many Indians, actually have very different meanings) in Sri Lanka, Maldives, Seychelles, Mauritius, Madagascar, Myanmar and Vietnam, are examples of India's maritime-diplomacy at the 'strategic' level. Regrettably, India is more often than not, reactive and, frequently, its strategic-level game-plays are 'too-little-too-late'. Numerous opportunities have been lost - many in critical locations such as Djibouti, Mozambique, Sri Lanka, Qatar and Oman - largely due to the ungainliness and discomfiture India seems to demonstrate when required to 'play' pro-actively at the 'strategic table'.

In order to achieve the strategic aim of ensuring that the 110 Billion US dollars-worth of Indian trade that passes through the Gulf of Aden each year flows unhindered in the face of threats by pirates, India deploys its naval warships (tactical assets) in sequences of time, space and event, sending very strong signals to State-entities and non-State actors alike,

thereby executing maritime-diplomacy at the level of ‘operational art’.

For maritime watchers, India’s Arabian Gulf maritime strategy seems driven by two essential considerations. The waterways of the Northern Indian Ocean are among the most important

in the world, facilitating the export of large volumes of goods, oil and natural gas. India is a principal beneficiary of the trade and energy flows through the West Asian littorals. The Middle East is also home to nearly 7 million Indians, whose remittances contribute

significantly to India’s economy. The sheer weight of market interaction and commercial exchanges with the Arab Gulf region amplifies its political significant, creating an urgent need for a greater Indian naval presence in the region.

### Maritime Diplomacy: Blue Economy and Blue-Water Economy

The concept of ‘Oceans Economy’ or ‘Blue Economy’ is recent and originates from the United Nations Conference on Sustainable Development (UNCSD) held in Rio de Janeiro in June 2012.

The ‘Blue Economy’ or the ‘Oceans Economy’ is defined by the United Nations Conference on Trade and Development (UNCTAD) as “a subset of and complement to, the evolving development paradigm emphasising greener and more sustainable and inclusive economic paths. It seeks to expand the economic frontiers of coastal countries beyond their land territories. The Oceans Economy encompasses a sustainable economy for the ocean-based marine environment, related biodiversity, ecosystems, species and genetic resources including marine living organisms (from fish and algae to micro-organisms) and natural resources in the seabed while ensuring their sustainable use and hence, conservation.”

The term ‘Blue-Water Economy’ distinct from the blue economy, encompasses in it the ‘green economy’, with focus on the environment, and the ‘ocean economy’ or ‘coastal economy’, with its emphasis on complementarities among coastal and island states for sustenance and sustainable development. There is no agreed definition of ‘Blue-Water Economy’. It largely denotes economic activities conducted on high seas which include marine transportation, deep sea fishing and deep sea mineral explorations.

The ‘Blue Water’ and ‘Brown Water’ refers to the spatial dimensions of ocean space with reference to their relative distances from the coast.

- The ‘Brown Water’ refers to oceanic areas closer to coast due to the presence of sediments which discolours the water and are largely under the jurisdictional control of littoral states as ‘Territorial Sea’ or ‘Exclusive Economic Zone (EEZ)’.
- The ‘Blue Water’ signifies oceanic areas away from the coast and as ‘High Seas’ are free from the jurisdictional control of states are considered as the common heritage of mankind. The ‘Blue Water’ or ‘High Seas’ are regulated through international conventions like the UN Convention on the Law of Sea (UNCLOS).

It is pertinent to note that the international rules and norms for ‘Blue Economy’ or ‘Blue-Water Economy’ are still evolving and are being actively considered in various multilateral forums at regional and global levels. Through proactive diplomatic engagement in these forums countries aim to protect and enhance their economic and strategic interests in the maritime arena.

### Way Ahead

The creation, by India, of appropriate international organizational-structures is essential for effective maritime-diplomacy. Here again, one finds greater Indian pro-activeness at the level of ‘operational art’ than at the ‘strategic level’. This is not to say that there have not been impressive foreign-policy initiatives by India — the ‘Look East’ and ‘Act East’ policies and the consequent engagement of ASEAN and East Asia, as also the more recent ‘Look West’ policy, remain telling counters to any such accusation.

- However, there is no ab-initio structure created by India

to holistically address pan-regional concerns and to provide organisational focus to India’s maritime-diplomacy.

- Even the ‘Indian Ocean Rim Association for Regional Co-operation’ (IOR-ARC) was the result of a 1995-96 initiative of Mauritius - albeit with strong Indian support.
- In 2013, the IOR-ARC was renamed ‘IORA’ (‘Indian Ocean Rim Association’) through a largely-Australian initiative intended to provide urgent resuscitation to this largely moribund structure. However, the IORA has, thus far,

abjured ‘security’ issues, thereby repeating the same naivete that had misguided ASEAN from its inception in 1967 until 2006 (when the ASEAN Defence Ministers began to meet on an annual basis to provide form and substance to the ASEAN Political-Security Community - one of the three pillars of the ASEAN Community).

Since 2008, the Indian Navy has been partnering regional maritime forces in anti-piracy duties, providing critical support and training to Gulf Cooperation Council (GCC) navies. Through defence cooperation memorandums and joint committees

on defence cooperation, it has substantially enhanced its operational synergy with Arab Gulf navies – many of them members of the Indian Ocean Naval Symposium (IONS), an initiative pioneered by the Indian Navy.

Indian maritime diplomatic efforts haven't remained limited to the cultivation of political relationships. The Indian Navy scored one of its biggest diplomatic successes when it evacuated over 4000 Indians and 900 foreign nationals from war-torn Yemen. Operation Rahat was seen as a credible illustration of the India's maritime peacekeeping and benign potential, more so because it was conducted amid an active conflict, amidst an unfolding humanitarian catastrophe.

Encouragingly, there has been a notably even-handed approach to the Indo-Pacific region and naval cooperation with West Asian littorals has been very nicely matched by deep forays into south-East Asian and East

Asian waters, with extensive port-calls right from Vietnam and Japan all the way down to Australia.

### Conclusion

The more determinative factor is the preservation of India's strategic stakes in the Indian Ocean. The Indian Ocean littorals remained India's top priority, India has actively nurtured relationships with its maritime neighbours. With China continuing to make military inroads, the past few years have witnessed a shrinking of Indian geopolitical influence in the Indian Ocean Region (IOR). The Indian Ocean diplomacy has shown that the political role of sea power remains as important as its wartime uses. While "hard-power" projection remains effective, the modern exercise of "soft power" through "hardware" has no credible substitute. Through its Arabian Gulf initiatives, the Indian Navy has positioned itself as a reliable

and supportive partner, forged lasting relationships and helped shape the Indian Ocean's strategic environment. More importantly, the Indian Navy has successfully created a durable template of maritime relations in the Western Indian Ocean. Its reassuring presence has validated India's capacity to protect Indian and regional interests and provided evidence of a productive and dynamic maritime vision. In many ways, India's "Look-West" maritime diplomacy has been critical in rebalancing the Indian Ocean's emerging strategic narrative from "political contestation" to "collaborative development."

#### General Studies Paper- II

**Topic:** India and its neighborhood-relations.

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## SAGA OF MINIMUM SUPPORT PRICE

### Why in News?

In the 2018-19 Union budget, the government "decided to keep minimum support prices (MSP) for all unannounced crops of kharif at least at one-and-a-half times of their production cost" and rabi MSPs had already been adjusted pursuant to this formula. This cost was later clarified as covering all input expenses incurred by farmers as well as the imputed value of unpaid family labour (A2+FL).

### Introduction of MSP

We inherited an agrarian economy from the British with the agriculture and allied sector contributing to around three-fourths of the Gross Domestic Product (GDP) and providing employment to more than four-fifth of the population. The food shortages faced during the mid-1960s pushed India

to reform its agricultural policy and accordingly India adopted significant policy reforms focused on the goal of achieving foodgrain self-sufficiency. Series of institutional reforms were undertaken to boost the agricultural production and to modernize the farming practices. These included land reforms, structural changes in the agricultural administrative arrangements, agricultural extension schemes, initiation of price support policies including the introduction of the Minimum Support Price (MSP) for major agricultural produces, introduction of new technologies (popularly known as the green revolution), strengthening of agricultural research, etc.

The Union government introduced public procurement of paddy and wheat at the MSP in 1965-66 to address

grain shortage. The MSP for eligible crops is declared by the Commission for Agricultural Costs and Prices (CACP). The CACP has three different definitions of productions costs – A2 (actual paid out cost), A2+FL (actual paid out cost plus imputed value of family labour) and C2 (comprehensive cost including imputed rent and interest on owned land and capital). As is evident,  $C2 > A2+FL > A2$ .

Cost A2 includes all expenses paid by the farmer in cash or kind such as seed, fertilizer, farmyard manure, pesticides, hired labour, machine labour and irrigation and maintenance costs. It also includes rent paid for leased-in land, depreciation of assets, interest on the working capital and the imputed cost of owned seed, farm yard manure and machine labour. Cost C 2 is calculated by adding to Cost A 2

the imputed cost of family labour, the interest on fixed capital and the rental value of owned land.

### Determination of MSP

The prices of agricultural commodities are inherently unstable, primarily due to the variation in their supply, lack of market integration and information asymmetry - a very good harvest in any year results in a sharp fall in the price of that commodity during that year which in turn will have an adverse impact on the future supply as farmers withdraw from sowing that crop in the next / following years. This then causes paucity of supply next year and hence, major price increase for consumers.

To counter this, MSP for major agricultural products is fixed by the government, each year. MSP is a tool which gives guarantee to the farmers, prior to the sowing season, that a fair amount of price is fixed to their upcoming crop to encourage higher investment and production of agricultural commodities. The MSP is in the nature of an assured market at a minimum guaranteed price offered by the government.

The MSP is fixed on the recommendations of the Commission for Agricultural Costs and Prices (CACP). The CACP is a statutory body and submits separate reports recommending prices for Kharif and Rabi seasons. The central government after considering the report and views of the state governments and also keeping in view the overall demand and supply situation in the country, takes the final decision. In case of sugarcane, MSP has been assigned a statutory status and as such the announced price is termed as statutory minimum price, rechristened as Fair Remunerative Price (FRP). There is statutory binding on sugar factories to pay the minimum announced price and all those transactions or purchase at prices lower than this are considered

illegal. The number of crops covered by MSP scheme has now increased to 25.

### Impact of a Rise in the MSP

Farmers in India are not homogeneous entities. According to the National Sample Survey Office (NSSO) data, an overwhelming majority of farmers (92%) in India are either small or marginal farmers who cultivated not more than 2 hectares (5 acres) of land. Thus, an overwhelming number of households cultivate small tracts of land. Given the tiny size of plots of land for a substantial number of farmer households, most of them (if not all) will be net buyers of agricultural commodities, particularly foodgrains. This also implies that only a small minority of households are net sellers of foodgrains. Thus, any rise in MSP will be beneficial for a tiny section of farmer households.

The increase in MSP and shifts in the terms of trade in favour of agriculture will also hasten the process of accumulation. However, the surplus-generating sections in the countryside comprise only a small minority of households. The rural rich, who are also the surplus producers, have better transport arrangements and infrastructure facilities. This enables them to sell agricultural commodities through procurement agencies, if there is a steep hike in MSP. Since they are the biggest producers, supply in the open market reduces, thus leading to a rise in prices. A NITI Aayog study found that in certain states and for certain crops, MSPs are lower than the wholesale prices. In that case, surplus producers will be keen to sell their produce in the open market rather than to the government procurement agencies. A steep hike in MSP (more than the wholesale prices across all states) will provide an incentive to these producers to sell their output through the government procurement

agencies and hence, supply in the open market will be reduced and price will rise. In the absence of a well-functioning public distribution system (PDS), it may endanger food security of substantial sections of the rural poor.

There are instances of procurement below MSP as procurement is tardy and trade and other policies sometimes reduce the market prices during good harvest years also. It has an impact on inflation. Lower the market price; lower the MSP and eventually market prices become dependent on MSP due to market intervention measure. Thus, increase in MSP can result in inflation in the economy. Also, increase in income of the rich in the countryside will stimulate luxury consumption which is import-intensive and hence can negatively impact the balance of trade in the economy.

India's MSP scheme for many crops has been challenged by many countries in the WTO. For example, Australia has complained of the MSP on wheat, US and EU complained of sugarcane and pulses MSP. They have been claimed to be highly trade-distorting by its method of calculation. If the current process continues, the country will face international criticism for breaching the 10 per cent norm for subsidy on farm production set by the WTO.

### MSP and Inflation

Economically, a balance needs to be struck between consumers and producers. Higher MSPs make a prima facie case for higher inflation, as they form a floor for food prices and rising food inflation can feed into inflation expectations and higher wages. Moreover, linking MSPs to a multiple of costs and ignoring other dynamics (such as demand and global prices) risks creating distortions and disincentivizing productivity. Experts estimate that every 1 percentage point increase in MSPs leads to a 15 basis

point increase in consumer price index (CPI) inflation. So their baseline estimate on the weighted average MSP rise for both crops could add 60 basis points to CPI inflation over the next four quarters, although the shock should dissipate in the second year.

There will be a fiscal impact too, although it should be relatively benign. The food subsidy bill is set to rise. Other fiscal costs depend on how the government ensures farmers benefit from MSPs: It could be either via a price deficiency payment scheme, where the loss incurred by a farmer in selling below the MSP is compensated by the government by directly transferring cash to the farmer's bank account, similar to Madhya Pradesh's Mukhyamantri Bhavantar Bhugtan Yojna; or it could take the form of a market assurance scheme under which states procure crops when prices fall below MSPs, creating an effective floor for all crops and not just rice and wheat. Both these schemes have their own drawbacks.

### **Agrarian Structure and Benefits from the Implementation of MSP**

The agrarian structure in India is characterised by a skewed distribution of land and non-land resources. Unequal access to resources results in a situation in which a small section of the population in rural India dominates the majority who are poor, across credit, labour and output markets. Typically, Indian villages are characterised by the existence of rich peasants who produce for maximising profit and traders/moneylenders whose activities are based on the proliferation of patron–client relationships that are pre-capitalist in nature. While the rich peasant undertakes investment on land for enhancing profit from production, the same person ceases to be a capitalist when he performs the role of a trader/moneylender. In this role, the rich

peasant advances credit to a poor farmer in return for the purchase of agricultural produce at a reduced price (lower than the MSP and price in the open market) through the receipt of commissions.

Given the unequal agrarian structure in India, the poor and marginal farmer could have benefited if he had access to cheap credit from a commercial bank. He could also have gained if the trader did not have a dominant position in the village—which essentially means that his resource base would have been narrower and the trader would not be in a position to dictate terms and conditions of the credit advanced. However, that would have entailed substantial changes in the existing agrarian structure with a decline in the concentration of resources among a small minority. In absence of any such changes, upward revision of MSP will not lead to desirable outcomes.

### **Other Options**

In view of the existence of a high degree of inequality and a hierarchical social and economic structure, rise in the MSP is not necessarily a panacea to the evils that plague Indian agriculture. Better options can be thought of in terms of: (i) providing cheap finance and subsidised inputs to the actual cultivators of land (primarily small, marginal and poor peasants) to increase profitability from crop production; (ii) increasing government investment in rural infrastructure like irrigation, power, roads and transport; (iii) increasing allocation for rural employment generation programmes like Mahatma Gandhi National Rural Employment Guarantee Scheme that can lead to increase in employment opportunities, thereby leading to tightening of the rural labour markets and supplement household incomes of small, marginal and poor farmers with enhancement in food security; (iv) provision of universal PDS in rural

areas; and (v) altering the agrarian structure that could lead to more equal access to resources.

The first four options can lead to a widening of the size of the market, which, in turn, can stimulate industrial growth due to improved capacity utilisation of the industrial sector. Option (v) can lead to enhancement in food security for the poor people. To base discussions on Indian agriculture only on the MSP would mean missing out on these important issues that could have positive far-reaching impacts on the lives of farmers in India. While MSPs can benefit a small section of rural households, the non-price factors mentioned above can bring in additional benefits to the sector.

### **Suggestions**

In order to improve the MSP procurement system and make it more effective, the following recommendations are offered:

- First and foremost the awareness among the farmers needs to be increased and the information disseminated at the lowest level so that the knowledge would increase the bargaining power of the farmers. In the process the farmers will become empowered which would give them the legitimate dues.
- These should be meaningful consultation with the State Government, both on the methodology of computation of MSP as well as on the implementation mechanism.
- The small and marginal farmers can be provided with some exemption in norms to provide them with a source of income. The procurement centres should be in the village itself to avoid transportation costs.
- The farmers should receive their MSP rate in case on the spot and in the same day, so that they will be encouraged to improve

their production and create more marketable surplus.

- It has been found that MSP rates are announced after the sowing season begins or at the time when the farmers have already initiated the necessary preparation for sowing a particular crop. Rather, as intended by the policy makers, MSP should be announced well in advance of the sowing season so as to enable the farmers to plan their cropping.

### Way Forward

The government needs to adopt a comprehensive and pro-active approach

to bring the agriculture sector out of distress. MSP and procurement reforms are only one pillar of the reforms that the Indian agricultural sector needs. The twin goals of agricultural pricing policy: providing remunerative prices to farmers and providing affordable food grains to consumers, can only be realized when the government identifies the related problems and takes corrective measures. A more equitable and just MSP and rationalized procurement is the need of the hour. Several state, like Madhya Pradesh (Bhavantar Bhugtan Yojana), Haryana, and Telangana, have already shown the

way forward by introducing innovative policies for agriculture pricing.

### General Studies Paper- III

**Topic:** Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System-objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

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## EMPOWERING THE WATCHDOGS

### Why in News?

An important, yet overlooked, aspect of the recent Nirav Modi case, where the jeweller and his associates have been charged with a bank fraud estimated at ₹11,400 crore, is the role of the whistle-blower. In 2016, Bengaluru-based Hari Prasad had alerted the Prime Minister's Office and the Registrar of Companies about major irregularities by Nirav Modi's partner, Mehul Choksi, owner of Gitanjali Gems. Despite this, no action was taken and Choksi's name only emerged after Prasad spoke to the media about his earlier warning.

### Brief History

That the authorities did not take these warnings seriously is now a familiar story. Starting from 2003, when a young engineer, Satyendra Dubey, was murdered for exposing corruption in the Golden Quadrilateral highway project, the fate of a series of whistle-blowers has been dire. While some like Dubey are killed, others have faced threats and violence, or their warnings are ignored. These incidents receive episodic media and public attention.

Although the Whistleblowers Protection Act, 2014 was passed by the

Lok Sabha, it was not operationalised. In 2015, the government introduced an amended version of the law that has diluted significant provisions. This is surprising considering that the government has often proclaimed its objective to fight corruption and even acknowledged the role of whistle-blowers. In 2015, Minister of State for Finance Jayant Sinha had told the Rajya Sabha that the government was going to deal with the matter of black money on the basis of information given by whistle-blowers.

Despite such acknowledgement, the amended act does not shield whistle-blowers from prosecution under the Official Secrets Act (OSA). It says that information that affects the sovereignty, integrity, security and economic interests of the state shall not be investigated and that certain kinds of information will not form part of the disclosure unless it is obtained under the Right to Information (RTI) Act. This includes information about intellectual property and trade secrets. Incidentally, Section 8(1) of the RTI Act also does not permit information to citizens on the same grounds as the OSA, which includes information that is forbidden to be published by a court of law, that

would endanger the life or physical safety of any person, certain cabinet meeting deliberations, and anything that would cause a breach of privilege of Parliament or the legislature.

As the report Whistleblowing in Europe: Legal Protections for Whistleblowers in the EU points out, the lack of strong protection mechanisms and a loophole-free law to protect whistle-blowers harms all citizens, the economy and the environment. It points out that the lack of such a law "would rob Europe of a valuable partner in fighting corruption: the people."

As far as India is concerned, whether it is the public or corporate private sector, it is whistle-blowers and RTI activists who have contributed the most to exposing large-scale corruption. Several honest and committed bureaucrats and police personnel risked their lives and careers to make public information that was sought to be hidden, people like the police officer Sanjeev Bhat in Gujarat and the Indian Forest Service officer Sanjiv Chaturvedi, who exposed a number of irregularities with regard to postings in Haryana and at the All India Institute of Medical Sciences, Delhi. In the corporate world, where

corruption has been exposed, several leading companies have whistle-blower protection policies. However, whether these are merely on paper or practised is a moot point. The recent example of an airline company firing the staff member who publicised a video clip showing other staff members assaulting a passenger suggests that all companies do not implement these policies, if they exist at all.

As far as the RTI is concerned, the Draft RTI Rules, 2017 propose that a query will simply stop if the applicant dies while the appeal is pending before the Central Information Commission. Activists have flagged this as a dangerous clause. Already, across the country, more than 65 RTI activists have been murdered and numerous others have been subjected to violence and intimidation.

## Legislative History

The Whistleblowers Protection Act, 2014 was passed in Parliament on February 21, 2014. After the Bill was passed by Lok Sabha, certain amendments were circulated in Rajya Sabha on August 5, 2013. However, these changes were not incorporated in the Bill when it was passed by Rajya Sabha in 2014.

The Whistleblowers Protection (Amendment) Bill, 2015 was introduced in Lok Sabha on May 11, 2015. The Statement of Objects and Reasons states that this Bill has been introduced to give effect to the earlier amendments which could not be passed. The amendment Bill, which was introduced in Lok Sabha in May 2015, has been awaiting the nod from the Upper House for the at least last one-and-a-half years.

## Highlights of the Bill

- The Bill amends the Whistleblowers Protection Act, 2014.

- The Act provides a mechanism for receiving and inquiring into public interest disclosures against acts of corruption, wilful misuse of power or discretion, or criminal offences by public servants.
- The Bill prohibits the reporting of a corruption related disclosure if it falls under any 10 categories of information.
- These categories include information related to: (i) economic, scientific interests and the security of India; (ii) Cabinet proceedings, (iii) intellectual property; (iv) that received in a fiduciary capacity, etc.
- The Act permits disclosures that are prohibited under the Official Secrets Act (OSA), 1923. The Bill reverses this to disallow disclosures that are covered by the OSA.
- Any public interest disclosure received by a Competent Authority will be referred to a government authorised authority if it falls under any of the above 10 prohibited categories. This authority will take a decision on the matter, which will be binding.

## Key Issues and Analysis

The Statement of Objects and Reasons of the Bill states that the 10 prohibited categories are modelled on those under the RTI Act, 2005. However, this comparison may not be appropriate. Unlike the RTI Act, disclosures under the Bill are not made public but in confidence to a high level constitutional or statutory authority.

With regard to the 10 prohibited categories, the RTI Act allows (i) the public authority to disclose information if he considers it to be in public interest; and (ii) a two stage appeal process if information is not made available. The Bill does not contain such provisions.

A Competent Authority is required to refer a prohibited disclosure to a government authority for a final

decision. However, the Bill does not specify the minimum qualifications required or the process of appointment of this authority.

Whistleblower laws in other countries also prohibit the disclosure of certain types of information. These include information related to national security and intelligence, received in a fiduciary capacity and any disclosure specifically prohibited by a law.

## A Wider Definition

Significantly, in defining who a whistle-blower is, the law goes beyond government officials who expose corruption they come across in the course of their work. It includes any other person or non-governmental organisation. The importance of such progressive expansion is underlined by the fact that in the last few years, more than 65 people have been killed for exposing corruption in the government on the basis of information they obtained under the Right to Information (RTI) Act. The RTI law has empowered the common man to have access to information from public authorities — which only government officials were earlier privy to — making every citizen a potential whistle-blower.

Most notably, the law affords protection against victimisation of the complainant or anyone who renders assistance in an inquiry. This is critical as whistle-blowers are routinely subjected to various forms of victimisation — suspensions, withholding of promotions, threats of violence and attacks. The law empowers the competent authorities to accord them protection, which includes police protection and penalising those who victimise them. Whistle-blowers Ram Thakur, Nandi Singh and Amit Jethwa were intimidated and sought police protection in vain, before they were murdered.

## Shooting the Messenger

The amendment Bill seeks to remove immunity provided to whistle-blowers from prosecution under the draconian Official Secrets Act (OSA) for disclosures made under the WBP law. Offences under the OSA are punishable by imprisonment of up to 14 years. Threat of such stringent penalties would deter even genuine whistle-blowers. The basic purpose of the WBP Act is to encourage people to report wrongdoing. If whistle-blowers are prosecuted for disclosing information as part of their complaints and not granted immunity from the OSA, the very purpose of the law would be defeated.

Further, to ostensibly bring the WBP Act in line with the RTI Act, the amendment Bill says that complaints by whistle-blowers containing information which would prejudicially affect the sovereignty, integrity, security or economic interests of the state shall not be inquired into. In addition, certain categories of information cannot form part of the disclosure made by a whistle-blower, unless the information has been obtained under the RTI Act. This includes what relates to commercial

confidence, trade secrets which would harm the competitive position of a third party and information held in a fiduciary capacity. These exemptions have been modelled on Section 8(1) of the RTI law which lists information which cannot be disclosed to citizens.

## Two Laws, Different Objectives

The amendments ignore the fact that the two laws have completely different objectives. The RTI Act seeks to provide information to people, while the WBP Act provides a mechanism for disclosures to be made to competent authorities within the government to enable inquiry into allegations of corruption and provide protection to whistle-blowers.

Conflating the two laws is inappropriate and would preclude genuine whistle-blowing in several scenarios. For instance, what about government officials who come across evidence of wrongdoing in the normal course of their work and do not need the RTI Act to access relevant information? Again, should complaints exposing corruption in nuclear facilities or sensitive army posts not be inquired into just because they

contain information relating to national security? Surely the country would benefit if such wrongdoing is exposed so that appropriate action can be taken.

If the intention was to ensure that sensitive information pertaining to national security and integrity is not compromised, instead of carving out blanket exemptions the government could have proposed additional safeguards for such disclosures such as requiring complaints to be filed using sealed envelopes to the competent authorities.

There is no justification for not operationalising the WBP Act. It is the moral obligation of the government to immediately promulgate the rules and implement the law to offer protection to those who, at great peril, expose wrongdoing.

## Laws in Other Countries Related to Whistleblowing

Different countries protect whistleblowers in different ways. Some allow multiple agencies to receive complaints, some allow anonymous complaints, and some define victimisation and provide protection against it. Table gives an overview of the laws related to whistleblowing in some countries.

| International Comparison of Whistleblowing Laws |                                                                                                                                                                                |                                                                                                |                                                                                                                                                                        |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 | Definition of disclosure                                                                                                                                                       | Authority                                                                                      | Protection                                                                                                                                                             |
| <b>US</b>                                       | Violation of laws, gross mismanagement, waste of funds and abuse of authority.                                                                                                 | Office of Special Counsel or Office of Inspector General.                                      | Allow anonymous complaints. Protect employees from victimisation in appointment, promotion, transfer, or pay.                                                          |
| <b>UK</b>                                       | Crimes, civil offences (including negligence), miscarriages of justice, dangers to health and safety of the environment.                                                       | Employer, any prescribed persons, police, media or MP.                                         | Allow anonymous complaints. Employment tribunal decides compensation if victimised by unfair dismissal or denial of promotion.                                         |
| <b>Canada</b>                                   | Serious wrongdoing such as violation of law, misuse of public funds, gross mismanagement.                                                                                      | Supervisor or Public Sector Integrity Commissioner.                                            | Allow anonymous complaints. Has protection from reprisals (disciplinary measure, demotion, termination).                                                               |
| <b>South Africa</b>                             | Criminal offence, failure to comply with legal obligations, miscarriage of justice, endangering health and safety of individuals, damaging environment, unfair discrimination. | Various authorities such as legal adviser, employer, Cabinet member and any prescribed person. | Right to approach court, including Labour court if subjected to occupational detriment (disciplinary action, dismissal, suspension, demotion, transfer, no reference). |
| <b>Australia</b>                                | Breach of Code of Conduct (be honest, comply with all laws, no improper use of inside information).                                                                            | Public Service Commissioner, Merit Protection Commissioner, Agency Head.                       | Protection against victimisation and discrimination.                                                                                                                   |

|              |                                                                                                                                                           |                                                                                          |                                                                                                                                            |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ghana</b> | Impropriety such as economic crime, non-compliance of a law, likely to break the law, miscarriage of justice, mismanagement or waste of public resources. | Various authorities such as employer, police, MP, Commission on Human Rights, President. | Allow oral or written complaints. Has right to bring action to High Court for victimisation (dismissal, suspension, transfer, harassment). |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|

## Conclusion

There is a need to address one important aspect of the justice system in India—the lack of a witness protection programme. A number of reports of the Law Commission of India, the National Police Commission and the Justice Malimath Committee on Reforms of the Criminal Justice System have recommended the setting up of such a programme. Witnesses turning hostile when the case comes up for hearing is a familiar phenomenon. This has happened in the Vyapam scam in Madhya Pradesh, the Best Bakery case

in Gujarat, the Jessica Lal case in New Delhi and recently in the Sohrabuddin Sheikh encounter killing case being heard in Mumbai.

It is serious concern about rooting out corruption and protecting those who provide information about the corrupt, it must deal with all the three areas mentioned above—protecting whistle-blowers, witnesses in court cases and RTI activists. Employees of private corporate entities, government servants and persons prompted by their conscience or motivated by grievance are all well placed to act as watchdogs. A government that is sincere in its

desire to fight corruption and injustice must protect these public heroes.

### General Studies Paper- II

**Topic:** Important aspects of governance, transparency and accountability, e-governance-applications, models, successes, limitations and potential; citizens charters, transparency & accountability and institutional and other measures.

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# SEVEN SUBJECTIVE QUESTIONS WITH MODEL ANSWERS

## Combating the Financing of Terrorism

**Q1. The Financial Action Task Force (FATF) has become the spearhead against global efforts combating the financing of terrorism. Analyse the growing effectiveness of FATF in the fight against terrorist finance and how this could enhance Pakistan's CFT compliance over time.**

### Hints:

- The Financial Action Task Force (FATF) in its recent meeting in Paris decided to place Pakistan on the watch-list from this summer, although the formal announcement would be made in June after Islamabad submits its plan of action to curb terror financing.
- The Financial Action Task Force (FATF) was established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to combat money laundering. As of 2018, there were 37 members of the Financial Action Task Force, including the European Commission and the Gulf Cooperation Council.
- In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering. Since its inception, the FATF has operated under a fixed life-span, requiring a specific decision by its Ministers to continue. The current mandate of the FATF (2012-2020) was adopted at a Ministerial meeting in April 2012. Finance Ministers and Central Bank Governors of the countries are member.
- The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.
- The FATF has gained in importance, despite the fact that it is merely a task force, which is funded by its member countries and has a mandate extendable for specific durations. The effectiveness of the FATF emerges from a number of factors such as the organisation does not grant overriding voting rights to any of its members, the actions of the UN often tend to get deeply influenced by geopolitical considerations, rather than technical parameters, which are based on objective and professional analysis, as in the case of the FATF.

- Pakistan was removed from FATF in 2015 after three years but its inaction put it back in the grey list with fear of being put in the black list in June. Pakistan's fear that being placed on the list again at the FATF Plenary could make it harder for foreign investors and companies to do business in the country.
- As consequences of the decision, Pakistan will be put on regular monitoring; all banking transactions in the country will come under closer global watch, thus pulling down Pakistan's credibility in global financial transactions.
- This will become even more difficult as compared with the previous listing, given the adversarial relationship with the US and the latter's influence in major financial institutions. Moreover, the decision to place Islamabad on the list of countries financing terrorism is an opportunity for Pakistan's civil and military leadership to bridge their own differences when it comes to forming a counterterrorism policy with consensus and taking on board all stakeholders in the country.

## Corporate Insolvency in India: A Long Way to Go

**Q2. The Punjab National bank fraud has once again brought into focus the deficiencies in procedures and supervisory and regulatory controls in the banking sector. Discuss.**

### Hints:

- Issues with bank lending standards and the lack of transparency with bank loans in India is a problem that has been evident for a while. Repeated incidents of lending malpractices tell us that creating transparency and liquidity in the bank loan market in India isn't a choice but a necessity for the country. Transparency and liquidity, the two much needed features can be created via a fully functioning and deep secondary market in bank loans in India.
- The fundamental problem with the absence of a secondary bank loan market in India is "moral hazard". The problem of "moral hazard" leads to some lenders in banks making loans with little or no "skin in the game" with lower lending standards than ideal. To add to the problem, the bank that originates the loan holds on to the entire loan on its balance sheet with little or no transparency about the loan quality.

- Poor lending standards are encouraged and discovery of problematic loans is too late in the credit cycle. Invariably a corporate with poor credit can borrow from multiple banks, even as good quality corporates get crowded out of the market. Essentially, a bank loan market with little or no secondary market liquidity in India leads to aggregation of risk with a few banks and very little transparency on loan quality information. This is one of the major reasons for Non-Performing Assets (NPAs) and lending malpractices. Trading in bank loans to some extent is a must to resolve the issue of poor lending standards.
- A liquid and deep secondary bank loan market would go a long way in improving lending standards. The lender would have strict regulations in terms of how much of the originated loan they can hold on to their balance sheet. This would induce the lender to maintain higher standards of lending, since they will have to get other investors to partake in the loan eventually.
- The secondary market in bank loans should start with certain standardized loan formats that can be traded. Eventually the market needs to build on these standardized formats. Once the market gets liquidity, variants of the standardized loan format can be introduced. The aim of the market must be to create a “mark-to-market” for bank loans. In the more developed capital markets independent valuation agencies provide month end pricing on loans. Indian policymakers will have to come up with measures such as month end pricing to begin the process of mark-to-marking loans to a secondary market price. This will create data transparency in the market and a demarcation of credit in terms of quality, assisting investors and lenders to gauge credit quality.
- In the wake of recent incidents of fraudulent lending and lack of managerial prudence, Indian banking sector is in dire need of structural and policy reforms which would ensure greater transparency and accountability in the credit system. The law on the issue would be clarified further as a result of future judicial pronouncements. However, the goal should be complete transparency in such matters. If there are indeed any legal provisions that prevent disclosure of full details of loans of willful defaulters and absconders, they ought to be suitably modified.
- Transparency and accountability are interrelated concepts and mutually reinforcing. Without transparency there couldn't be any accountability. Unless there is accountability, transparency would be of no value. The existence of both conditions contributes to an effective, efficient and equitable management in public and private institutions.

## Modern Slavery and Human Trafficking

- Q3. What do you understand by human trafficking? Human trafficking is far more difficult to curb and needs a multi-pronged strategy. In this context discuss the relevance of the newly approved Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018.**

### Hints:

- As per data released by the National Crime Records Bureau (NCRB), human trafficking numbers rose by almost 20% in 2016 against the previous year. NCRB said there were 8,132 human trafficking cases last year against 6,877 in 2015, with the highest number of cases reported in West Bengal (44% of cases) and followed by Rajasthan (17%). Of the 15,379 victims who were caught in trafficking, 10,150 were female and 5,229 males.
- NCRB said the purpose of trafficking included forced labour; sexual exploitation for prostitution; other forms of sexual exploitation; domestic servitude; forced marriage; child pornography; begging; drug peddling; and removal of organs. It is believed that the numbers recorded by NCRB are a far cry to actual incidences of trafficking as many cases went unreported with many people still unaware of the crime or lacking confidence to seek police help.
- Human trafficking is modern-day slavery and involves the use of force, fraud, or coercion to obtain some type of labor or commercial sex act. Human trafficking is a hidden crime as victims rarely come forward to seek help because of language barriers, fear of the traffickers, and/or fear of law enforcement.
- The Union Cabinet approved the introduction of the Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018. The Bill contains provisions to ensure prevention, rescue and rehabilitation of trafficked persons. The baseline for achieving Sustainable Development Goal 8.7 (eradicates forced labour, end modern slavery and human trafficking, and end child labour by 2025).
- The Bill addresses one of the most pervasive yet invisible crimes affecting the most vulnerable persons especially women and children. The new law will make India a leader among South Asian countries to combat trafficking. A bill to identify various forms of trafficking, including for the purposes of bonded labour, sexual exploitation, pornography, removal of organs and begging, has proposed severe punishment for those engaging in the heinous crime.

- The bill proposes the establishment of a national anti-trafficking bureau, which shall be entrusted with the gamut of issues aimed at controlling and tackling the menace under various forms. These include coordination, monitoring and surveillance of illegal movement of persons and their prevention. The bill also spells out measures towards relief and rehabilitation for the victims of trafficking and seeks the formation of a committee for this purpose. The committee is proposed to be headed by the women & child development secretary and would have members from the ministries of home; external affairs; labour and employment; social justice and empowerment; panchayati raj; and health and family welfare.
- Some scholars, activists and workers reiterated the need for systemic reforms to counter distress migration, end caste-based discrimination, enforce the rural employment guarantee legislation, avoid the indiscriminate rescue of voluntary sex workers and protect migrants' mobility and rights. As the introduction of the Trafficking Bill in Parliament appears imminent, only a bold, holistic response to what is a socioeconomic problem of labour exploitation can help India realise SDG 8.7.

## Need for Police Reforms in India

**Q4. 'Police forces in India are among the least trusted public institutions'. Police reforms require structural changes making the establishment more accountable, trusted and resistant to external influences. Discuss.**

### Hints:

- The Police as an organised institution in this country came into existence with the Police Act of 1861. This legislation was passed in the wake of the Indian Sepoy Mutiny of 1857, when the Indian soldiers in the colonial army revolted against their British commanders.
- The British realised that to perpetuate their rule in this country, they must have a police force that was totally subservient to the executive. The executive must exercise complete and unquestioning control over the police force. Section 3 of the 1861 Police Act vested the superintendence of the state police forces in the state governments. Understandably, the 1861 Act failed to produce an efficient, professional and accountable police force in the country.
- The advent of independence changed the political system, but the police system remained more or less unaltered. The Police Act of 1861 continued to govern it. The powers granted to politicians and bureaucrats to exercise control and superintendence over the police remained the same. Though the country has been independent for more than 70 years, till now, no government, central or state, has taken the initiative to replace the Police Act of 1861 with new legislation, which would be in tune with requirements of democratic policing.
- The Second Administrative Reforms Commission and the Supreme Court have observed that there is a need to have an independent complaints authority to inquire into cases of police misconduct. This may be because the political executive and internal police oversight mechanisms may favour law enforcement authorities and not be able to form an independent and critical judgment.
- The Second Administrative Reforms Commission has recommended that one way to reduce the burden of the police forces could be to outsource or redistribute some non-core police functions (such as traffic management, disaster rescue and relief and issuing of court summons) to government departments or private agencies. These functions do not require any special knowledge of policing and therefore may be performed by other agencies. This will also allow the police forces to give more time and energy to their core policing functions.
- Police requires the confidence, cooperation and support of the community to prevent crime and disorder. For example, police personnel rely on members of the community to be informers and witnesses in any crime investigation. Therefore, police-public relations are an important concern in effective policing. The Second Administrative Reforms Commission has noted that police-public relations is in an unsatisfactory state because people view the police as corrupt, inefficient, politically partisan and unresponsive. One of the ways of addressing this challenge is through the community policing model.
- The reforms package must include the establishment of statutory institutional arrangements, which would ensure that the power of superintendence of the state government over the police force is limited to guarantee that police performance is in strict accordance with law. In other words, the police function to establish rule of law and not the rule of politics. This would require insulating them from outside illegitimate control and giving them functional autonomy. Once the police are given functional independence, they must be held accountable for the wrongs they do. The existing mechanisms of accountability must be strengthened and improved. In addition, new mechanisms, working independently to monitor the functioning of the police and to inquire into public complaints against the police, must be established.

## India's Maritime Diplomacy

**Q5. India's 'Maritime Diplomacy' is a function of the desire of the nation to preserve, protect and promote her maritime interests. Comment**

**Hints:**

- A quiet maritime strategic diplomacy has emerged as the key theme of this year's Union budget, as the government has allocated large sums of money — hitherto meant for key neighbouring countries. Beneficiaries of the Budget are Seychelles, Mauritius, Sri Lanka and Maldives — all island nations in the strategic Indian Ocean region, where India is competing against China for influence.
- Developments in the past few months, however, have shown that India's attention remains squarely focused on the Indian Ocean. It clear the Indian Ocean littorals remained India's top priority, India has actively nurtured relationships with its maritime neighbours.
- It is also important to remember that the term 'maritime' comprises more than just the navy and that the country's 'naval power' is a sub-set of its 'maritime power', which involves political, economic and military power exerted through the use of the sea. Thus 'maritime diplomacy' is not necessarily the same as 'naval diplomacy'.
- Indian maritime diplomatic efforts haven't remained limited to the cultivation of political relationships. The Indian Navy scored one of its biggest diplomatic successes when it evacuated over 4000 Indians and 900 foreign nationals from war-torn Yemen. Operation Rahat was seen as a credible illustration of the India's maritime peacekeeping and benign potential, more so because it was conducted amid an active conflict, amidst an unfolding humanitarian catastrophe.
- The more determinative factor is the preservation of India's strategic stakes in the Indian Ocean. The Indian Ocean littorals remained India's top priority, India has actively nurtured relationships with its maritime neighbours. With China continuing to make military inroads, the past few years have witnessed a shrinking of Indian geopolitical influence in the Indian Ocean Region (IOR).
- The Indian Ocean diplomacy has shown that the political role of sea power remains as important as its wartime uses. While "hard-power" projection remains effective, the modern exercise of "soft power" through "hardware" has no credible substitute. Through its Arabian Gulf initiatives, the Indian Navy has positioned itself as a reliable and supportive partner, forged lasting relationships, and helped shape the Indian Ocean's strategic environment.

- In many ways, India's "Look-West" maritime diplomacy has been critical in rebalancing the Indian Ocean's emerging strategic narrative from "political contestation" to "collaborative development."

## Saga of Minimum Support Price

**Q6. Recently the union government promised a minimum support price (MSP) that is 50% higher than farmers' cost of production. Will a rise in the minimum support price (MSP) solve the problem of farm distress? Critically examine.**

**Hints:**

- In the 2018-19 Union budget, the government "decided to keep minimum support prices (MSP) for all unannounced crops of kharif at least at one-and-a-half times of their production cost" and rabi MSPs had already been adjusted pursuant to this formula.
- The Union government introduced public procurement of paddy and wheat at the MSP in 1965-66 to address grain shortage. The MSP for eligible crops is declared by the Commission for Agricultural Costs and Prices (CACP). MSP is a tool which gives guarantee to the farmers, prior to the sowing season, that a fair amount of price is fixed to their upcoming crop to encourage higher investment and production of agricultural commodities. The MSP is in the nature of an assured market at a minimum guaranteed price offered by the government.
- Farmers in India are not homogeneous entities. According to the National Sample Survey Office (NSSO) data, an overwhelming majority of farmers (92%) in India are either small or marginal farmers who cultivated not more than 2 hectares (5 acres) of land in 2010-11. Thus, an overwhelming number of households cultivate small tracts of land. This also implies that only a small minority of households are net sellers of food-grains. Thus, any rise in MSP will be beneficial for a tiny section of farmer households.
- India's MSP scheme for many crops has been challenged by many countries in the WTO. For example, Australia has complained of the MSP on wheat, US and EU complained of sugarcane and pulses MSP. They have been claimed to be highly trade-distorting by its method of calculation. If the current process continues, the country will face international criticism for breaching the 10 per cent norm for subsidy on farm production set by the WTO.
- Higher MSPs make a prima facie case for higher inflation, as they form a floor for food prices and rising food inflation can feed into inflation expectations and higher wages. Experts estimate that every 1 percentage point increase in MSPs leads to a 15 basis point increase in consumer price index (CPI) inflation. So their baseline

estimate on the weighted average MSP rise for both crops could add 60 basis points to CPI inflation over the next four quarters.

- The government needs to adopt a comprehensive and pro-active approach to bring the agriculture sector out of distress. MSP and procurement reforms are only one pillar of the reforms that the Indian agricultural sector needs. The twin goals of agricultural pricing policy: providing remunerative prices to farmers and providing affordable food grains to consumers, can only be realized when the government identifies the related problems and takes corrective measures.
- A more equitable and just MSP and rationalized procurement is the need of the hour. Several states, like Madhya Pradesh (Bhavantar Bhugtan Yojana), Haryana, and Telangana, have already shown the way forward by introducing innovative policies for agriculture pricing.

## Empowering the Watchdogs

**Q7. Who is a Whistleblower? India's Whistleblower's Protection Bill amended in 2015 may actually incentivize the private companies to indulge in such illegal practices. Discuss**

**Hints:**

- To "blow the whistle" is to report a violation of law or the public trust committed by one's employer to your supervisor or the proper authorities. For example, an employee who alerts the Environmental Protection Agency (EPA) to report the illegal dumping of toxic waste in a nearby creek is a whistleblower. As long as a whistleblower makes such claims in good faith—not as a baseless attack on the company, in other words—he or she is protected by all applicable whistleblower protection laws.
- India's Whistleblower's Protection (WBP) Bill in its current format provides a mechanism for receiving and inquiring into public interest disclosures against acts of corruption or criminal offences by public servants. Thus, it excludes private companies and private persons from the applicability of the provisions of the act. This is bizarre, the whistleblowing act pertaining to corporates and private individuals, needs to build in adequate protection.
  - ♦ For better practices free of corruption, there needs to be a fear that someone could blow the lid off and that 'someone' would be protected.
  - ♦ Currently, it is the corporates and private individuals that are indulging in the practices of money laundering and tax evasion and they need to be held accountable whether in terms of corporate governance practices or through law.
- ♦ The Indian government by framing such a law has perhaps inadvertently skewed the rules in favour of private companies and individuals by keeping only public servants under the purview of the Whistleblower Protection Bill.
- ♦ Imagine a scenario where a government-owned company is bidding on a contract in competition with privately owned companies; the latter can bribe the contract provider without fear of a third-party blowing the whistle.
- Although the Whistleblowers Protection Act, 2014 was passed by the Lok Sabha, it was not operationalised. In 2015, the government introduced an amended version of the law that has diluted significant provisions. Despite such acknowledgement, the amended act does not shield whistle-blowers from prosecution under the Official Secrets Act (OSA). It says that information that affects the sovereignty, integrity, security and economic interests of the state shall not be investigated and that certain kinds of information will not form part of the disclosure unless it is obtained under the Right to Information (RTI) Act. This includes information about intellectual property and trade secrets.
- Incidentally, Section 8(1) of the RTI Act also does not permit information to citizens on the same grounds as the OSA, which includes information that is forbidden to be published by a court of law, that would endanger the life or physical safety of any person, certain cabinet meeting deliberations and anything that would cause a breach of privilege of Parliament or the legislature.
- Coupled with this is another aspect of the justice system in India—the lack of a witness protection programme. A number of reports of the Law Commission of India, the National Police Commission and the Justice Malimath Committee on Reforms of the Criminal Justice System have recommended the setting up of such a programme. If the government is serious about rooting out corruption and protecting those who provide information about the corrupt, it must deal with all the three areas mentioned above—protecting whistle-blowers, witnesses in court cases and RTI activists.
- There is no justification for not operationalising the WBP Act. It is the moral obligation of the government to immediately promulgate the rules and implement the law to offer protection to those who, at great peril, expose wrongdoing.



# SEVEN IMPORTANT NATIONAL & INTERNATIONAL NEWS

## NATIONAL

### 1. Comprehensive Social Security System

The labour ministry has proposed a comprehensive social security system to provide retirement, health, old-age, disability, unemployment and maternity benefits to 50 crore workers in the country.

#### Implementation

The first phase will see all workers getting the bare minimum, which includes health security and retirement benefits. The second phase will see unemployment benefits being added to it while in the third phase; other welfare measures can be added. The plan is to implement the scheme in three phases over 10 years, after which the government hopes to make it universal. The scheme will be implemented in four tiers with the government wholly financing the cost for people below the poverty line.

#### Beneficiaries

- The first tier will comprise destitute and people below poverty line who cannot contribute for their security and hence the cost will be entirely borne by the government under tax-based schemes.
- Workers in the unorganised sector who have some contributory power but are not self-sufficient may be covered under the subsidised schemes in the second tier.
- The third tier of beneficiaries will include those who either by themselves or jointly with their employers can make adequate contribution to the schemes, so as to be self-sufficient.
- The fourth tier will comprise comparatively affluent people who

can make their own provisions for meeting the contingencies or risks as they rise.

Its implementation would be regulated and monitored by an overarching regulatory body called the National Social Security Council to be chaired by the Prime Minister with Finance Minister, Health Minister and Chief Ministers of all states along with workers and employers as its members.

#### Funding

The scheme will be largely funded from the Building and Construction Worker Cess and funds allocated to other scattered schemes through the National Stabilisation Fund set up for the purpose.

### 2. Aviation Multi Skill Development Centre

A first-of-its-kind Aviation Multi Skill Development Centre (MSDC), a CSR initiative of Airports Authority of India (AAI) was inaugurated in Chandigarh. The Centre has been set up in collaboration with the National Skill Development Corporation (NSDC) and is supported by the Aerospace and Aviation Sector Skill Council (AASSC) of India. It will train about 2,400 youth and women in 8 aviation job roles over the next 3 years.

Demand for aviation skilled personnel has been rising commensurately with the boom in the civil aviation sector witnessed in the last 3-4 years. More than 900 new aircraft are expected to be inducted by Indian scheduled airlines in the coming few years. Air connectivity for both passenger transport and air freight is increasing, with new air routes and operationalisation of unserved or underserved airports through the UDAN Regional Connectivity Scheme.

#### National Skill Development Corporation

The National Skill Development Corporation India (NSDC) was setup as a one of its kind, Public Private Partnership Company with the primary mandate of catalysing the skills landscape in India. It aims to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions.

### 3. Shakti Sthala: The World's Largest Solar Park

The Karnataka government inaugurated the first phase of a 2,000 megawatts (MW) solar park in the drought-prone Pavagada region of Tumkur district. The 2,000 MW park, named as 'Shakti Sthala', spans across 13,000 acres spread over five villages and is a benchmark in the unique people's participation in power model put on ground. The project has been executed within a record time of two years, with

zero land acquisition. The land for the solar park has been taken on a 25-year lease by the government from around 2,300 farmers, and in return, they are paid an annual rental of Rs 21, 000 per acre, with scope for a 5% increase every two years.

It is part of the "Karnataka Solar Policy 2014-2021" which aims to decrease dependence on traditional power sources and move to

environmentally friendly ones to meet the growing power needs of the state and it ties in with the centre's scheme to generate 100 gigawatts (GW) of solar power by 2020.

The first phase of the park will generate 600MW, while the balance 1,400MW is expected to be commissioned by the end of this year. ■

### 4. Fugitive Economic Offenders Bill, 2018

The Union Cabinet has approved the proposal of the Ministry of Finance to introduce the Fugitive Economic Offenders Bill, 2018 in Parliament. The Bill would help in laying down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts.

#### Key Highlights

- It aims to curb the practice of evading the criminal prosecution by the economic offenders who flee from the country to stay out of the jurisdiction of Indian courts.

- It will give the right to the government to confiscate the property of such economic offenders in India and abroad. The Bill will also be applicable on the proxy-owned properties of the economic offenders.
- The Bill defines the economic offenders as those against whom a legal warrant has been issued, but they refuse to adhere to the summons of the legal authorities.
- It will be applicable for all offences where the monetary value exceeds Rs100 crore.

would be forced to return to India to face trial for scheduled offences. This would also help the banks and other financial institutions to achieve higher recovery from financial defaults committed by such fugitive economic offenders, improving the financial health of such institutions.

It is expected that the special forum to be created for expeditious confiscation of the proceeds of crime, in India or abroad, would coerce the fugitive to return to India to submit to the jurisdiction of Courts in India to face the law in respect of scheduled offences.

#### Need

There have been several instances of economic offenders fleeing the jurisdiction of Indian courts, anticipating the commencement, or during the pendency, of criminal proceedings. The absence of such offenders from Indian courts has several deleterious consequences. The existing civil and criminal provisions in law are not entirely adequate to deal with the severity of the problem. It is, therefore, felt necessary to provide an effective, expeditious and constitutionally permissible deterrent to ensure that such actions are curbed. ■

- The Bill makes provisions for a Court ('Special Court' under the Prevention of Money-laundering Act, 2002) to declare a person as a Fugitive Economic Offender.

#### Impact

The Bill is expected to re-establish the rule of law with respect to the fugitive economic offenders as they

**Cabinet approves the Fugitive Economic Offenders Bill**



- The Bill makes provisions for a Special Court (under the Prevention of Money-laundering Act, 2002) to declare a person as a Fugitive Economic Offender.
- The FEOB will empower law enforcement agencies to confiscate the assets of economic absconders till they submit to the jurisdiction of law in India.
- This would also help the banks and other financial institutions to achieve higher recovery from fugitive economic offenders.
- The Bill will help re-establish the rule of law with respect to the fugitive economic offenders.

## 5. National Financial Reporting Authority

The Union Cabinet chaired by the Prime Minister has approved the proposal for establishment of National Financial Reporting Authority (NFRA). The decision aims at establishment of NFRA as an independent regulator for the auditing profession.

National Financial Reporting Authority (NFRA) is a body proposed in Companies Act 2013 for the establishment and enforcement of accounting and auditing standards and oversight of the work of auditors.

### Composition

NFRA can have up to 15 full-time or part-time members besides its chairman, the appellate body can have two members other than the chairman.

### Functions

NFRA will have the power to investigate not only Chartered Accountants who audited a firm but also firms of chartered accountants and can impose a penalty of up to five times the fee received in case of misconduct by individuals and ten times the fees received in case of firms. It can also debar an auditor for up to ten years.

### Jurisdiction

The jurisdiction of NFRA for investigation of Chartered Accountants and their firms under section 132 of the Act would extend to listed companies and large unlisted public companies. The central government can also refer such other entities for investigation where public interest would be involved.

### Impact

The decision is expected to result in improved foreign/domestic investments, enhancement of economic growth, supporting the globalisation of business by meeting international practices and assist in further development of audit profession.

### Need

The need for establishing NFRA has arisen on account of the need felt across various jurisdictions in the world, in the wake of accounting scams, to establish independent regulators, independent from those it regulates, for enforcement of auditing standards and ensuring the quality of audits to strengthen the independence of audit firms, quality of audits and, therefore, enhance investor and public confidence in financial disclosures of companies.

## 6. Swajal Yojana

Swajal pilot project has been launched at village Bhikampura, Rajasthan. Swajal is a community owned drinking water programme for sustained drinking water supply. Under the scheme, 90% of the project cost will be taken care by the government and the remaining 10% of the project cost will be contributed by the community. The operations

and management of the project will be taken care by the local villagers. Besides ensuring the availability of clean drinking water to every household round the year, the project would also generate employment. As per the plan, four reservoirs would be constructed in the village and common tap connection would be given to

almost 300 households. Bhikhampura village has scarcity of drinking water and villagers have to walk to at least 3 kilometers to collect it. During the lean season, water is supplied by tankers. The new project will ease the lives of the people and ensure that potable water is available for every individual round the year.

## 7. Kuthiyottam Ritual

The Kerala State Commission for the Protection of Child Rights registered a suomotu case in connection with the Kuthiyottam ritual. The commission said it would examine if the ritual, reportedly involving piercing children's sides with a hook, violated child rights in any manner.

The Kuthiyottam ritual is usually performed every year

during the Pongala festival at the Attukal Bhagavathy Temple in Thiruvananthapuram, Kerala. Nearly 1,000 young boys undertake a seven-day penance before Pongala day. The ritual also reportedly involves piercing the child's side with a small hook and knotting a thread through it to symbolise their bond with the Goddess.

### Facts

The Attukal Pongala festival is the largest congregation of women for a festival in the world. Pongala, which means 'to boil over', is a ritual in which women prepare a pudding made from rice, jaggery, coconut and plantains cooked together and offer it to the Goddess. The ritual can only be performed by women.

## INTERNATIONAL

### 1. Arctic Seed Vault

Norway has announced it will spend 100 million Norwegian crowns, or \$13 million, to make improvements to a special seed vault in the Arctic. It had gathered more than a million varieties as it marked its 10-year anniversary.

#### About Seed Vault

The global seed vault was launched in 2008, to store seed samples of the world's crops and plants. The seeds can be of use in the event of a global catastrophe or when some species is lost due to natural

disasters. It is therefore also referred to as the doomsday vault. Svalbard was chosen as the site of the seed bank, in part, because of the area's permafrost – a thick layer of soil that stays frozen throughout the year. It makes for excellent underground cold storage.



#### India's Seed Vault

At Chang La in the Himalayas, at a height of 17,300 feet, there is a storage facility with over 5,000 seed accessions. One accession consists of a set of seeds of one species collected from different locations or different populations. The vault is a joint venture of the National Bureau of Plant Genetic Resources (which comes under the Indian Council of Agricultural Research) and the Defence Institute of High Altitude Research (under Defence Research and Development Organisation).

■

### 2. Climate Change Driving Dramatic Rise in Sea Levels: NASA Study

The sea level may rise twice as high by 2100 as previously estimated as a result of climate change, a new NASA study said. According to the findings, rise in sea level may increase by up to

65 centimetres in the next 80 years, enough to cause significant problems for coastal cities. This acceleration has been driven mainly by increased ice melting in Greenland and Antarctica.



The findings are based on 25 years of NASA and European satellite data.

#### Reason

Rising concentrations of greenhouse gases in Earth's atmosphere increase the temperature of air and water, which causes sea level to rise in two ways.

- First, warmer water expands, and this

"thermal expansion" of the ocean has contributed about half of the seven centimetres of global mean sea level rise that has been observed over the past 25 years.

- Second, the water from melting land ice flows into the ocean, which also increases sea level around the world.

The speed of the acceleration can be affected by geological events such as volcanic eruptions or by climate patterns such as El Nino and La Nina. The rate of sea level rise has risen from about 2.5 millimetres per year in the 1990s to about 3.4 millimetres per year today.

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### 3. Marshall Island's Virtual Currency

The tiny Marshall Islands is creating its own digital currency in order to raise some hard cash to pay bills and boost the economy. The Pacific island nation said it became the first country in the world to recognise a cryptocurrency as its legal tender when it passed a law this past week to create the digital "Sovereign," or SOV. In the nation of 60,000, the cryptocurrency will have equal status with the US dollar

as a form of payment. The Marshall Islands is partnering with Israeli company Neema to launch the SOV. It plans to sell some of the currency to international investors and spend the proceeds. It said the SOV will require users to identify themselves, thus avoiding the anonymity that has kept bitcoin and other cryptocurrencies from gaining support from governments. The Marshall Islands intends to initially

sell 6 million SOVs to international investors. It says it will use the money to help pay for the budget, invest in projects to mitigate the effects of global warming and support those people still affected by U.S. nuclear testing.

Venezuela last month became the first country to launch its own cryptocurrency when it launched the virtual 'Petro', backed by crude oil reserves. ■

### 4. Dormant Desert Life on Earth Hints at Possibilities on Mars

The desert, which spans parts of Chile and Peru, is the driest non-polar desert on Earth and may contain the environment most like that of the Red Planet. According to the researchers, it may rain once a decade or less in South America's Atacama Desert, but tiny bacteria and microorganisms survive there, hinting at the possibility of similar life on Mars. Genomic analyses helped identify the several apparently

indigenous species of microbial life — mostly bacteria — that had somehow adapted to live in the harsh environment by lying dormant for years, then reanimating and reproducing once it rained. In the past, researchers have found dying organisms near the surface and remnants of DNA, but this is really the first time that anyone has been able to identify a persistent form of life living in the soil of the Atacama Desert.

Scientists returned to the Atacama in 2016 and 2017 for follow-up visits, and discovered that the same microbial communities in the soil were gradually reverting to their dormant state. But they did not completely die off. Single-celled organisms, found mainly in the deeper layers of the desert, have formed active communities for millions of years and have evolved to cope with the harsh conditions. ■

### 5. Conservation Assured | Tiger Standards (CA|TS) Partnership

A survey of over a hundred tiger conservation areas by 11 leading conservation organisations and countries with tiger ranges that are part of the Conservation Assured | Tiger Standards (CA|TS) Partnership has found that only 13 per cent of tiger conservation areas meet global standards.

#### Key Highlights

- The surveyed area is home to approximately 70 per cent of the world's wild tigers. At least one-third of these areas are severely at risk of losing their tigers and most of these sites are in south East Asia, the survey stated.
- While basic needs such as encroachment against poaching, engaging local communities and

managing conflict between people and wildlife remained weak for all surveyed areas, two-thirds of the surveyed area reported fair to strong management.

- Despite poaching being one of the greatest threats faced by the big cats, 85 per cent of the areas surveyed do not have the staff capacity to patrol sites effectively and 61 per cent of the areas in Southeast Asia have very limited anti-poaching enforcement.

#### About CA|TS

It was launched in 2013 by tiger and protected area experts. It is a set of criteria which allows tiger sites to check if their management will lead to successful tiger conservation. CA|TS



is organised under seven pillars and 17 elements of critical management activity. It is an important part of Tx2, the global goal to double wild tiger numbers by the year 2022.

The CA|TS was developed in response to the need for stringent conservation procedures for protection of the big cat through a partnership between governments and conservation organisations to assess the levels of effective management, among others. ■

## 6. Global Firepower Index-2017

According to the latest edition of Global Firepower Index, the United States armed forces remain the most powerful military in the world trailed by Russia, China, India and France respectively.

The rankings for the index are reached after judging the countries on 50 parameters, including military resources, natural resources, industry and geographical features and available manpower.

### Key Findings

- India has managed to maintain its position among the top five military powers in the world. However, the index also suggests that the military capabilities of allies the U.S., India, and France exceed that of China and Russia.
- India leads China in terms of total armed personnel with India's 4,207,250 personnel against China's 3,712,500. China, however, leads in terms of active personnel with 2,260,000 troops compared to India's 1,362,500.
- The index didn't count nuclear stockpiles for the ranking but gave points for nuclear capability, whether recognised or suspected.
- Pakistan armed forces have been ranked the 13<sup>th</sup> most powerful in the world. ■

## 7. Saudi Arabia Allowed Women to Join Military

Saudi Arabia has for the first time opened applications for women to join its military as the kingdom continues to enact reforms granting females more access to a wide range of previously forbidden careers. The roles do not appear to involve combat, but will instead give women the opportunity to work in security.

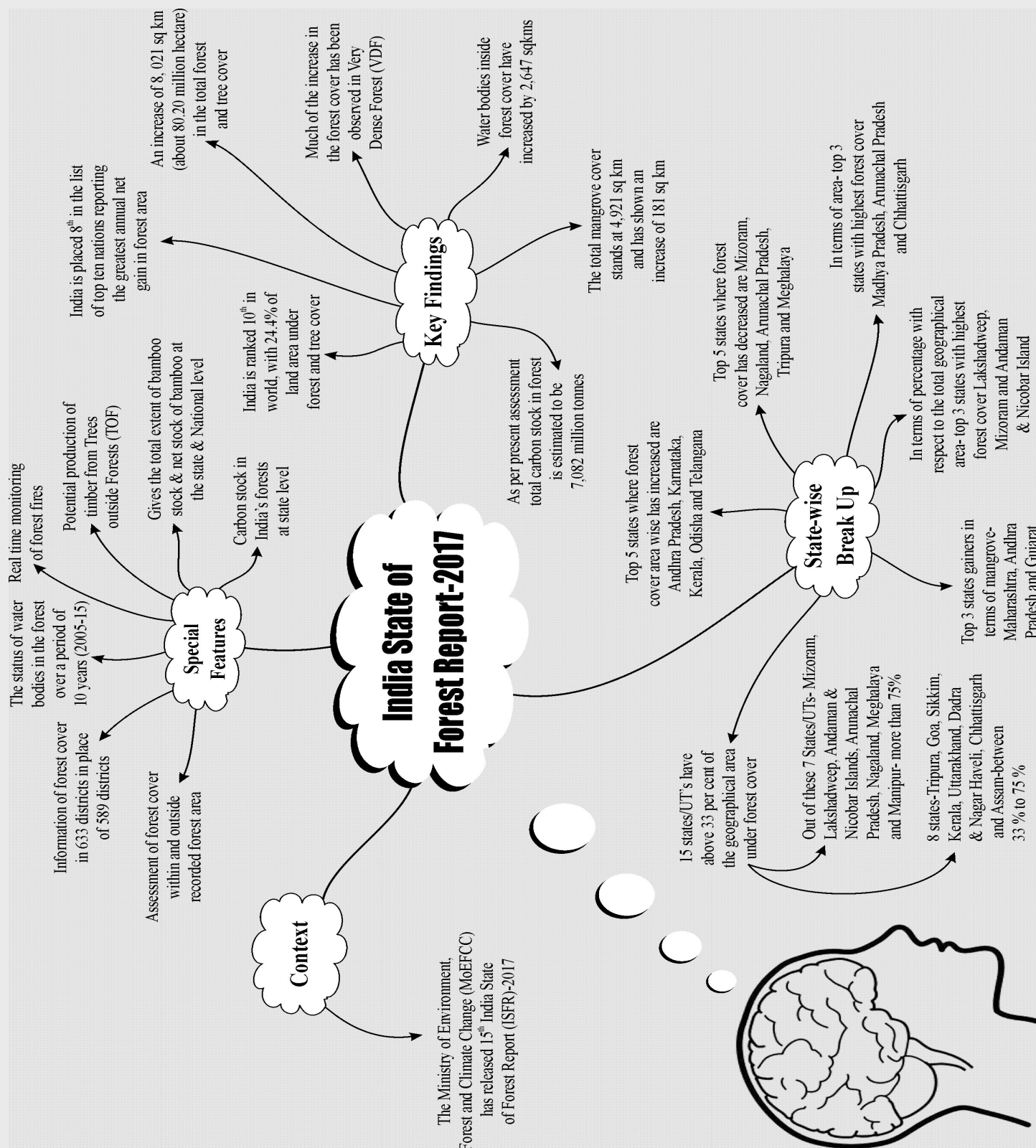
- A list of 12 requirements says hopefuls must be Saudi citizens,

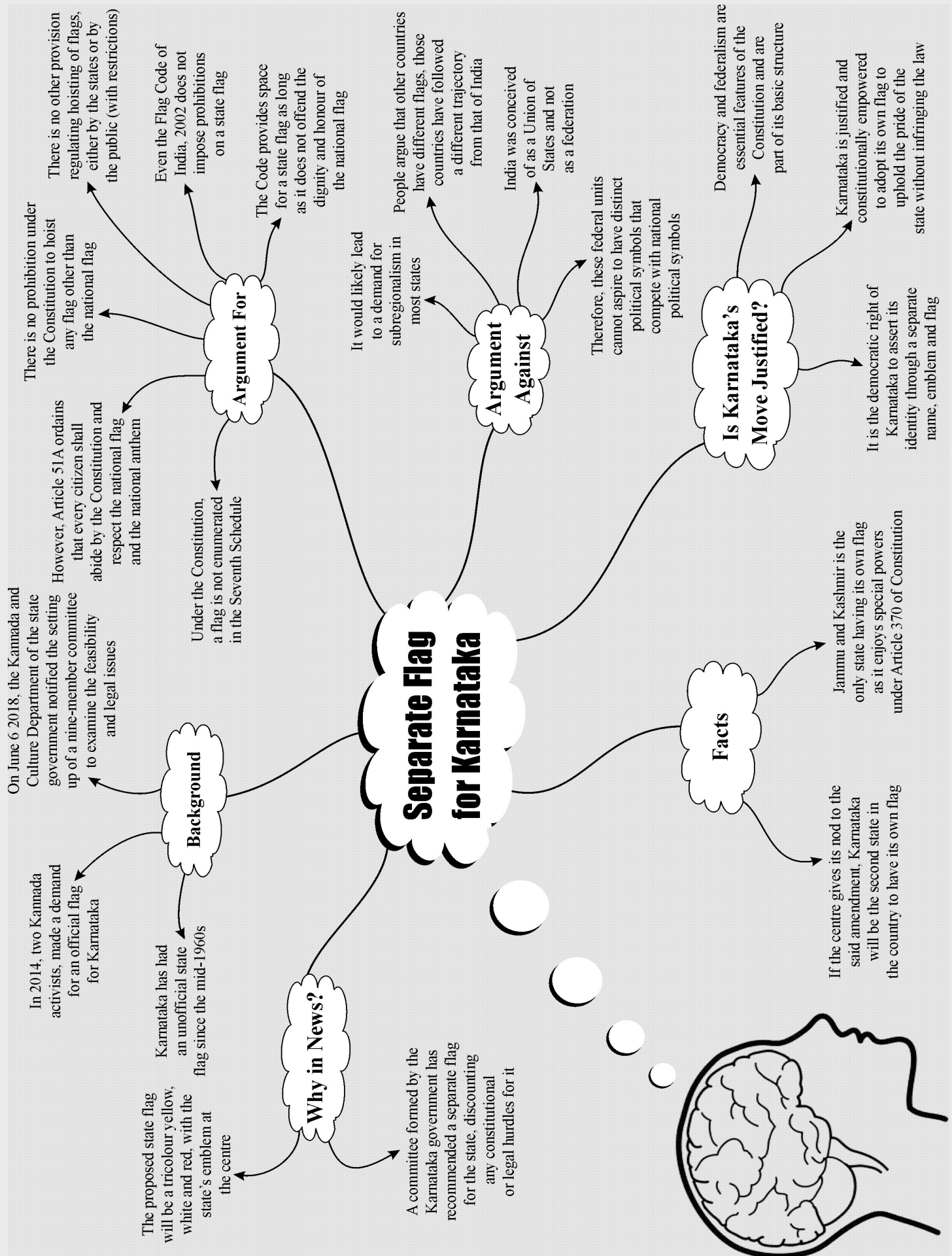
aged between 25 and 35 and have a high-school diploma.

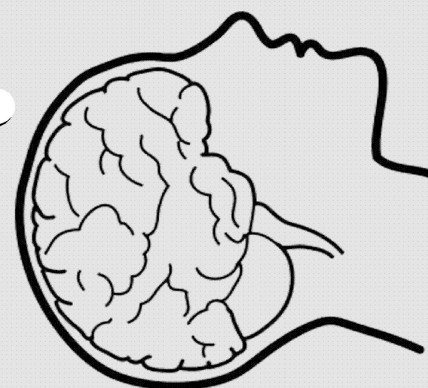
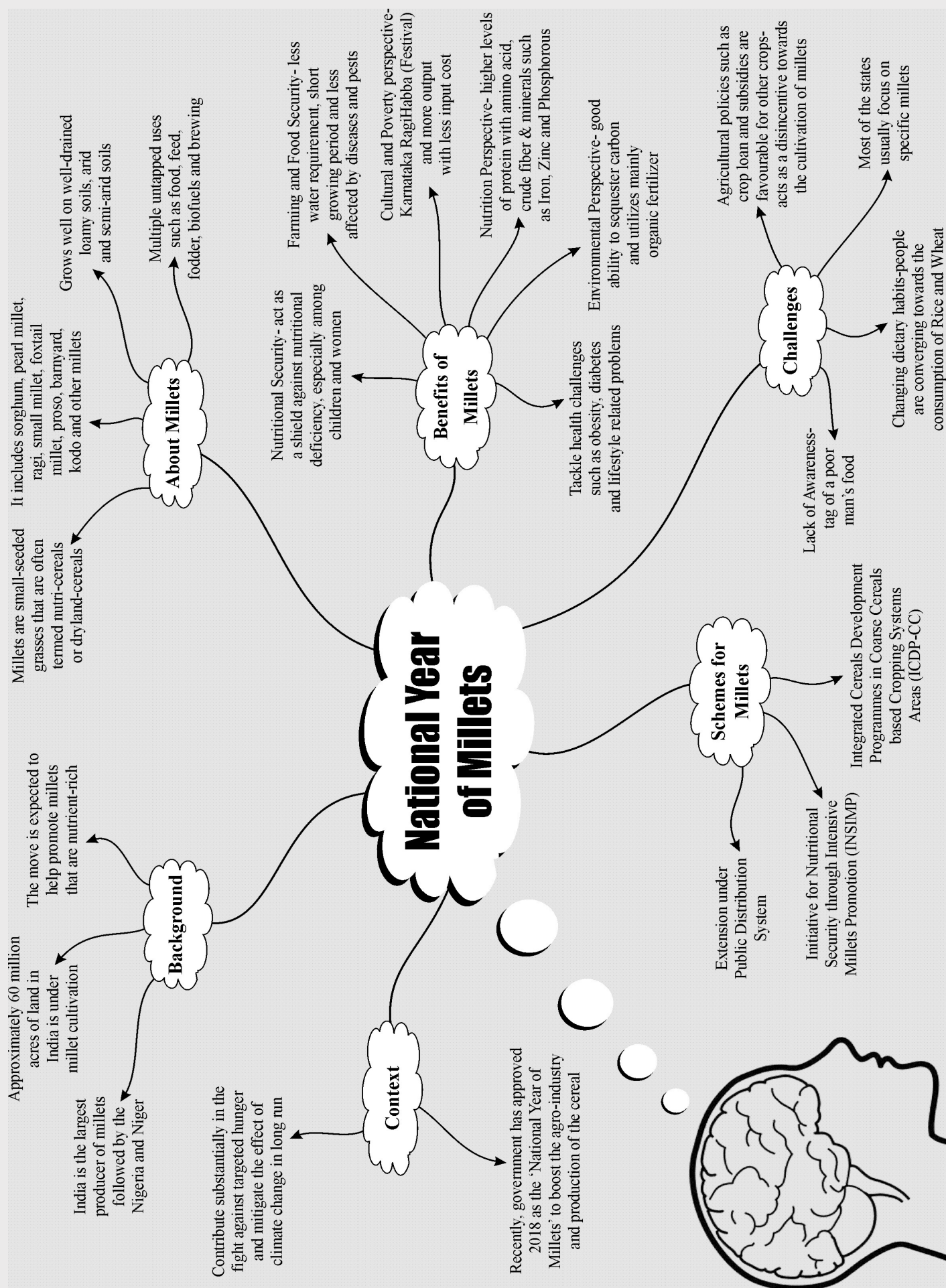
- The women and their male guardians - usually a husband, father, brother or son - must also have a place of residence in the same province as the job's location.
- Women married to non-Saudis, those who have a criminal record, and those with previous government employment history cannot apply.

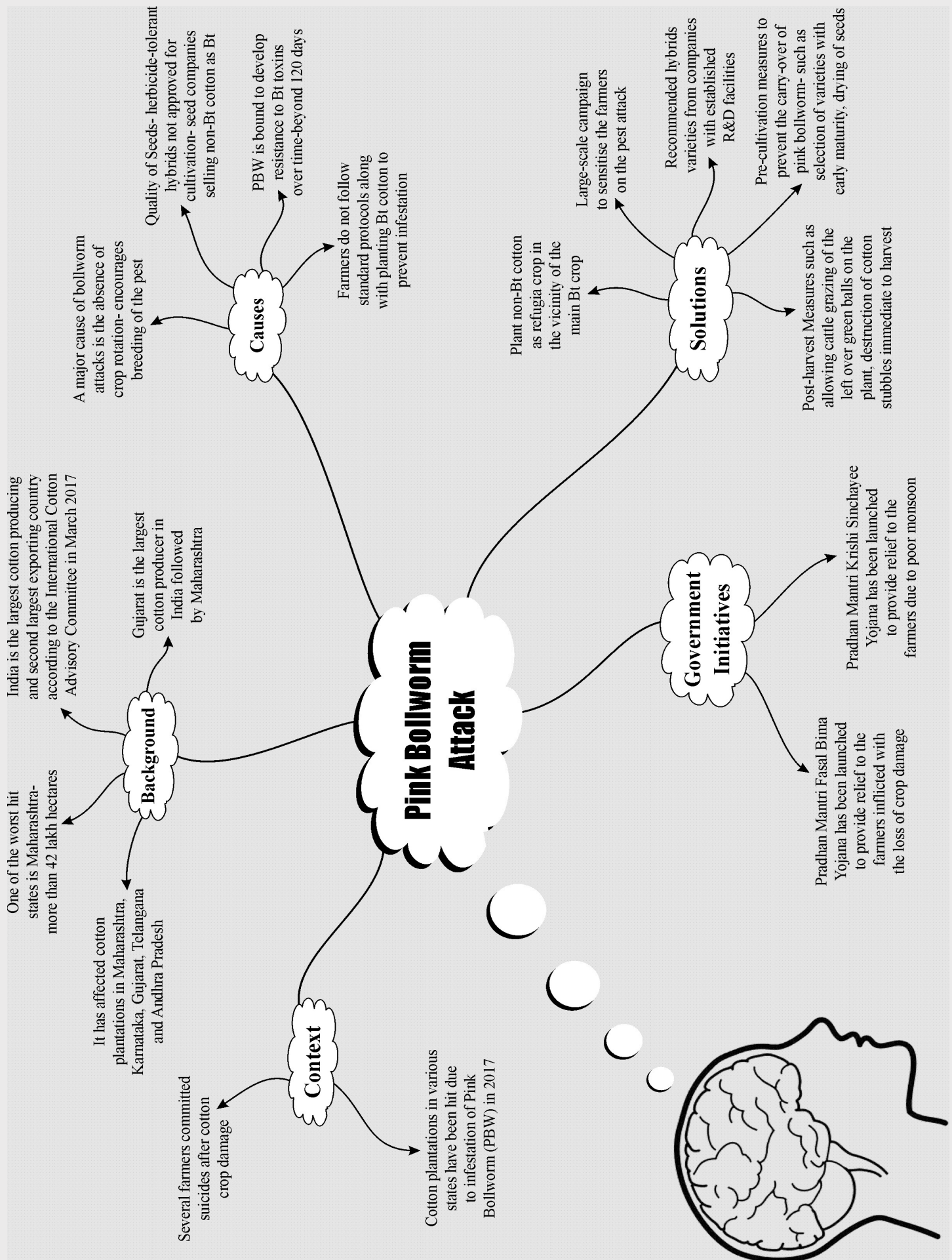
Since the launch of the Vision 2030 programme, the Kingdom has witnessed rapid social, cultural, political and economic changes. As part of the so-called "reformist" vision, the government has repeatedly stressed that it is determined to provide women rights which they haven't had in the past. ■

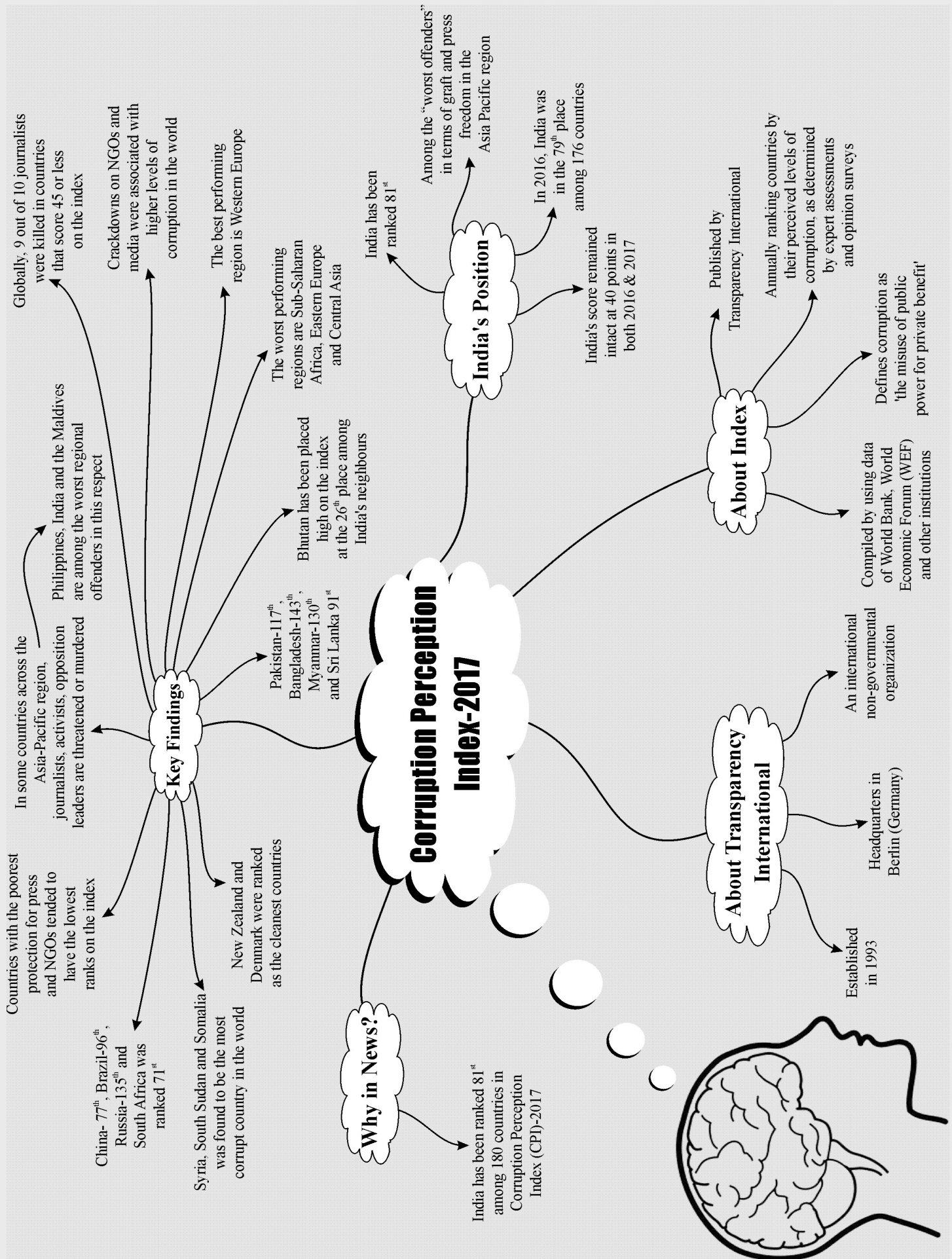
# SEVEN BRAIN BOOSTERS

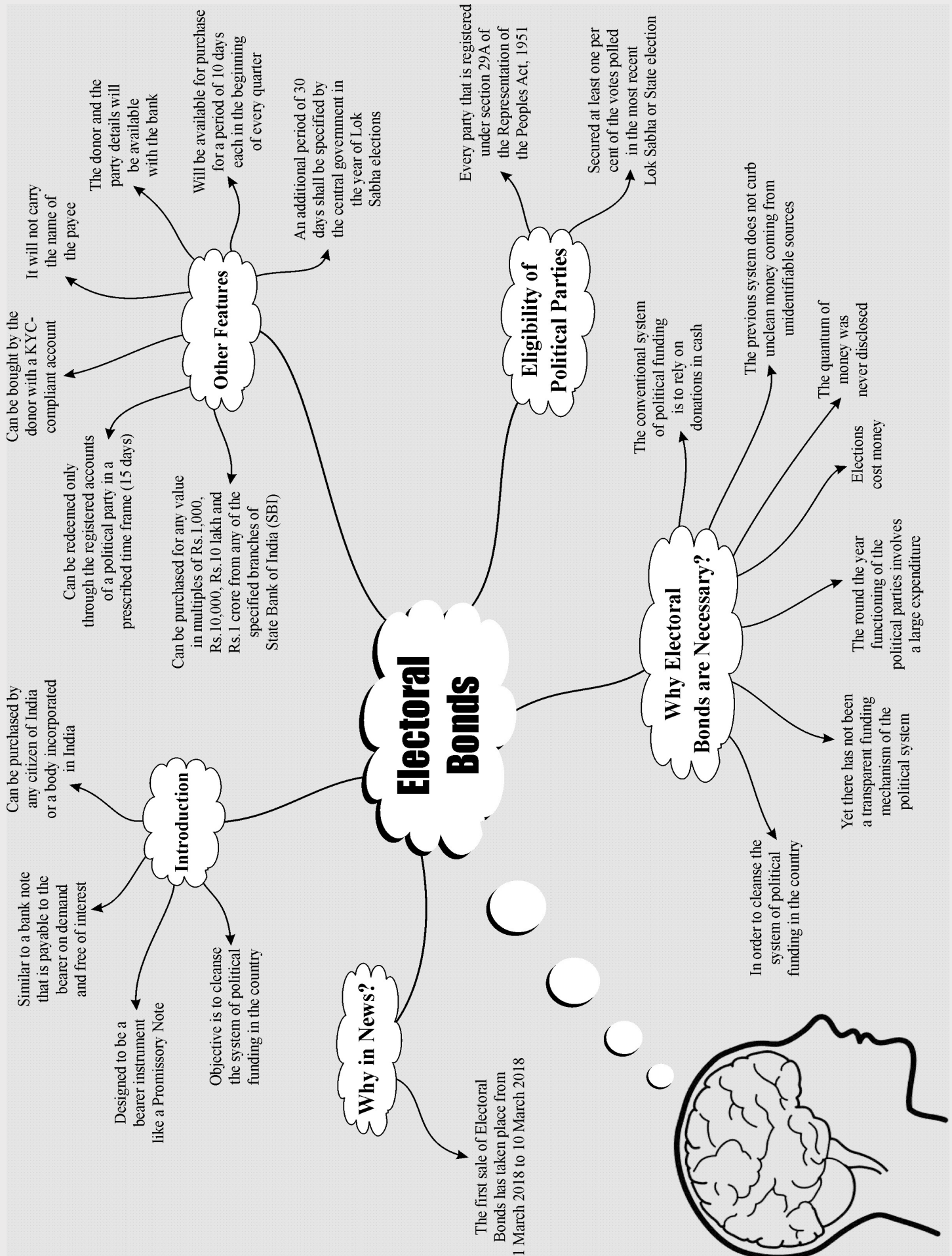


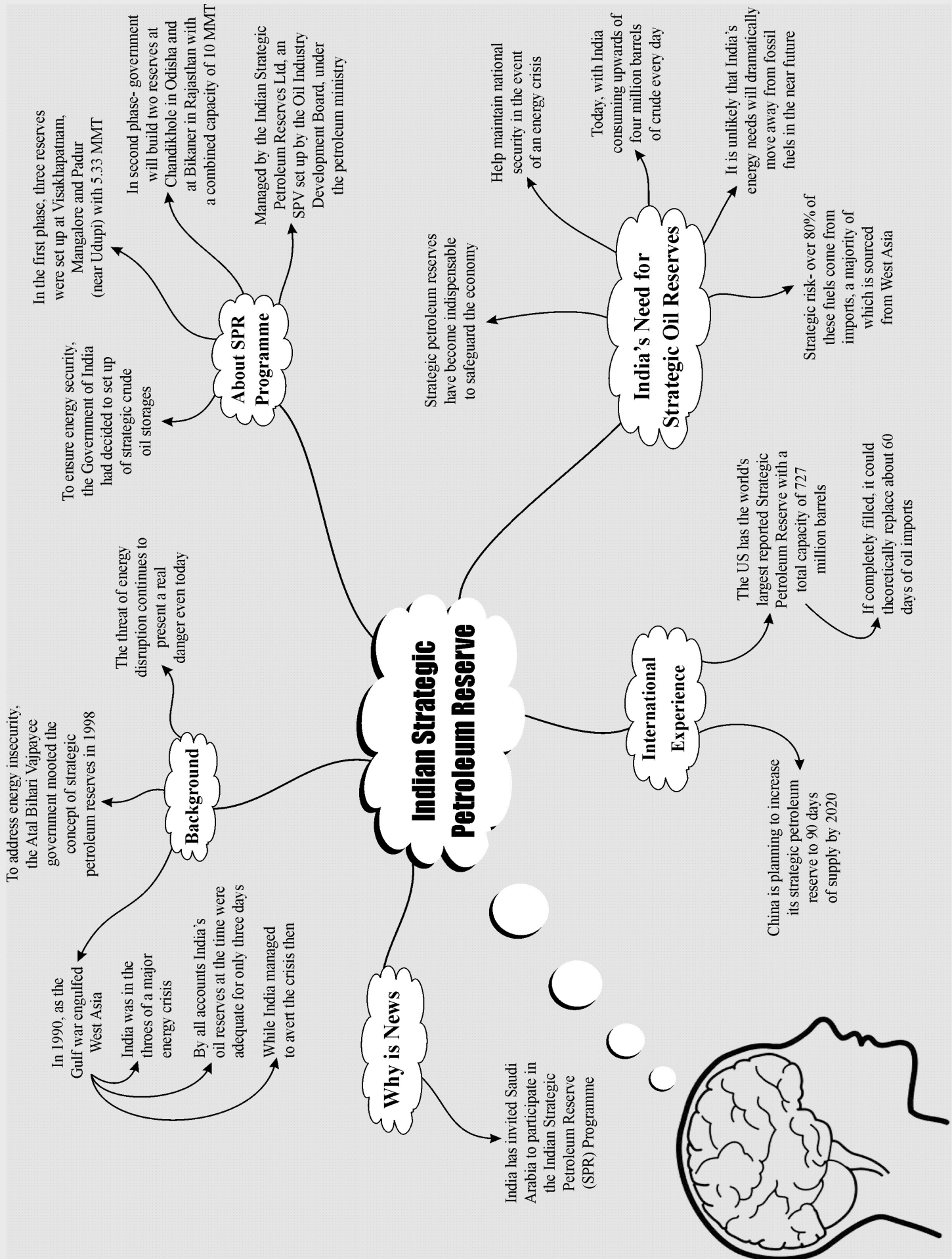












# SEVEN MCQ's WITH EXPLANATORY ANSWERS

## (Based on Brain Boosters)

### India State of Forest Report-2017

**Q1. With reference to the India State of Forest Report-2017, consider the following statements:**

1. Total area under forest and tree cover in India is 24.4% of land.
2. The maximum increase in forest cover area wise has been observed in Mizoram.
3. Madhya Pradesh has the largest forest cover in the country.

Which of the statements given above is/are correct?

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

**Answer: (c)**

**Explanation:**

**Statement 1 and 3 are correct.** As per the report, India's total forest cover is 708,273 sq.km (about 21.54% of India's total GA) and tree cover is 93,815 sq.km (about 2.85% of the total GA). Among the states, Madhya Pradesh has the largest forest cover (77,414 sq. km), followed by Arunachal Pradesh (66,964 sq. km), Chhattisgarh (55,547 sq. km), Odisha (51,345 sq. km) and Maharashtra (50,682 sq. km).

**Statement 2 is not correct.** The maximum increase in forest cover has been observed in Andhra Pradesh followed by Karnataka, Kerala, Odisha and Telangana.

### Separate Flag for Karnataka

**Q2. Consider the following statements:**

1. There is a provision under the seventh schedule of the constitution to hoist any flag other than the national flag.
2. Flag Code of India, 2002 provides space for a state flag as long as it does not offend the dignity and honour of the national flag.

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:**

**Statement 1 is not correct.** Under the Constitution, a flag is not enumerated in the Seventh Schedule. However, Article 51A ordains that every citizen shall abide by the Constitution and respect its ideals and institutions, the national flag, and the national anthem. There is no other provision regulating hoisting of flags, either by the States or by the public. It is clear that there is no prohibition under the Constitution to hoist any flag other than the national flag.

**Statement 2 is correct.** The Code provides space for a State flag as long as it does not offend the dignity and honour of the national flag. Similarly, the Code explicitly authorises (with restrictions) the flying of flags of other countries and also the flag of the United Nations.

### National Year of Millets

**Q3. Consider the following statements:**

1. Government of India has approved 2018 as the 'National Year of Millets' to boost the agro-industry and production of the cereal.
2. Millets grows well only on arid and semi-arid agro-climate region.

Which of the statements given above is/are correct?

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

**Answer: (a)**

**Explanation:**

**Statement 1 is correct** as Government of India has approved 2018 as the 'National Year of Millets' to boost the agro-industry and production of the cereal. This decision has been taken following a request by Karnataka, which is the country's leader in the millet sector.

**Statement 2 is not correct.** Millets grow well on well-drained loamy soils, arid and semi-arid regions such as in Rajasthan, Karnataka, Madhya Pradesh, etc.

### Pink Bollworm Attack

**Q4. The term 'Pink Bollworm' is sometimes seen in the news. Consider the following statements:**

1. Pink bollworm is problem related to cotton, pigeon-pea, sorghum and sunflower.
2. Pink bollworm is a sub type of ransomware that threatens to publish the victim's data or perpetually block access to it unless a ransom is paid.

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:**

**Both statements are not correct** because Pink bollworm (*Pectinophora gossypiella*), is an insect known for being a pest in cotton farming, not any sub type of ransomware. It is native to Asia, but has become an invasive species in most of the world's cotton-growing regions. It is also important to note here that Pink bollworm exclusively feed on cotton, unlike other bollworm insect species that also attack other crops such as pigeon-pea, sorghum and sunflower.

## Corruption Perception Index-2017

**Q5. Which of the following gives 'Global Corruption Perception Index' ranking to the countries of the world?**

- a) Transparency International
- b) United Nations Convention against Corruption
- c) Organization for Economic Cooperation and Development
- d) International Monetary Fund

**Answer: (a)**

**Explanation:**

It is the annual corruption index, released by Berlin-based non-government organisation Transparency International (TI). The index, which measures perception of corruption in the public sector uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. India has been ranked 81<sup>st</sup> in the global corruption perception index for 2017. It also singled out India as one of the 'worst offenders' in the Asia-Pacific region.

## Electoral Bonds

**Q6. With reference to the electoral bonds, consider the following statements:**

1. It is designed to be a bearer instrument like a Promissory Note.
2. All political parties of India would be eligible to receive donations through electoral bonds.

3. It can be purchased by any citizen of India and non-resident Indian Citizens (NRIs).

Which of the statements given above is/are correct?

- a) 1 and 2 only                      b) 2 and 3 only  
 c) 1 only                              d) 3 only

**Answer: (c)**

**Explanation:**

**Statement 1 is correct.** An electoral bond is designed to be a bearer instrument like a Promissory Note — in effect, it will be similar to a bank note that is payable to the bearer on demand and free of interest.

**Statement 2 is not correct** because an only political party which has secured not less than 1% of the votes polled in the last general election or an Assembly poll would be eligible to receive donations through electoral bonds.

**Statement 3 is also not correct** because it can be purchased by any citizen of India or a body incorporated in India.

## Indian Strategic Petroleum Reserve

**Q7. Consider the following statements in respect of Indian Strategic Petroleum Reserve:**

1. It will be managed by the Indian Strategic Petroleum Reserves Ltd, an SPV set up by the Oil Industry Development Board, under the petroleum ministry.
2. India has three underground SPR storages at Visakhapatnam, Mangalore and Ahmedabad.

Which of the statements given above is/are correct?

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

**Answer: (a)**

**Explanation:**

**Statement 1 is correct.** The government strategic reserves in India are run by the Indian Strategic Petroleum Reserves Ltd, an SPV set up by the Oil Industry Development Board, under the petroleum ministry.

**Statement 2 is not correct** because to boost our energy sector, the government has decided to set up strategic crude oil reserves. In the first phase, three reserves were set up at Visakhapatnam, Mangalore and Padur (near Udupi). In second phase- government will build two reserves at Chandikhole in Odisha and at Bikaner in Rajasthan. This will take our capacity to 15.33 MMT.



# SEVEN IMPORTANT FACTS FOR PRELIMS

1. Which country was elected as Vice President of Financial Action Task Force (FATF)?

– *China*

2. Which state government has announced a 5 lakh health cum life insurance scheme for farmers?

– *Telangana*

3. Which lake in India has been found to be the single largest habitat of Irrawaddy dolphins in the world?

– *Chilika Lake (Odisha)*

4. When the National Science Day is celebrated every year?

– *28<sup>th</sup> February*

5. Which state government has launched 'Ama Gaon, Ama Vikas Program'?

– *Odisha*

6. Which film won the 'Best Picture' at the 90th Academy Awards Ceremony?

– *The Shape of Water*

7. Which nation was the largest holder of US government securities in 2017?

– *China*

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# SEVEN PERFECT QUOTES

## (IMPORTANT FOR ESSAY AND ANSWER WRITING)

"Success is not final; failure is not fatal: It is the courage to continue that counts."

*Winston S. Churchill*

"It is better to fail in originality than to succeed in imitation."

*Herman Melville*

"All that we are is the result of what we have thought. The mind is everything. What we think we become."

*Gautama Buddha*

"To succeed in your mission, you must have single-minded devotion to your goal."

*Abdul Kalam*

"Once you choose hope, anything's possible."

*Christopher Reeve*

"Courage is grace under pressure."

*Ernest Hemingway*

"It does not matter how slowly you go, so long as you do not stop."

*Confucius*

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# SEVEN PRACTICE QUESTIONS FOR MAIN EXAM

**Answer each of the following questions in 200 words:-**

- Q1. How do political parties and candidates raise funds and account for their expenditure, given the election spending limits we have in force? Do you consider introduction of electoral bonds as an improvement over past attempts at election funding reform in India? Critically analyse.
- Q2. What do you understand by genetic discrimination? Why India needs a law against genetic discrimination? Critically discuss.
- Q3. Examine how the relationship between Parliament and the Judiciary has evolved over the years.
- Q4. How can we say whether a session of Parliament was more effective or less than the previous one? Is it possible to develop a set of subjective and objective criteria to measure the effectiveness of Parliament? Discuss.
- Q5. What's the difference between blue economy and blue-water economy with respect to maritime diplomacy? Discuss the significance of blue economy and blue water economy for India.
- Q6. The nature of economic growth in India in recent times is often described as jobless growth. Do you agree with this view?
- Q7. Discuss the advantages and security implications of cloud hosting of servers vis-a-vis in house machine based hosting for government businesses.

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