

CURRENT EVENTS AND ANALYSIS (July 2021)

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ECONOMY

MONETARY POLICY & RBI Related Issues:

RBI Announces Roadmap for Transition from LIBOR

- In July 2021, the Reserve Bank of India (RBI) announced roadmap for transition from LIBOR (London Inter Bank Offered Rate).
- RBI has asked banks and financial institutions to "cease entering into new financial contracts that reference LIBOR as a benchmark and instead use any widely accepted Alternative Reference Rates (ARR), as soon as practicable and mandatorily by December 31, 2021.
- Secured Overnight Financing Rate (SOFR) in US and Sterling Overnight Interbank Average Rate (SONIA) UK are the two popular alternatives.

What is LIBOR?

- Libor is a benchmark interest rate based on the rates at which banks lend unsecured funds to each other on the London interbank market.
- Libor is the most relied upon global benchmark for short-term interest rates.

How are LIBOR rates Determined?

- It is determined daily **using reference interest rates submitted by participating banks**.
- At present, 35 LIBOR rates are posted each day for seven maturities each for **five major currencies**, viz., the **Swiss franc, the Euro, the Pound sterling, the Japanese yen, and the US dollar**. The seven maturity periods are Overnight, One Week, One Month, Two Months, Three Months, Six Months and 12 Months).
- Each day, major global banks are asked how much they would charge other banks for short-term loans. The highest and lowest figures are taken out and then average from the remaining numbers is calculated. This rate is posted each morning as the daily rate.
- Only those banks that have a significant role in the London market are considered eligible for participation in determination of LIBOR rates. For example, 16 major banks, including Bank of America, Barclays, Citibank, Deutsche Bank, JPMorgan Chase, and UBS constitute the panel for deciding U.S. dollar LIBOR.
- Currently, the widely used reference rate is 3 month LIBOR rate for US dollar.

Significance of LIBOR:

- Many banks worldwide use Libor as a base rate for setting interest rates on consumer and corporate loans.
- Indeed, hundreds of trillions of dollars in securities and loans are linked to Libor, including government and corporate debt, as well as auto, student, and home loans.
- When Libor rises, rates and payments on loans often increase; likewise, they fall when Libor goes down.
- Globally, **\$260 trillion** in contracts are linked to Libor.
- In India, the Reserve Bank of India estimated the country's Libor exposure at \$331 billion.
- Hence, the transition away from LIBOR is widely regarded as one of the biggest challenges faced in the financial industry.

Significance of LIBOR for India:

- India has significant exposure to LIBOR interest rates. Interest rates on Government bonds, derivatives, External Commercial Borrowings (ECBs), Foreign Currency Non-Resident Deposits, Foreign Currency Convertible Bonds, Loans raised by Government from multilateral / bilateral agencies and Lines of Credit offered to other countries, etc. are linked to LIBOR. All these are linked with Three Month or Six-Month LIBOR rate for US dollar

Why is LIBOR being phased out?

- Many countries are phasing out LIBOR due to financial scandal in fixing LIBOR rates which came to light in 2012. Bankers at several major financial institutions colluded with each other to manipulate the LIBOR rates.
- Traders at many of these banks deliberately submitted artificially low or high interest rates in order to force the LIBOR higher or lower to support their own institutions' derivative and trading activities.
- Many leading global financial institutions were implicated in the scandal which include Deutsche Bank (DB), Barclays (BCS), Citigroup (C), JPMorgan Chase (JPM), and the Royal Bank of Scotland (RBS).
- The LIBOR scandal sowed distrust in the financial industry and led to questions over credibility of LIBOR rates.
- Following LIBOR scandal, Britain's Financial Conduct Authority (FCA) took the responsibility for LIBOR supervision away from the British Bankers Association (BBA) and entrusted it to the Intercontinental Exchange's Benchmark Administration (IBA). The IBA is an independent U.K. subsidiary of the private U.S.-based exchange operator, Intercontinental Exchange (ICE). LIBOR is now commonly known as ICE LIBOR.
- US Federal Reserve launched Secured Overnight Financing Rate (SOFR) in 2018 as a possible replacement for LIBOR.
- More recently, the FCA has announced that it will support LIBOR only until 2021
- US and U.K. announced that LIBOR will be completely phased out by June 30, 2023.

Alternatives to LIBOR:

- There are several alternate reference rates are being considered for global benchmark interest rates. Some of them are
- Secured Overnight Financing Rate (SOFR) of USA
- Sterling Overnight Interbank Average Rate (SONIA) of UK
- Euro Short Term Rate (ESTR) of European Union
- Swiss Average Rate Overnight (SARON) of Switzerland
- Tokyo Overnight Average Rate (TONAR1) of Japan
- Among the above, Secured Overnight Financing Rate (SOFR) is emerging as alternative to LIBOR.
- SOFR represents the cost of borrowing cash overnight which is collateralised by US treasury securities. Over USD 750 billion worth of daily transactions are executed in the US Treasury overnight repurchase market.
- The significance of SOFR is that it is premised on actual market activity i.e. sale of collateralised borrowings, rather than a estimated borrowing rate used in LIBOR.

Government Securities:

Retail Investors Allowed to Directly Invest in Government Securities

- As part of the central bank's ongoing efforts to increase retail participation in government securities, the Reserve Bank of India (RBI) announced 'RBI Retail Direct' facility for retail investors on July 12, 2021.
- They can invest both in the primary market and secondary market for Government securities.
- **Primary market** is where securities are created i.e. securities are sold to the investors for the first time.
- **Secondary market** refers to market where investors buy and sell the securities they already own
- Until now, only entities like Banks, Primary Dealers (investment banks, financial services companies which are registered with RBI and given license to trade in Government securities), insurance companies, Mutual Funds could participate in sale and purchase of Government securities.
- Retail investors could only **indirectly participate through investments** in Mutual Funds and Insurance Funds.

Requirements for Participation in Government Securities Market :

- Retail investors can open and maintain a Retail Direct Gilt (RDG) account with the RBI **free of cost** through the dedicated online portal for participating in the primary market as well as secondary market for Government securities.
- Retail investors need a rupee savings bank account maintained in India, Permanent Account Number (PAN) or any officially valid document for KYC purposes, a valid email id and mobile number to register under the Retail Direct scheme and maintain a RDG account.
- Non-resident retail investors, eligible to invest in government securities under Foreign Exchange Management Act, 1999, can also avail of the 'RBI Retail Direct' scheme.

Background Information:

What are Government Securities (G-Secs)?

- These are debt instruments issued by the government to borrow money.
- Government securities are of two types.

1. Treasury Bills:

These are issued for short term which have a maturity of less than one year. These are presently issued in three tenors, namely, 91 day, 182 day and 364 day.

Treasury bills are zero coupon securities i.e. no interest is paid on them. Instead, they are issued at a discount and redeemed at the face value at maturity.

For example, a 91 day Treasury bill of Rs.100/- (face value) may be issued at say Rs. 98.20, that is, at a discount of say, Rs.1.80 and would be redeemed at the face value of Rs.100/-. The return to the investors is the difference between the maturity value or the face value (that is Rs. 100) and the issue price.

2. Government bonds (also called Dated Securities):

Government bonds are also called dated securities they are given the date on which they reach maturity

These have maturity of one year or more.

Generally, the tenor of dated securities ranges from 5 years to 40 years.

The Public Debt Office (PDO) of the Reserve Bank of India acts as the registry / depository of G-Secs and deals with the issue, interest payment and repayment of principal at maturity.

Advantages of Investing in Government Securities:

1. G-Secs offer the maximum safety as they carry the Sovereign's commitment for payment of interest and repayment of principal.
2. G-Secs can be sold easily in the secondary market to meet cash requirements.
3. **Qualify for SLRs:** Government securities qualify for Statutory Liquidity Ratio (SLR). Besides banks, insurance companies and other large investors, smaller investors like Co-operative banks, Regional Rural Banks, Provident Funds are also required to statutorily hold G-Secs.
4. **Used as Collaterals:** They are also eligible as collaterals for borrowing through market repo as well as borrowing by eligible entities from the RBI under the Liquidity Adjustment Facility (LAF).

Interest rates on Government Securities:

- Earlier interest rates were administratively fixed by the Government.
- At present these are fixed through auctions.
- Auctions are conducted by RBI on electronic platform called the E-Kuber, the Core Banking Solution (CBS) platform of RBI.
- Commercial banks, scheduled UCBs, Primary Dealers, insurance companies and provident funds, who maintain funds account with RBI, are members of this electronic platform.

Government Securities of Central and State Governments:

- Central Government issues both, treasury bills and bonds (dated securities) while the State Governments issue only bonds (dated securities), which are called the State Development Loans (SDLs).

State Development Loans:

- State Development Loans (SDLs) are also issued through normal auction similar to the auctions conducted for dated securities issued by the Central Government.
- Interest is serviced at half-yearly intervals and the principal is repaid on the maturity date.
- Like dated securities issued by the Central Government, SDLs issued by the State Governments also qualify for Statutory Liquidity Ratio (SLR).
- They are also eligible as collaterals for borrowing through market repo as well as borrowing by eligible entities from the RBI under the Liquidity Adjustment Facility (LAF).

Deposit Insurance:

Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021

- Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021 was passed by the Parliament. The Bill amended the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
- The Act established the Corporation to provide insurance for bank deposits and guarantee credit given by banks and financial institutions.

What are the major amendments?

1. Immediate Interim Payment to Depositors of Stressed Banks:

- When a stressed bank is placed under moratorium by the RBI, restrictions are imposed on withdrawals by depositors. Depositors face serious difficulties in accessing their deposits, despite deposit insurance being in place, and this continues for extended periods of time.
- Through the amendment, Deposit Insurance and Credit Guarantee Corporation (DICGC) has been made liable to pay out the insurance amount of Rs. 5 lakh per depositor 90 days after commercial or co-operative bank is placed under any direction that restricts depositors from withdrawing their money. The Corporation will collect the money from the insured bank after the completion of the moratorium process.

2. Hike in Insurance Premium:

- At present, the amount of premium charged by the Deposit Insurance and Credit Guarantee Corporation for insuring the Bank deposits is defined in the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
- Deposit Insurance and Credit Guarantee Corporation can charge a premium 15 paisa per Rs. 100 of deposit under the Act.
- Through the amendment, freedom has been given to Deposit Insurance and Credit Guarantee Corporation to hike the premium amount charged for insuring bank deposits with previous approval of the RBI.

Why were the amendments brought in?

- In recent times, RBI imposed moratorium on some cooperative banks like PMC Bank, Lakshmi Vilas Bank and Yes Bank, a commercial bank due to their rising Non-Performing Assets, huge losses, weak capital base, etc. Depositors faced problems as restrictions were placed on withdrawals.
- Beside causing undue suffering to the depositors, such restrictions on withdrawals also affect the confidence of the depositors in the banking system.
- Besides, there was also pressure on Government and RBI to immediately address the issues of Banks under moratorium either through mergers or amalgamations to restore the faith of depositors in the banking system.
- The amendment addresses the above problems as Deposit Insurance and Credit Guarantee Corporation has been made liable to pay the depositors an amount up to Rs. 5 lakh and recover it lately from the concerned bank.
- Similarly, freedom has been given to Deposit Insurance and Credit Guarantee Corporation to hike premium charged on Banks for providing insurance to deposits to increase the balance sheet (premium amount collected) of the corporation. This has been done keeping in mind the possibility of failure of large commercial banks like in the case of YES bank which had a deposit base of over Rs. 1 lakh crore.

About Deposit Insurance and Credit Guarantee Corporation:

- DICGC is a subsidiary of the Reserve Bank of India (RBI) set up to provide insurance cover on bank deposits and also guarantee of credit facilities.
- The Corporation insures all bank deposits, including savings, fixed, current and recurring deposits of all banks in India - Public, Private, Cooperative and Foreign banks in India.

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- The premiums paid to the Corporation are borne by the banks themselves and not passed on to the depositors. The total premium available with the Corporation was Rs.1.30 lakh crore as of March 31, 2021.

Hike in Insurance Coverage:

- In 2020, the Government raised the insurance coverage for depositors in banks from Rs 1 lakh to Rs 5 lakh to provide a greater measure of protection.
- The revised limit protects the interest of majority depositors as almost **98 per cent of accounts in Indian banks have less than Rs 5 lakh.**

INDUSTRY:

Compulsory Licensing:

Parliamentary Standing Committee Recommends Invoking Compulsory Licensing for COVID-19 Medicines and Vaccines

- In July 2021, the parliamentary standing committee on commerce recommended invoking compulsory licensing for the production of medicines and vaccines for the treatment of covid, since the pandemic has led to a national health emergency.

What is Compulsory Licensing?

- Under Section 92 of the Patent Act, 1970, central government can issue Compulsory Licence (CL) to a third party to use the patent without the consent of the patent holder, after paying a government-determined royalty to the patent owner.
- The government can invoke Compulsory License in circumstances of "national emergency or in circumstances of extreme urgency.

What is a patent?

- A patent is an exclusive right granted for an invention.
- It is given to a product or a process.
- Patent protection means that the **invention cannot be commercially** made, used, distributed, imported, or sold by others without the patent owner's consent.
- Patent protection is granted for a limited period, **generally 20 years** from the filing date of the application. This exclusive period is given to allow patent inventors to recover their investments made in the development of products and profit from the innovation which can be used for new research.
- A **patent owner may grant a license to a third party in return for royalty payments.** Such licenses are generally given by the patent holder when he does not have enough manufacturing capacity or he wants to focus only on one geographical market.

Governments Control Over Patents:

Compulsory License:

- In exceptional cases (national emergency or in circumstances of extreme urgency), a country may **grant a compulsory license** to other companies to use the patent without the consent of the patent holder after paying some royalty.

Exports:

- Indian Patent Act also allows for grant compulsory license to companies who want to manufacture and export patented pharmaceutical products to poor countries which have insufficient or no manufacturing to address public health concerns.

How are Patents Given?

- Patents are territorial rights. Patent inventors **cannot obtain a universal "world patent" or "international patent"** The **exclusive rights are only applicable in the country in which a patent has been filed and granted**, in accordance with the law of that country.
- Patents are granted by patent offices in exchange for a full disclosure of the invention. In general, the details of the invention are then published and made available to the public at large due to "national emergency or in circumstances of extreme urgency."

Why Compulsory Licensing for COVID medicines and vaccines?

- Several drugs that were at the core of covid treatment protocol are under patents in India, including remdesivir, tocilizumab and favipiravir.
- Patent drugs and vaccines are costly since the companies invest huge amounts in research and development, clinical trials (animal trails and human trials), and marketing.
- The high cost of the patented drugs restricts the availability and accessibility of covid-19 drugs and vaccines.
- When compulsory licenses are issued, COVID drugs and vaccines can be produced by other companies. Since these companies need not invest money again on research and development, the drugs and vaccines produced by them will be cheaper.
- Production by companies other than those which hold patents will also increase the supply of these drugs and vaccines quickly which help in tackling COVID more effectively.

Use of Compulsory License in India:

- India has issued Compulsory License only once in past.
- It was issued to Natco Pharma Ltd for producing the generic version of Bayer Corp.'s patented drug Nexavar, which is a life-extending drug used in the treatment of liver and kidney cancer.

Specialty Steel:

PLI Scheme for Specialty Steel Approved

- In July 2021, the Union Government approved Production Linked Incentives (PLI) Scheme for specialty steel with an outlay of Rs. 6,322 crore.

What is Specialty Steel?

- Specialty steel is value added steel. It made by processing normal finished steel by adding various alloys like aluminum, chromium, copper, manganese, nickel, silicon, etc.
- Addition of these alloys gives special properties to the steel like increasing the toughness, hardness and wear resistance, heat resistance, corrosion resistance, etc. Hence, it is called specialty steel.
- Specialty steel is used in the manufacturing of electrical power transformers, motors and generators, air conditioners, vehicles parts, outdoor electrical boxes, laundry appliances, refrigerators. It is also used in the construction sector, mining and quarrying, rail transportation infrastructure, etc.

What is the need for PLI Scheme for Specialty Steel?

- The production of specialty steel in the country is limited. Out of total production of 102 million tonnes steel in 2020-21, only 18 million tonnes is specialty steel.
- Due to insufficient production around 4 million tonnes of specialty steel was imported.
- Approximately **Rs. 30,000 crores** was spent on **import of specialty steel**.

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- Hence, the Production Linked Incentives Scheme was launched to **achieve self-sufficiency in production** of specialty steel and also **promote exports** of the same.

Objectives of the PLI Scheme:

- Increase specialty steel production to 42 million tonnes by the end of 2026-27, and
- export of specialty steel of around 5.5 million tonnes.

Products identified under Specialty Steel:

- Five categories of specialty steel have been identified for incentives.

S.No	Product	Uses
1	Coated/Plated Steel Products	used in air conditioners, vehicles parts, outdoor electrical boxes, laundry appliances, refrigerators, etc.
2	High Strength/ Wear resistant Steel	Earthmoving equipment, equipment used for material handling, crushing and conveying, agricultural machinery, trucks, etc
3	Specialty Rails	Used in the rail transportation industry (for laying railway tracks which can support high axle loads, dedicated freight corridors, Metro rails, etc.)
4	Alloy Steel Products and Steel wires	used in the construction industry such as girders, structural sections, bars, rails, rods and wires.
5	Electrical Steel	used in electrical power transformers, motors and generators.

The above products have been identified due to high potential for domestic production, import substitution, exports and attracting significant investments

Incentives under PLI Scheme:

- The Government would extend incentives of Rs. 6,322 crore over a period of 5 years (2023-24 to 2027-28).
- Companies producing above products would be eligible for 4 to 12 per cent incentives on incremental production.
- The first incentive will be payable from 2023-24 based on the commercial production of 2022-23.
- A company can claim a maximum of Rs. 200 crore as incentives under the scheme.

Benefits of the PLI Scheme:

- **Investments:** The Government expects to attract investments of Rs. 40,000 crores due to the incentives offered by the Government.
- **Employment:** Employment to 5.25 lakh people out of which 68,000 would be direct employment
- **Exports:** Annual exports of around 5.5 Million Tonnes of specialty steel
- **Capacity addition:** 25 Million Tonnes capacity addition in specialty steel production.

AGRICULTURE:

Special Livestock Package Approved

- In July 2021, the Union Government approved a **special livestock package** by revising and realigning various schemes for animal husbandry sector **to further boost growth in livestock sector and make animal husbandry more remunerative to 10 crore farmers** engaged in Animal Husbandry Sector.
- This package envisages Central Government's support of **Rs.9800 crore over duration of 5 years starting from 2021-22.**
- Overall, the schemes under these package **would leverage total investment of Rs.54,618 crore in livestock sector** including share of investments by State Governments, State Cooperatives, Financial institutions, External funding agencies and other stakeholder.

Details:

As per this, all the schemes of the Animal Husbandry Department will be merged into three broad categories.

1. **Development Programmes** which includes Rashtriya Gokul Mission, **National Programme for Dairy Development (NPDD)**, National Livestock Mission (NLM) and Livestock Census and Integrated Sample Survey (LC & ISS).
2. **Disease Control programme** renamed as Livestock Health and Disease Control which includes the present Livestock Health and Disease Control scheme and National Animal Disease Control Programme (NADCP).
3. **Infrastructure Development Fund** wherein, the Animal Husbandry Infrastructure Development fund (AHIDF) and the Dairy Infrastructure Development Fund (DIDF) are merged. The present scheme for support to Dairy Cooperatives and Farmer Producer Organizations engaged in Dairy activities is also included in this Fund.

National Programme for Dairy Development (NPDD):

- It will have two components.
- **Component 'A'** : It will be implemented with emphasis on milk procurement, processing, marketing and quality of milk and milk products. **8900 bulk milk coolers** would be installed in **26,700 villages** and benefit more than **8 lakh milk producers**. 20 LLPD (Lakh Litres for Day) milk will be additionally procured.
- **Component 'B'**: It will be implemented with financial assistance from Japan International Cooperation Agency (JICA). It will create strengthened or fresh infrastructure in **4500 villages** with 8.96 LLPD chilling and 7 LLPD processing capacity and benefit **1.5 Lakh additional milk producers**.

Significance of Livestock Sector:

- The Livestock Sector in our country, has been growing at a **Compound Annual Growth Rate (CAGR) of 8.15%** (at constant prices) from 2014-15 to 2019-20. This CAGR is higher than other sectors like manufacturing sector, which has shown 6.15%, Agriculture (Crop) sector which grew 1.95% and services sector with 7.7% growth for similar period.
- **Livestock sector share** increased from 28% (2014-15) to **34% (2019-20)** in the total Gross Value Added (GVA) of Agriculture and allied sector.
- Total value of production of only dairy sector was **Rs.7,72,705 crore** for 2018-19.

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- The Dairy sector has been growing consistently with milk production increasing from 22 million MT in 1970 to 198 million MT in 2019-20.

INFRASTRUCTURE:

Shipping:

Subsidy Support to Indian Merchant Ships Approved

- In July 2021, the Union Government approved a scheme for promotion of flagging of merchant ships in India. The Government would spend an amount Rs.1624 crore over five years as subsidy to Indian Shipping companies.

Details:

What is Flagging of Merchant Ships?

- Under international law (UN Convention on the Law of the Sea), every merchant ship must be registered with a country, known as its flag state. These ships carry the flag of the State in which they are registered.
- A merchant ship operates under the laws of its flag state. The flag state has jurisdiction over the ship and is responsible for inspecting the safety of the ships to sail, investigating accidents and checking on the crew's working conditions.
- Flagging of ships takes place in two ways. One where the owner of the ship registers in his own country and carries its flag for commercial operations. Two: where the owner of the ship registers his ship in other country and carries its flag to carry out commercial operation. This is called flag of convenience. This is done to reduce operating costs or reduce the burden of regulations in the owner's country.

Subsidy Scheme for Promoting Flagging of Indian Merchant Ships:

- In July 2021, the Union Government approved a scheme for promotion of flagging of merchant ships in India. The scheme provides subsidy support to Indian shipping companies in global tenders floated by Ministries and Central Public Sector Enterprises (CPSEs). Ministries and CPSEs float global tenders to hire ships for importing commodities like crude oil, natural gas, fertilisers, coal, etc.
- Under the scheme, **a ship which is flagged in India after 1st February, 2021 and is less than 10 years old** would be eligible for any of the following two types of subsidy, whichever is less.
 - subsidy support of 15% of the quote offered by the L1 foreign shipping company (or)
 - the actual difference between the quote offered by the Indian flag vessel and the quote offered by the L1 foreign shipping company while exercising Right of First Refusal (ROFR).
- Subsidy support would not be available in case where an Indian flagged vessel is the L1 bidder.
- L1 means the lowest bid received by a tender issuing organisation for awarding its work.

Right of First Refusal (ROFR):

- India has a policy of Right of First Refusal (RoFR) for merchant ships.
- Under this policy, Right of First Refusal (RoFR) is given to Indian shipping companies to match the lowest rate offered by a foreign flag ship in global tenders issued by state-run firms for hiring ships.
- Indian shipping companies have to come within the 20 per cent range of the lowest foreign bidder to get the right of first refusal to match and take the contract.

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- The top priority in exercising the RoFR will now be given to **ships built and flagged in India, and owned by Indians**, followed by those that are **foreign built but Indian flagged and Indian owned**. The third priority will be given to Indian built, foreign flagged and foreign owned ships.

Eligible Flagged Merchant Ships:

- The above subsidy support will also be available to the following Indian Flagged merchant ships subject to same above conditions.
- A ship which is flagged in India after 1st February, 2021 and which is between 10 to 20 years old would be eligible for subsidy support of 10% of the quote offered by the L1 foreign shipping company.
- **An existing Indian flagged ship which is already flagged and less than 10 years old** would be eligible for subsidy support of 10% (of the quote offered by the L1 foreign shipping company) and 5% if the flagged ship is **10 to 20 years old**.
- Ships older than 20 year old are not eligible for subsidy under the scheme. This is due to safety reasons and also to attract new investments into shipping.

What is the Need for Subsidy Support Scheme?

1. High Dependence on Foreign Ships:

2. Currently, foreign ships dominate in the EXIM (exports and imports) trade of India with a share of around 92 per cent.

The share of Indian ships in the carriage of India's EXIM (Exports Imports) trade has drastically declined from 40.7% in 1987-88 to about 7.8% in 2018-19.

3. Foreign Exchange Spending:

Dependence on foreign ships has led to an increase in foreign exchange outgo on account of freight bill payments to foreign shipping companies. Such payments were around USD 53 billion in 2018-19.

Approximately USD 637 billion foreign exchange was paid to foreign shipping companies during the last 13 years.

4. Meagre Fleet:

India conducts a trade of more than 1 billion tonnes annually. But, Indian fleet comprises of a meagre 1.2% of the world fleet in terms of capacity.

Benefits of the Scheme:

1. Employment:

The scheme has potential to generate employment as Indian ships are required to employ only Indian seafarers. Increase in Indian fleet will provide direct employment to more Indian seafarers.

2. Training Opportunities:

Young people who wish to become seafarers are required to obtain on-board training on ships. Indian ships will therefore provide training slots for young Indian cadet boys and girls.

3. Push to Ancillary Industries:

Increase in Indian fleet will also generate indirect employment in development of ancillary industries such as shipbuilding, ship repair, and increased demand for services like banking, insurance, etc. All these contribute to the Indian GDP.

4. Foreign Exchange:

A strong indigenous shipping fleet will lead to foreign exchange savings on account of freight bill payments made to foreign shipping companies.

5. Self Reliance:

Growth of the Indian shipping industry is also necessary because having a bigger national fleet would provide economic, commercial, and strategic advantages to India. It would also reduce excessive dependence on foreign ships for transporting India's critical cargoes.

Problems for Flagging of Indian Ships:

- Indian ships are less competitive when compared with foreign ships due to various reasons in India like high cost of borrowing funds for buying ships, short loan tenures, high tax incidence, etc. Overall cost of hiring a ship is 20 per cent higher when compared with foreign ship.
- Hence, most of the Indian companies engaged in EXIM trade hire the services of a foreign shipping company rather than the local shipping company.
- The subsidy support scheme announced the Union Government for flagging merchant ships in India may offset the relatively higher operating costs and make them competitive with foreign ships.

BALANCE OF PAYMENTS:

Forex Reserves:

Forex Reserves Cross US \$ 600 Billion, India Fourth Largest Holder of Forex Reserves

- In July 2021, the forex (foreign exchange) reserves of India crossed US \$ 600 billion.
 - India is now the 4th largest forex reserves holder in the world after China (3,349 billion), Japan (1376 billion) and Switzerland (1074 billion).
- What are Forex Reserves?**
- These are assets maintained by the Reserve Bank of India as reserves and consist of
1. Foreign Currency Assets,
 2. Gold,
 3. Special Drawing Rights (SDRs), and
 4. Reserve Position in IMF (an emergency account that IMF members can access at any time without agreeing to conditions or paying a service fee).

Composition of Forex Reserves:

- Out of 612 billion as on July 12, 2021, the following is the composition of various components.

Components	Reserves in US \$ Billion
Foreign Currency Assets	568.8
Gold	56.8
SDRs	37
Reserve Position in IMF	1.5
Total Reserves	612

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- Though forex reserves are held in various holdings as given above, their value is mentioned in US dollars.
 - The RBI Act, 1934 provides the overarching legal framework for deployment of reserves in different foreign currency assets and gold.

What are the Sources of Forex Reserves?

- The following are the major sources of forex reserves.
- Foreign Direct Investment,
- Foreign Portfolio Investment
- External Commercial Borrowings,
- External assistance,
- NRI deposits, and
- Software exports.

Why are Forex Reserves maintained?

1. Meeting Foreign Exchange Needs and Debt Obligations:

Forex Reserves are Government's foreign exchange needs and external debt obligations. These are called Balance of Payments needs.

2. Absorbing External Shocks:

Forex Reserves help in absorbing external shocks during times of crisis when the supply of dollars becomes scarce and limits external vulnerability.

3. Exchange Rate Management:

They also help in the exchange rate management. RBI sells or buys dollars to check excessive volatility in exchange rates. It sells the dollar when the rupee weakens and buys the dollar when the rupee strengthens.

4. Infusing Confidence in Liquidity Position:

Adequate forex reserves infuse and sustain confidence in the financial markets on our liquidity position and contain volatility in forex markets which contributes to financial stability.

How are Forex Reserves Maintained?

- Most of the forex reserves are maintained in Foreign Currency Assets (FCAs).
- FCAs mainly consist of dollars but they also comprise of other currencies like Euro, sterling, Yen, etc..
- FCAs are invested in
- Government securities of foreign countries,
- Deposits with other central banks
- Deposits with commercial banks in overseas.
- Here also maximum forex reserves are invested in Government securities of foreign countries.
- For instance at the end of March 2021, out of the total Foreign Currency Assets (FCAs) of USD 536.69 billion, USD 359.88 billion was invested in securities, USD 153.39 billion was deposited with other central banks and the balance USD 23.43 billion comprised deposits with commercial banks overseas.

Are Forex Reserves More than Adequate?

- Significant increase in forex reserves also raised a debate whether India is holding more than adequate forex reserves to meet its objectives.
- Holding Forex reserves involves **opportunity cost**. The opportunity cost of holding reserves is the foregone investment. If the RBI reduces its holding of forex reserves by selling dollars in open market, the money can be used for more productive purposes.
- At present, Foreign Currency Assets are invested by RBI in Government securities and deposits in central banks and commercial banks in advanced countries. But the returns are very low due to low interest rates in advanced countries. When compared with the interest paid on external commercial borrowings or NRI deposits, the interest earned by RBI is very low.
- But the concept of opportunity cost is also not completely acceptable because the central bank's primary objectives behind forex reserves to maintain international confidence about its payment obligations as well as confidence in monetary and financial policies which cannot be measured quantitatively. Earning returns on forex reserves is the secondary objective.

Other Determinants of Size of Forex Reserves:

- Moreover, the Central Bank decides on **size of forex reserves** based on
- the size of the current account deficit and short term liabilities (including current repayment obligations on long term loans),
- possible variability in portfolio investment, and other types of capital flows,
- unanticipated pressures on the balance of payments arising out of external shocks, and movements in repatriable foreign currency deposits of nonresident Indians.

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State Security Vs Fundamental Rights:

Pegasus Spyware Controversy

- In July 2021, an international consortium of 17 media organisations collaborated in an investigative project to expose alleged unauthorised surveillance of citizens in the guise of national security and public safety by Governments around the world through the use of spyware called Pegasus which is developed by Israel Cyber intelligence company NSO Group.
- The database of NSO Group, which was leaked by a whistle-blower, was accessed by Paris-based media nonprofit Forbidden Stories and Amnesty International and shared with other news organisations as part of a collaborative investigation called the 'Pegasus Project'.
- It released a **list containing thousands of phone numbers across 50 countries targeted by Pegasus spyware**
- Over 300 verified Indian mobile phone numbers were on a **list of potential targets for surveillance**.
- Among those in the list of potential targets for surveillance in India include Journalists, Human Rights Activists, Social Activists, Politicians, Academics, Lawyers, etc.

Details:

What is Pegasus Spyware?

- Pegasus is a sophisticated military-grade spyware (software programme intended to steal personal information) developed by the Israel Cyber intelligence company NSO Group.
- The spyware is installed into the mobile devices of targeted individuals without their knowledge.
- The spyware infiltrates the mobile device in many ways like SMS, a WhatsApp call. It may also infiltrate by exploiting unknown vulnerabilities in the device.
- Once the spyware is installed, Pegasus can potentially **harvest most of the data on the device** including SMS, emails, WhatsApp chats, call logs, GPS data, contact lists and transmit it back to the attacker.
- It can also **activate functionalities** such as camera, microphone, call recording, etc to **provide surveillance capabilities** to the client.
- Over 40 Indian journalists are in the list of potential targets which include journalists at Hindustan Times, The Hindu, The Wire, Indian Express, News18, India Today, Pioneer, besides freelancers, columnists and regional media.

Why Did NSO develop Pegasus Spyware?

- Its mission is to create a better, safer world.
- There is growing threat to Governments around the world from Terrorists, Drug traffickers and Criminals who are using encrypted technologies. Encrypted technologies are meant to ensure privacy of communication (Only sender and receiver can see communication). But terrorists and criminals are taking advantage of encrypted technologies to shield their communication. Hence, law enforcement and intelligence agencies struggle to collect evidence and intelligence on the activities of terrorists and criminals.

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- Hence, NSO Group developed Pegasus spyware which **meets the challenges of encryption**.
 - It enables to monitor, track and capture the activities of terrorists and criminals who are using encryption technology (WhatsApp, Telegram, etc) and help the law enforcement and intelligence agencies in gathering **real time intelligence** as well as **evidence** to prevent terrorism and crime.
 - NSO Group stated that its technology is helping Government law enforcing and intelligence agencies protect their citizens against terror, crime and major security threats.

Is there a Conclusive Proof of Surveillance?

- The presence of a phone number in the leaked database does alone not reveal whether a device was infected with Pegasus.
- Only a forensic examination of the mobile devices of the potential targets can reveal whether a mobile device is under surveillance.
- Forensic examination (technical examination) collects the digital footprint of the spyware on the targeted device.
- However, one inference is list of names in the database indicates the potential targets identified in advance of surveillance attempts.

Investigation Project:

- The France-based media non-profit, **Forbidden Stories**, and **Amnesty International** first had access to this leaked list which they shared with 15 other news organisations worldwide including The Wire in India, The Guardian, The Washington Post, as part of a lengthy collaborative investigation called the Pegasus Project.
- Working together, these news organisations were able to independently identify the owners of over 1,571 numbers across at least 10 countries.
- Amnesty International's Security Lab also conducted forensic analysis on a small worldwide cross-section of the smartphones of the people on the leaked list which threw up traces of Pegasus spyware infection in over half the cases.
- Among the 13 iPhones examined in India, seven were successfully infected with Pegasus.
- Among nine Androids tested, one showed evidence of targeting.

Response of NSO Group:

- In responses to the media stories, the NSO Group stated that it sells Pegasus **only to military, law enforcement and intelligence agencies** of vetted Governments to **fight crime** and terrorism.
- Moreover, Israel government had to approve the sale of Pegasus.
- It stated that Pegasus has been **sold to 40 countries** but it **will not reveal the list of countries** due to **confidentiality obligations**.

Government Response:

- The Government of India **merely denied carrying out any authorised surveillance**.
- But, it has **not confirmed or denied whether** it had **purchased or deployed** Pegasus spyware.
- The issue was taken up by the Supreme Court after several petitions were filed which include those by N. Ram of 'The Hindu' Editors Guild seeking independent probe by sitting or former Judge of Supreme Court. The Central Government stated that Information Technology Act provides for interception and it cannot reveal whether specific software is being used or not through a public affidavit due to national security implications.

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- It stated that if details are revealed, **those intercepted may take preemptive or corrective measures.**
 - Instead the Government **offered to constitute an independent committee** with experts and share the details with it. The committee can go through the details and submit a report to the court.

Criticism over Pegasus Surveillance:

1. Misuse of Surveillance:

The stated aim of Pegasus spyware is to fight terrorism, crime and other security threats. But the use of this technology against journalists, lawyers, human rights activists, social activists, politicians indicates a clear misuse of surveillance technology. Surveillance powers are being misused for **personal and political gain**, and to **harass opponents** rather than for **national security or public safety**.

2. Threat to Democracy:

Unlawful mass surveillance of citizens is a violation of **rule of law** and a **threat to democracy**.

3. Violation of Individual privacy:

Pegasus spyware offers **extremely intrusive surveillance**.

It enters into targeted individual's mobile phone without his knowledge and facilitates tracking and recording calls, reading text and WhatsApp messages, collecting passwords, reading emails, accessing photos and videos, activating camera and microphone and enabling them to record events, and harvesting information from apps.

Use of such **intrusive surveillance** is a **violation of individual privacy of citizens** which has been declared as a fundamental right by the Supreme Court.

4. Freedom of Thought and Expression under Threat:

Intrusive surveillance of Journalists, Human Rights Activists, Social Activists, Politicians, Academics, Lawyers, etc. seriously compromises the effective exercise of freedom of thought and expression which are fundamental rights.

Such surveillance can used to **suppress dissent** by targeting independent institutions like Press and also opposition parties.

Pegasus was used extensively on journalists from across the country who have been critical of the Government.

5. Chilling effect on individuals:

Intrusive surveillance of citizens will also have chilling effect on freedom of expression. Chilling effect means where individuals or groups refrain from engaging in free expression of their views due to fear of repercussion by Government.

6. Illegal Surveillance:

There is **also no legal sanction** for use of deeply intrusive spyware like Pegasus in India.

Both Telegraph Act of 1885 and Information Technology Act, 2000 provide for interception of communication and messages over phones and computing devices. But the spyware like Pegasus turns computing devices into surveillance devices which is not permitted under both the above laws.

Problem in Surveillance Mechanism in the Country:

1. No Accountability:

Currently, surveillance is entirely the prerogative of the executive.

There is no mechanism to check the misuse of surveillance technology by Government agencies.

Hence, there is a need for reform in the working of Government agencies which undertake surveillance.

Suggestions:

1. Legal Framework:

There should be a legal framework for agencies involved in surveillance in the country which should clearly define their functions.

2. Parliamentary Oversight:

These agencies must be brought under Parliamentary oversight and scrutiny to ensure that surveillance is carried for national security and carry out surveillance of political opponents and critics of the Government.

A standing committee of Parliament on Intelligence should be created in this regard.

There should be an independent office reporting to the Standing Committee. The Office should record all surveillance orders including justification for surveillance orders and reviews of their outcomes.

Additional Information:

Surveillance Mechanism in the Country:

- Surveillance by Government is permitted under laws in India.
- The laws governing surveillance are
- Indian Telegraph Act, 1885 with interception of calls and messages
- Information Technology (IT) Act, 2000 for interception of data (e-mails, WhatsApp messages, etc.)
- Under both laws, only the government, under certain circumstances, is permitted to conduct surveillance, and not private actors.
- Central and State Governments can conduct surveillance in case of 'public emergency' and in the 'interest of public safety'

Safeguards:

- The surveillance powers of the Government under Indian Telegraph Act, 1885 were challenged in the Supreme Court by NGO People's Union for Civil Liberties (PUCL) in 1991 on the following grounds.
- Surveillance of telephones is being carried out by the Government **arbitrarily and for politically motivated reasons.**
- It pleaded for **procedural safeguards** to rule out arbitrariness and to prevent the indiscriminate telephone-tapping.
- It also sought that phone surveillance should be sanctioned by **judicial authorities** at the Centre and in the States to prevent arbitrary and politically motivated decisions on telephonic surveillance of people

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- The Supreme Court, in its judgment delivered in 1996 stated that there were no rules in vogue to guide such interception of telephone and stated that it is necessary to lay down procedural safeguards for the exercise of power.
 - It issued a slew of directions on how and when a phone can be tapped. These rules were later codified in 2007 under the Telegraph Act. The rules included a specific rule that orders on interceptions of communication should only be issued by the Secretary in the Ministry of Home Affairs.
 - However, considering the fact that there was an absence of any provision in the Telegraph Act permitting judicial oversight of phone tapping orders and also the fact that in a similar law in UK - the Interception of the Communications Act, 1985, interception did not require judicial oversight, the Supreme Court **did not issue any direction on judicial oversight of interception orders.**
 - These rules codified under Telegraph Act were also adopted in the IT (Procedures and Safeguards for Interception, Monitoring and Decryption of Information) Rules framed in 2009 under the IT Act. The rules state that only the competent authority can issue an order for the interception, monitoring or decryption of any information generated, transmitted received or stored in any computer resource. The competent authority is once again the Union Home Secretary or State Secretaries in charge of the Home Departments.
 - In 2014, the Ministry of Home Affairs told Parliament that nine central agencies and the DGPs of all States and Delhi were empowered to conduct interception under the **Indian Telegraph Act.**
 - In 2018, nine central agencies and one State agency were authorised to conduct intercepts under Section 69 of the Information Technology (IT) Act. These are Intelligence Bureau, the Central Bureau of Investigation, the National Investigation Agency, the Research & Analysis Wing, the Directorate of Signal Intelligence, the Narcotics Control Bureau, the Enforcement Directorate, the Central Board of Direct Taxes, the Directorate of Revenue Intelligence and the Delhi Police Commissioner.
 - Conferring interception powers to many agencies led to the criticism that Government was building a 'surveillance state'. The Government clarified that these agencies would still need approval from a competent authority, usually the Union Home Secretary.

Right to Privacy Vs Surveillance:

- There is also debate regarding Right to Privacy Vs Surveillance powers of the Government in the light of Supreme Court judgement recognizing Right to Privacy as a fundamental right.
- The Supreme Court in a landmark decision in August, 2017 (Justice K. S. Puttaswamy (Retd.) vs. Union of India and Others) unanimously upheld right to privacy as a fundamental right.
- The privacy judgment laid down a four-fold test that needs to be fulfilled before state intervention in the right to privacy:
 - 1) The state action must be **sanctioned by law;**
 - 2) There must be a **legitimate aim for action;**
 - 3) Action must be **proportionate to the need** for such interference; and
 - 4) It must be subject to **procedural guarantees** against abuse of the power. The procedure adopted must be **fair, just and reasonable.**

Section 66A of IT Act:

Section 66A of Information Technology (IT) Act

- In July 2021, the Supreme Court of India noted that it was 'distressing' and 'shocking' that the cases are still being booked and trials are going on under Section 66A of the Information Technology (IT) Act even six years after it struck down as unconstitutional and violation of free speech.
- Expressing deep concern over the 'shocking state of affairs', the Court sought the response of the Union Government on the continuing violation of its judgement.

Background:

- In 2015, the Supreme Court struck down Section 66A of the Information Technology (IT) Act in Union of India vs Shreya Singhal case.
- However, Section 66A of the IT Act has continued to be in use not only within police stations but also in cases before trial courts across India.
- People's Union of Civil Liberties (PUCL), an NGO, filed a petition in Supreme Court seeking its attention to the violation of its 2015 judgment.

What is Section 66A of the Information Technology Act?

- Section 66A was introduced in 2008 through an amendment to the Information Technology Act, 2000.
- It gave the government power to arrest and imprison an individual for allegedly posting "offensive and menacing" online posts.
- As per Section 66A, **any information** (message, images, video, audio) **posted on internet platforms** (Facebook, Twitter, etc) which is **grossly offensive or has menacing character or causes "annoyance", inconvenience, obstruction, insult, etc.** is an **offence**.
- People involved in above offences can be **imprisoned for up to 3 years** along with fine.
- The offences under Section 66A have also been made **cognizable** which means police can arrest the accused without warrant from the courts and also start investigation without the need for permission from Court.

Sections 66A Challenged in Supreme Court?

- The constitutional validity of Section 66 A of the IT act was challenged by Shreya Singhal, a law student, in the Supreme Court on the following grounds.

1. Censorship:

Section 66A casts the net very wide - "all information" that is disseminated over the internet is included within its reach.

66A is a **gag on the internet**. It had the potential to criminalise any and all content that was uploaded to the internet, merely because a reader found something "annoying" or "of menacing character" amongst other vague and undefined words.

The enforcement of Section 66A would really be a **form of censorship** which impairs a core value contained in Article 19(1)(a) (Freedom of Speech and Expression).

2. Chilling Effect:

In addition, Section 66A has a **chilling effect** on the freedom of speech and expression. Chilling effect means a discouraging effect or influence as a result of restrictive law.

As a result of such chilling effect, citizens would not have the opportunity to know various shades of opinion on an issue.

3. Not Reasonable Restrictions on Fundamental Rights:

The internet is a popular medium for people to express themselves and the expression is a right that must be cherished and protected.

But, 66(A) essentially violates fundamental right to free speech.

There are three concepts which are fundamental in understanding the expression "freedom of speech and expression". The first is **discussion**, the second is **advocacy**, and the third is **incitement**. Mere discussion or even advocacy of a particular cause howsoever unpopular is at the heart of Article 19(1)(a). It is only when such discussion or advocacy reaches the level of incitement that Article 19(2) i.e. reasonable restrictions kick in.

But under Section 66A, a mere discussion or advocacy of a particular point of view may be construed as annoying, inconvenient, grossly offensive etc.

Background of the Case:

- Shreya Singh filed a petition in 2012, after two young women, Shaheen and Rinu, were arrested for posting comments critical of the total shutdown in Mumbai after the death of Bal Thackeray, the Shiv Sena chief.
- (Shaheen posted on Facebook, "Every day thousands of people die. But still the world moves on... Just due to one politician dead. A natural death. Everyone goes crazy... Respect is earned not given out, definitely not forced. Today Mumbai shuts down due to fear not due to respect."
- Rinu, who "liked" the post, commented: "Everyone know it's done because of fear!!! We agree that he has done a lot of good things.. also we respect him, it doesn't make sense to shut down everything! Respect can be shown in many other ways!"
- Both the girls were detained for 10 days and they were first charged under IPC for spreading hatred and then under Section 66A of the IT Act)

Other Petitioners:

- After Shreya Singhal filed a petition, many others on whom cases were filed under section 66 A approached Supreme Court.
- These petitioners include Jadavpur University professor Ambikesh Mahapatra, arrested for forwarding caricatures on Trinamool Congress chief Mamata Banerjee on Facebook. Activist Aseem Trivedi was arrested for drawing cartoons criticising Parliament and the Constitution over their ineffectiveness.
- Businessman Ravi Srinivasan was booked by Puducherry Police for an allegedly offensive tweet against the son of Chidambaram, a former cabinet minister.

Supreme Court Verdict:

The Supreme Court struck down Section 66 A as **unconstitutional** on following grounds.

1. Vague and Arbitrary:

Provision 66A is **vague and worded arbitrarily**. The words like inconvenience, danger, obstruction and insult used in the section are not clearly defined

Lack of clear definition gives **subjective discretion** to police to construe content in the way they understand.

2. Restrictions Not Reasonable:

Reasonable restrictions can be imposed by the State on Freedom of Speech on eight grounds under Article 19 (2). These are Sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality or in relation

to contempt of court, defamation or incitement to an offence. Any law imposing restrictions on freedom of speech should cover any of the above subjects.

But, causing of annoyance, inconvenience, danger, obstruction, insult, injury, criminal intimidation, enmity, hatred or ill-will are defined as offences under Section 66A. These are outside the purview of Article 19(2). Hence, these cannot be agreed as reasonable restrictions on Freedom of Speech.

3. No Procedural Safeguards:

There are **no enough procedural safeguards** in Section 66A leaving the local police officers to proceed autonomously on the whims of their political masters.

Why Did PUCL Approach Supreme Court?

- Cases continue to be filed under Section 66A even though Supreme Court struck down this provision.
- The People's Union of Civil Liberties (PUCL) stated that as many as 745 cases are still pending in district courts in 11 States.
- Hence, it asked the Supreme Court to intervene and work out a mechanism to disseminate the Shreya Singhal judgment to every police station and trial court in the country.
- It also urged the Supreme Court to direct the government, through the National Crime Records Bureau or any other agency, to collect all the data/information regarding FIRs/investigations under Section 66A and pending cases in district and High Courts.

Stand of Union Government:

- In its affidavit, the Union Government stated that said the **police** and **public order** were "**State subjects**" under the Constitution.
- Hence, investigation and prosecution of crimes and **capacity-building** of the police are primarily the responsibility of the States and States should also take responsibility to comply with the apex court judgment.
- The Centre also stated that the Ministries of Information and Technology and Home Affairs had done their best to disseminate knowledge about the Supreme Court judgment in Shreya Singhal case.

Why are cases being booked under Section 66A even through it was scrapped by Supreme Court?

1. **Lack of effective dissemination** of the judgement across the country.
2. **Lack of awareness** about the judgement among the police officers.

(Whenever, a Supreme Court strikes down a provision of the Act, the original provision remains in the Act. The fact that the provision has been struck down by the Supreme Court is only given as a foot note at the end of the page. Hence, the police officer, while registering a case, looks at only the Section in the main text and registers the case. The Supreme Court held that this 'state of affairs is shocking').

Union Government Writes to States and Union Territories:

- However, after the Supreme Court expressed displeasure over the continued use of Section 66A of the Information Technology Act, 2000, the Union Ministry of Home Affairs (MHA) once again wrote to the States and Union Territories (UTs) requesting them to
 - a) direct all police stations under their jurisdiction not to register cases under the repealed Section 66A of the Information Technology Act, 2000.

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- b) sensitise law enforcement agencies for the compliance of the 2015 Supreme Court judgment, and
 - c) immediately withdraw cases that have been booked under Section 66A of the IT Act.

Sedition:

Constitutional Validity of Sedition Challenged

- In July 2021, the Supreme Court agreed to examine the constitutional validity of the sedition law (Section 124 A of the Indian Penal Code) and issued notices to Centre on a clutch of petitions filed before it pleading for striking it down.
- S.G. Vombatkere, a former army officer, questioned the **constitutional validity** of Section 124A of the Indian Penal Code, on the grounds that
 1. the sedition law causes a "chilling effect" on speech, and
 2. is an unreasonable restriction on free expression.
- He sought a directive to quash all proceedings under the section pending with the police and courts across the country. Some other petitions have also been filed challenging the sedition.
- In its initial remarks while issuing notice to the Centre, the Supreme Court questioned whether Sedition law is needed after 75 years of independence which was introduced during the British rule to suppress freedom and used to against leaders such as Mahatma Gandhi and Bal Gangadhar Tilak.
- The Supreme Court also expressed concern about the misuse of the sedition law and lack of accountability of the executive and the investigating agencies.

Stand of Attorney General:

- The Attorney General law need not be struck down. But the court could lay down strict guidelines so that the provision meets its legal purpose.
- The Union Government sought time to place its response on record in detail.

Details:

What is Sedition?

- Sedition is offence against the State.
- Section 124A of the Indian Penal Code (IPC) defines sedition. It was introduced in 1870 in the Indian Penal Code during the colonial rule mainly to prevent criticism of the Government. The penal provision was continued after independence.
- The term covers speech or writing, sign or any form of visible representation, which brings the government into **hatred or contempt**, or excites **disaffection** towards the government, or **attempts** to do so.
- Disaffection includes **disloyalty** and **feelings of enmity** against **Government**.
- Sedition is a cognisable and non-bailable offence and is punishable with three years in prison or a life term.
- Cognisable offence means police can arrest the accused without any warrant from the Court.

What is the Objective of Sedition?

- A Government is established by law (by elections through the will of people under Representation of People Act, 1951).
- Government established by law is the visible symbol of the State.

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- The **very existence of the State will be in jeopardy** if the Government established by law is **subverted**.
 - Hence, the continued existence of the Government established by law is an **essential condition of the stability of the State**.

What is the Criticism on Sedition Provision?

1. Indiscriminate use:

The Government has been indiscriminately using sedition provisions to file sedition cases against critical journalists, activists, citizens. As many as 93 cases were filed on the grounds of sedition in 2019 as against 35 in 2016.

Even the Supreme Court observed that indiscriminate use of Section 124A (sedition) is like giving a saw to the carpenter to cut a piece of wood and he uses it to cut the entire forest itself.

2. Suppression of Freedom of Speech:

Freedom of speech and expression which is a fundamental right guaranteed under Constitution is under threat due to sedition.

The Government is filing sedition cases even for criticising or opposing Government policies or decisions.

For instance, in Jharkhand, thousands of **tribals** were booked under sedition for protesting against the government for issuing an order allowing commercial use of tribal land.

A **student** from Jawaharlal Nehru University (Sharjeel Imam) was charged with sedition for a speech he gave during an anti-CAA (Citizenship Amendment Act) protest. More than 50 people were booked for sedition in Mumbai for raising slogan in favour of the JNU student.

Similarly, sedition cases have been booked **against journalists** for critical remarks against Government

Sedition cases were also filed against over 100 **farmers** who are protesting against the Farm laws enacted by the Government in 2020.

3. Chilling Effect on Freedom Speech:

The wide definition of sedition also has a chilling effect on the freedom of speech and expression.

Chilling effect means a discouraging or deterring effect on the individuals or groups on exercising their freedom of speech due to fear of legal action. A law should not be used to have a chilling effect on freedom of speech and expression.

4. Poor conviction rate:

There is also very poor conviction rate in sedition cases.

In 2019, the conviction rate was mere 3 per cent.

Poor conviction rate also indicates that the sedition provision is being misused by the Government.

5. Suppressing Political Dissent:

The Government is also using the sedition provision to suppress political dissent.

Democracy is not majoritarianism. Hence, in a democracy, it is natural that there will be different and conflicting interpretation of a given account of an event. Not only viewpoints which constitute the majority are to be considered, but at the same time, dissenting and critical opinions should also be acknowledged.

Past Judgments of Supreme Court on Sedition:

- Two high courts (Punjab High Court and Allahabad High Court) had found sedition unconstitutional after Independence, as it violated the freedom of speech and expression.
- To overcome the above judgements, Article 19 (2) of the Constitution was amended to include 'public order' as one of the 'reasonable restrictions' on which free speech could be abridged by law.
- The **1962 Supreme Court Judgement** in the **Kedar Nath case** is considered the **most authoritative judgement on interpretation of sedition provision** (Section 124A).
- In that judgement, a five judge bench of the Supreme Court **upheld the constitutional validity of the sedition law**.
- It held that the purpose of sedition law was to prevent the government established by law from being **subverted** because the continued existence of the Government established by law is an essential condition of the stability of the State.

Limits Application:

- The Supreme Court stated that if literal meaning of the words in section 124 A is to be taken, then it would have to declare it (sedition) unconstitutional as it **curbs fundamental rights and it does not withstand the test of reasonable restrictions under Article 19 (2)**.
- At the same time, it stated that the broad objective of the sedition provision is to prevent the government established by law from being **subverted due to public disorder or a reasonable apprehension of public disorder**.
- Hence, the Supreme Court interpreted the meaning of words used in Section 124A to strike a balance between fundamental rights of citizens under Article 19 (1) and reasonable restrictions that can be imposed by the Government under Article 19 (2)
- The Supreme Court limited the **application of sedition**.
- It stated that only acts that involve "**intention or tendency to disturb law and order**" or '**incitement to violence**' fall under sedition as these are covered under reasonable restrictions under Article 19 (2).
- The terms "bring into hatred or contempt", or "to create disaffection towards the government established by law" used in Section 124A can be grounds for sedition **only** if they have any tendency to disorder or incite violence.

Right to Criticise Upheld:

- The Supreme Court stated that **a citizen has a right to say or write whatever he likes about the Government**, or its measures, by way of **criticism or comment**, so long as **he does not incite people to violence against the Government established by law or with the intention of creating public disorder**.

Analysis of the 1962 Judgement:

- The Kedar Nath Singh Judgement allowed criticism of Government as long as such criticism does not involve "**intention or tendency to disturb law and order**" or '**incitement to violence**'
- But there is still considerable discretion given to police. Police have discretion to decide whether particular criticism has a tendency to disturb law and order or incite violence.
- Hence, sedition cases are increasing in the country. These cases are being filed on whoever is critical of the Government like journalists, activists, cartoonists, students, etc.

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- Hence, the Supreme Court agreed to re-examine the constitutional validity of the sedition.
 - The Supreme Court may **either formulate the guidelines or strike down the sedition completely** taking into consideration its impact on freedom of speech and expression.

Sedition in Other Countries:

United Kingdom:

- United Kingdom **abolished sedition in 2009**.
- While abolishing sedition, it stated the following.
- Sedition is an obsolete offence from the bygone era when freedom of expression was not seen as a right of individuals as it is today.
- Sedition law will have a chilling effect on freedom of speech.
- Continuation of sedition law sends the wrong signal to other countries which maintain and use sedition offences as a means of limiting political debate.

United States:

- Sedition continues to be an offence. But it is **very rarely used**.

Good Governance:

CoWIN Global Conclave

- At the CoWIN Global Conclave held in July 2021, Prime Minister Narendra Modi offered CoWIN platform freely to all countries stating that it is a digital public good.
- The platform would be made **open source** and made available to all countries which want adopt this platform

What is CoWIN?

- CoWIN (COVID Vaccine Intelligence Network) is a digital platform developed by the Government of India for real-time monitoring of vaccination process in the country.
- CoWIN **facilitates** 1. registration for vaccination, 2. scheduling of appointments, 3. reporting of any adverse events after immunisation, and 4. downloading digital certificates after vaccination.

What is meant by Open Source?

- CoWIN runs on software developed by India.
- Software is of two kinds. 1. Open Source software and 2. Closed Source software

Open Source software.

- The source code of the software is made public. **Anyone can inspect, modify, enhance and use it according to their needs.**

Closed Source software.

- It is also called proprietary software. Here public will not have access to source code.
- Only the original authors of proprietary software can legally copy, inspect, and alter that software.
- In order to use proprietary software, users must buy them from the original authors by signing license agreements.
- The vast majority of apps, games, and other popular software is closed source.
- Microsoft Office and Adobe Photoshop are some examples of proprietary software.

Why India Offered CoWIN as a Open Source?

- COVID-19 pandemic is a **threat to humanity**.
- Hence, countries have to work together, learn from each other and **guide each other about the best practices in tackling the pandemic**.
- Moreover, world has to return to normalcy post-pandemic. In a globalized world, normalcy will lead to movement of people across countries for work, tourism, etc. People have to prove that they have been vaccinated. Such proof must be **safe, secure and trustworthy**. CoWIN which is a digital platform provides such proof.

Advantages of CoWIN:

To Citizens:

- Proof of vaccination is available in digital format. People need not carry paper proofs of vaccination.
- People can provide digital proof of when, where and by whom they have been vaccinated by **downloading digital certificates** in their smart phones. The certificates will have a digitally signed QR (Quick Response) code. The certificate is authenticated by scanning the QR Code. If the authentication is successful, a message is displayed : 'Certificate is successfully verified' along with complete details i.e. name, gender, vaccine name, certificate ID, etc.
- Hence, CoWIN facilitates acts as a **safe, secure and trustworthy proof** of vaccination.

To Governments:

- Digital proof is **more reliable** when compared with paper proof as digital proof cannot be tampered.
- Digital approach also helps the Government in **tracking the usage of vaccination** and **minimises the wastage**.
- Thus CoWIN benefits **both people and Governments** due to its end-to-end digital platform.

Benefits of Adopting CoWIN for other countries:

- The **robustness** of CoWIN platform has been **proven** in India. More than 60 crore vaccines have been delivered using the CoWIN Platform.
- So countries which have not yet adopted digital approach can **save time and resources** by adopting CoWIN.
- Since it is open source software, counties can just **modify the source code and adopt it** without developing from scratch.

Arogya Sethu App also made Open Source:

- The Government has also already made 'Aarogya Setu' an open source.
- It is a COVID-19 tracking and tracing App.
- More than 200 million users have downloaded the app in India.

CoWIN a Digital Public Good:

- While addressing the CoWIN Global Conclave, Prime Minister Narendra Modi stated that CoWIN a digital public good.
- Public goods and private good are concepts in economics.
- In economics, a public good refers to a commodity or service that is made available to all members of a society.

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- Typically, these services are administered by governments and paid for collectively through taxation. Example: Police, defence, free vaccination, education, etc.
 - Private goods are those whose consumption is restricted to those who own them by paying money.

Hindrances to CoWIN:

- In spite of significant benefits due to CoWIN, there are some hindrances.
- Its successful implementation depends on the following
 - a) Digital literacy,
 - b) Access to digital devices (Smartphones), and
 - c) Internet penetration.

In the absence of the above, **technology** can become a **barrier to accessing vaccines**.

Digital India:

Digital India Completes Six Years

- Digital India, Government of India's flagship programme, completed six years of implantation in July 2021. It was launched by Prime Minister Narendra Modi on July 1, 2015

What is Digital India Programme?

- The vision of Digital India programme is to transform India into a digitally empowered society and knowledge economy.
- The Digital India programme is centered on **three** key vision areas:

Digital Infrastructure as a Core Utility to Every Citizen

- Availability of high speed internet as a core utility for delivery of services to citizens
- Cradle to grave digital identity that is unique, lifelong, online and authenticable to every citizen
- Mobile phone & bank account enabling citizen participation in digital & financial space
- Easy access to a Common Service Centre
- Shareable private space on a public cloud
- Safe and secure cyber-space

Governance & Services on Demand

- Seamlessly integrated services across departments or jurisdictions
- Availability of services in real time from online & mobile platforms
- All citizen entitlements to be portable and available on the cloud
- Digitally transformed services for improving ease of doing business
- Making financial transactions electronic & cashless
- Leveraging Geospatial Information Systems (GIS) for decision support systems & development

Digital Empowerment of Citizens

- Universal digital literacy
- Universally accessible digital resources
- Availability of digital resources / services in Indian languages
- Collaborative digital platforms for participative governance
- No requirement for Citizens to physically submit Govt. documents / certificates.

Major Initiatives under Digital India:

Digital India is an umbrella programme that covers multiple Government Ministries and Departments.

Some of the **major initiatives** under the Digital India Programme are as given below:

1. Aadhaar:

Aadhaar is a 12-digit individual identification number issued to every resident of the country by Government of India.

It facilitates real-time biometric authentication which eliminates duplicate or fake identities.

Aadhaar is being used as a basis/primary identifier to roll out several Government welfare schemes and programmes for effective service delivery. It promotes transparency and good governance.

2. Bharat Broadband Network (BharatNet):

BharatNet has been launched to provide on demand, affordable broadband connectivity to 2.5 lakh Gram Panchayats in the country. It aims to bridge rural-urban divide in digital access and accelerate the development of Digital India.

Recently (2021) BharatNet programme has been extended to cover all the villages (around 6 Lakhs) in India.

3. Common Service Centres (CSC):

Common Service Centres (CSCs) deliver Government-to-Citizen (G2C) services and Business to Citizen (B2C) services through use of internet.

Government-to-Citizen (G2C) services: Collection of bills - electricity, mobile, landline, gas, water, etc. Processing applications for passports, PAN cards, government schemes like housing.

CSCs also facilitate disbursement of Government entitlements like MNREGA payments, old age and widow pensions.

Business to Citizen (B2C) services: Mobile Recharge of private players, DTH recharge, Railway reservation, etc.

More than 1.7 lakh Common Service Centres have been set up in the country. Aim is to set up CSC in all the 2.5 lakh Gram Panchayats in the country.

CSCs are managed by local unemployed educated youth and are called Village Level Entrepreneurs (VLEs).

4. UMANG App:

UMANG (Unified Mobile Application for New-Age Governance) is all-in-one single, unified, secure, multi-channel, multi-lingual, multi-service mobile app for delivery of services of various Government Departments through the mobile platform. More than 2000 services (Central Government, State Governments, Utility Bill Payments) are delivered through the UMANG App.

5. Digilocker:

Digilocker enables citizens to securely store their documents like school certificates, college degree certificates, university mark sheets, driving licenses, passports, Aadhaar, etc.

A major concern for people is sometimes these important identity cards of people get destroyed in flood, earthquake, tsunami, or fire. But now all these documents can be stored in DigiLocker electronically.

6. Direct Benefit Transfer (DBT):

In the last 6-7 years, about Rs 17 lakh crore has been directly transferred to the bank accounts of the people under different schemes. As bank accounts are linked with Aadhaar, it checks misuse of benefits and increases transparency.

7. Unified Payments Interface (UPI)

Unified Payments Interface (UPI) is an instant real-time payment system developed by National Payments Corporation of India (NPCI). It is a single mobile application for accessing different bank accounts.

It facilitates inter-bank **Peer-to-Peer (P2P)** and **person-to-merchant (P2M)** transactions.

UPI gave a significant boost to cashless payments in India as it facilitates immediate money transfer through mobile device round the clock 24*7 and 365 days.

In July 2021, as many as 3.24 billion transactions worth 6.06 lakh crore were processed by the Unified Payments Interface (UPI).

8. Aadhaar Enabled Payment System (AEPS):

It empowers a bank customer to use Aadhaar as his/her identity to access his/ her respective Aadhaar enabled bank account and perform basic banking transactions like cash deposit, cash withdrawal, Aadhaar to Aadhaar Fund Transfer, balance enquiry and obtaining a mini statement.

The only inputs required for a customer to do a transaction under this scenario are: Bank Name, Aadhaar Number, Fingerprint captured during enrollment.

9. Jeevan Pramaan:

Jeevan Pramaan is a **biometric enabled digital service** for pensioners of Central Government, State Government or any other Government organization.

With this initiative there is no need for pensioners to physically present in front of the disbursing agency or the certification authority to avail pension. A pensioner can download the Jeevan Pramaan application in his/her mobile or computer. By authenticating through biometric identification, he can generate the digital life certificate. The Digital Life Certificate is automatically accessed electronically by the Pension disbursing agency.

More than **one crore pensioners are benefitting** from the Jeevan Pramaan. These include 50 lakh pensioners of the Central Government and a similar number of the various State and UT Governments and various other government agencies. In addition to this, there are 25 lakh Army and Defence Personnel drawing pension.

10. 'Pradhan Mantri Gramin Digital Saksharta Abhiyan' (PMGDISHA):

The Union Government is also implementing 'Pradhan Mantri Gramin Digital Saksharta Abhiyan' (PMGDISHA) to make 6 crore rural households digitally literate.

The objective is to enable rural households operate computers and digital access devices like tablets, smart phones, etc. to send and receive emails, browse internet, access Government Services, search for information, etc.

As the thrust of the Government is on cashless transactions through mobile phones, beneficiaries are also trained on using Digital Wallets, Mobile Banking, Unified Payments Interface (UPI), and Aadhaar Enabled Payment System (AEPS), etc.

Approximately 5.01 crore beneficiaries have been enrolled and 4.21 crore have been trained under the PMGDISHA Scheme. Out of them over 1.78 crore are women beneficiaries.

Cooperatives:

Supreme Court Strikes Down a Part of the 97th Constitutional Amendment Act

- In July 2021, the Supreme Court which gave its judgment on the Constitutional validity of the 97th Constitutional Amendment Act struck down a part of the Amendment which applies to States.

Background:

- The 97th Constitutional Amendment (which came into force in 2012) recognises the significance of the cooperative societies in the country and has provisions which address the problems in their working.
- **Delayed elections**, nomination of office-bearers for **long durations, reduced accountability in management and inadequate professionalism** in many societies were some of the problems in the cooperatives.
- The amendment was intended to ensure the **autonomy, democratic functioning and professional management of cooperatives** in the country.

Provisions of the 97th Constitutional Amendment Act:

- **Fundamental Right:** Fundamental rights were amendment by giving freedom to form a cooperative society under Article 19 (1) (c).
- The Amendment added the words "or cooperative societies" to Article 19(1)(c) of the Constitution to expand the fundamental right to form associations or unions to cover cooperative societies.
- **Directive Principles of State Policy:** It also added a 'Directive Principle' through Article 43B, which says: "The State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of cooperative societies.
- **Addition of Part IXB:** Constitutional status was given to cooperative societies by adding a separate part to the Constitution namely Part IXB (similar to Part IX which deals with Panchayat Raj Institutions and Part IXA which deals with Urban Local Bodies).
- This amendment provided guidelines regarding the framework that should be adopted by States while framing laws regarding cooperatives.
- The **number of directors of a cooperative society** shall not exceed 21.
- The term of directors shall be **five years**.
- **Reservation** shall be provided in the appointment of directors. There shall be reservation of one seat for the Scheduled Castes or the Scheduled Tribes, and two seats for women on the board of every cooperative society
- No Board shall be **superseded or kept under suspension** for more than six months.

Constitutional Validity Challenged:

- The Constitutional validity of the 97th Constitutional Amendment Act was initially challenged in the Gujarat High Court.
- The Gujarat High Court struck down Part IXB of the 97th Amendment on two grounds.
- First, the Amendment **required a two-thirds majority in Parliament** and also had to be ratified by 50% of the State legislatures under Article 368 (2) of the Constitution. This is because the Amendment impinged on a subject over which only the State legislatures had

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- law-making powers (Cooperatives is a State Subject (Entry 32) under Seventh Schedule of the Constitution). In the absence of such ratification, the Part IXB was declared unconstitutional.
- It also ruled that the Part IXB **violated the basic structure of the Constitution** as it breaches **federal principles**.
 - The Gujarat High Court Judgement was challenged in the Supreme Court by the Union Government.

Argument of the Union Government:

- The Centre contended that there was no need for ratification of the 97th Constitutional amendment by the State Assemblies on the following grounds
- Amendment did not alter the entry in the State List on 'cooperative societies'.
- It only specified that the State legislatures would enact the relevant laws based on a common framework.
- No subject was shifted from the State List to the Central or Concurrent List.

Supreme Court Judgement:

- However, the Supreme Court rejected the argument. The Amendment had the effect of limiting and circumscribing the scope and extent to which States could frame laws on cooperative societies.
- This impacted on their legislative power and would therefore amount to a change that would require ratification by the Assemblies.
- Hence, the Supreme Court agreed with the Gujarat High Court that the ratification by the State legislatures was required for Part IXB, and in the absence of such ratification, the Part had to be struck down.
- However, it declared that Part IXB will be **inoperative only in respect of cooperative societies that came under the States**.
- The amendment would be **valid for Multi-State Cooperative Societies** as Parliament had the power to regulate their functioning.
- The following clauses remain undisturbed. **Amendment to Article 19 (1) (c)** which gave freedom to form cooperatives and **Article 43 (B)** which added Directive Principle 'The State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of cooperative societies'.

'Doctrine of Severability':

- The Supreme Court applied '**Doctrine of Severability**' (also known as Doctrine of Separability) in this judgement. Under this doctrine only a portion of the Statute which is unconstitutional is held invalid and not the whole statute.

Consequences of the Judgement:

- Since the 97th Constitutional Amendment Act is aimed at reforming the functioning of the **cooperatives** in the country by ensuring their **autonomy, democratic functioning and professional management**, the Centre may re-enact the Amendment with a two-thirds majority in Parliament and obtain ratification by 50% of the State legislatures.

Additional Information:

Amendments which require ratification by at least half of the States:

- Under Article 368 (2) of the Constitution, the following constitutional amendments require ratification by at least half of the States in addition to their passage a special majority by the

Parliament. (i.e. by a majority of the total membership of that House and by a majority of not less than two-thirds of the members of the House "present and voting").

- A Constitution Amendment Bill which seeks to make any change in articles relating to
- the election of the President,
- extent of the executive power of the Union and the States,
- Supreme Court and the High Courts,
- distribution of legislative powers between the Union and States,
- representation of States in Parliament,
- the very procedure for amendment as laid down in article 368 of the Constitution.

Government Creates Ministry of Cooperation

- In July 2021, the Union Government created separate Ministry of Cooperation to strengthen the cooperative movement in the country.
- The Ministry would create appropriate policy, legal and institutional framework to help cooperatives realise their potential.

Significant Benefits of New Ministry for Cooperation:

1. Boost to Multi-State Cooperative Societies:

The new ministry will boost creation of multi-state cooperatives in the country.

The growth of state cooperatives into MSCS has been stifled in the last few years. They have struggled to achieve scale as registration and process of seeking license is cumbersome and takes time.

There are only about 1,500 are Multi-State Cooperative Societies (those functioning in more than one state).

2. Transparency and Fairness:

The Ministry is also expected to bring much-needed **transparency** and **fairness** in the functioning of the cooperatives. Cooperatives have been riddled with allegations of **corruption, political interference and mismanagement**.

Criticism on Creation of Ministry:

- The creation of new Ministry has been criticised by the opposition as an effort to concentrate more powers in the hands of Centre on a subject in the State List and is against federal spirit.
- Cooperatives is **State subject (List 32)** under seventh Schedule of the Constitution.

Background:

What are Cooperatives?

- A co-operative society is a voluntary association of individuals who have common needs and join hands for the achievement of common economic interest.
- Its main aim is to serve the common interest society (especially the poorer sections) through the principle of **self-help and mutual help**.
- In a cooperative society, people come forward as a group, pool their individual resources, utilise them in the best possible manner, and derive some common benefit out of it.
- A Co-operative Society can be formed as per the provisions of the Co-operative Societies Act, 1912. At least ten persons above of 18 years, having the capacity to enter into a contract with common economic objectives, like **farming, weaving, consuming**, etc. can form a Co-operative Society.

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- Cooperative Societies Act is a Central Act.
 - However, 'Cooperative Societies' is a State Subject (Entry 32 of List II) under the Seventh Schedule to Constitution, i.e. State List).
 - Though the Central Act is still in force, almost all the States and those States have their own Cooperative Societies Act.

Salient Features of Cooperative Societies:

A co-operative society is a special type of business organisation, its characteristics are as under:

1. Open membership:

The membership of a Co-operative Society is open to all those who have a common interest. A minimum of ten members are required to form a cooperative society. The Co operative societies Act do not specify the maximum number of members for any co-operative society. However, after the formation of the society, the member may specify the maximum number of members.

2. Voluntary Association:

Members join the co-operative society voluntarily, that is, by choice. A member can join the society as and when he likes, continue for as long as he likes, and leave the society at will.

3. State control:

To protect the interest of members, co-operative societies are placed under state control through registration. While getting registered, a society has to submit details about the members and the business it is to undertake. It has to maintain books of accounts, which are to be audited by government auditors.

4. Sources of Finance:

In a co-operative society capital is contributed by all the members. However, it can raise loans and secure grants from government after its registration.

5. Democratic Management:

Co-operative societies are managed on democratic lines. The society is managed by a group known as "Board of Directors". The members of the board of directors are the elected representatives of the society. Each member has a single vote, irrespective of the number of shares held. For example, in a village credit society the small farmer having one share has equal voting right as that of a landlord having 20 shares.

6. Service motive:

Co-operatives are not formed to maximise profit like other forms of business organisation. The main purpose of a Co-operative Society is to provide service to its members. For example, in a Consumer Cooperative Store, goods are sold to its members at a reasonable price by retaining a small margin of profit. It also provides better quality goods to its members and the general public.

7. Separate Legal Entity:

A Co-operative Society is registered under the Co-operative Societies Act. After registration a society becomes a separate legal entity, with limited liability of its members.

The liability of members of a co-operative society is limited to the extent of capital contributed by them. The personal properties of members of the co-operative societies are free from any kind of risk because of business liabilities.

Death, insolvency or lunacy of a member does not affect the existence of a society. It can enter into agreements with others and can purchase or sell properties in its own name.

8. Distribution of Surplus:

Every co-operative society in addition to providing services to its members also generates some profit while conducting business. Profits are not earned at the cost of its members.

Profit generated is distributed to its members not on the basis of the shares held by the members (like the company form of business), but on the basis of members' participation in the business of the society.

For example, in a consumer co-operative store only a small part of the profit is distributed to members as dividend on their shares; a major part of the profit is paid as purchase bonus to members on the basis of goods purchased by each member from the society.

9. Self-help through mutual cooperation:

Co-operative Societies thrive on the principle of mutual help. They are the organisations of financially weaker sections of society. Co-operative Societies convert the weakness of members into strength by adopting the principle of self-help through mutual co-operation. By working jointly on the principle of "Each for all and all for each", the members can fight exploitation and secure their interests.

Types of Cooperative Societies:

Cooperative societies differ with regard to the nature of activities they perform. Following are different types of co-operative societies that exist in our country:

1. Consumers' Co-operative Society:

These societies are formed to protect the interest of general consumers by making consumer goods available at a reasonable price. They buy goods directly from the producers or manufacturers and thereby eliminate the middlemen in the process of distribution. Kendriya Bhandar, Apna Bazar and Sahkari Bhandar are examples of consumers' co-operative society.

2. Producers' Co-operative Society:

These societies are formed to protect the interest of small producers by making available items of their need for production like raw materials, tools and equipments, machinery, etc. Handloom societies like APPCO (Andhra Pradesh State Handloom Weavers Cooperative Society Ltd.), Bayanika, Haryana Handloom, etc., are examples of producers' co-operative society.

3. Co-operative Marketing Society:

These societies are formed by small producers and manufacturers who find it difficult to sell their products individually. The society collects the products from the individual members and takes the responsibility of selling those products in the market. **Gujarat Co-operative Milk Marketing Federation** that sells AMUL milk products is an example of marketing co-operative society.

4. Co-operative Credit Society:

These societies are formed to provide financial support to the members. The society accepts deposits from members and grants them loans at reasonable rates of interest in times of need. Village Service Co-operative Society and Urban Cooperative Banks are examples of co-operative credit society.

5. Co-operative Farming Society:

These societies are formed by small farmers to work jointly and thereby enjoy the benefits of large-scale farming. Lift-irrigation cooperative societies and pani-panchayats are some of the examples of co-operative farming society.

6. Housing Co-operative Society:

These societies are formed to provide residential houses to members. They purchase land, develop it and construct houses or flats and allot the same to members. Some societies also provide loans at low rate of interest to members to construct their own houses. The Employees' Housing Societies and Metropolitan Housing Co-operative Society are examples of housing co-operative society.

Working of cooperatives in India:

- India has a vast network of 8 lakh cooperatives societies.
- These cooperatives span a vast cross section of economic activities such as agriculture, housing, fisheries, milk, employees' welfare, etc.
- Out of these, about 1,500 are multi-state cooperatives societies that function in more than one state.
- 40 crore people are directly associated with these societies.
- **Areas in which cooperative societies are dominant:**
- **Sugar, Milk, Credit, Marketing, Fertilisers, Housing**, etc.
- **States where Cooperatives are Successful:** Gujarat(Amul Milk Cooperative), **Maharashtra** (Sugar cooperatives), Karnataka, Tamil Nadu, and Kerala.

Regulatory Framework:

- While the **state cooperatives operate within the regulatory framework of the state governments** and are registered as per their local rules, the Department of Cooperation under the Union Ministry of Agriculture is the Central Registrar of Multi-State Cooperative Societies.
- All societies that operate in more than one state have to **necessarily obtain a license of operation** from Union Ministry of Agriculture under the Multi-State Cooperative Societies Act.

Significant Presence of Cooperatives in India:

- **Fertilisers:** In fertilizer production and distribution the Indian Farmers Fertilizer Cooperative (IFFCO) commands over 35 percent of the market.
- **Sugar:** In the production of sugar, the cooperative share of the market is over 58 percent.
- **Handlooms:** The cooperative sector accounts for 55 percent of the looms in the **hand-weaving sector**.
- **Edible Oils:** Cooperatives process, market and distribute 50 percent of edible oils.
- **Dairying:** Dairy cooperatives operating under the leadership of the National Dairy Development Board and through 15 state cooperative milk-marketing federations is the largest producer of milk in the world.

Problems in the working of Cooperatives:

- The major problems plaguing cooperatives in the country are
- Political interference,

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- overdependence on government for financial support,
 - dormant membership,
 - non-conduct of elections,
 - lack of professionalism in governance, etc.

Details of Major Problems:

1. Lack of Awareness:

People are not well informed about the objectives of the movement, the contributions it can make in rebuilding the society and the rules and regulations of cooperative institutions. People look upon these institutions as means for obtaining facilities and concessions from the government.

2. State-Driven Effort:

In post-independent India, rural credit co-operatives evolved more **as state sponsored initiatives** than member-driven ones.

The implementation of the recommendations of the All India Rural Credit Survey (AIRCS) Committee (1954), shaped the future of cooperatives in India. The Committee recommended state partnership at all levels of co-operatives, in the form of share capital contribution, provision of technical, managerial and financial assistance to co-operatives. Cooperatives came to be perceived as a state agency, rather than an autonomous, member-based economic enterprise.

3. Dominance of Rich Farmers:

The strength of the movement was the involvement of the farmers who were shareholders regardless of the size of their holdings. Over the years, this truly democratic idea got corrupted and farmers with larger holdings grew more powerful. This altered the power structure of the cooperatives.

For instance, under the Maharashtra State Cooperatives Act, a minimum of 11 farmers is required to form a cooperative. Today the shareholder membership averages between 15,000 and 25,000 farmers. In the elections to the governing bodies of the sugar factories, money is a powerful tool. The top posts of chairman and vice-chairman usually go to the richest farmers even though the majority of members were farmers with small- or medium-sized holdings.

Additional Information:

Evolution of Cooperatives in India:

- The seeds of cooperation in India were sown in 1904 when the first Cooperative Societies Act was passed. Since then, the cooperative movement has made significant progress.
- During the British rule, Nicholson, a British Officer in India, suggested introduction of a cooperatives based on the model of German agricultural credit Cooperatives to address the problem of **rural indebtedness by providing credit to farmers at lower interest rates and protect them from exploitation by moneylenders.**
- Co-operative credit was envisaged as a vehicle for getting the farmers out of the vicious circle of indebtedness and poverty.
- **1904:** As a follow-up of that recommendation, the first Cooperative Society Act of 1904 was enacted to enable formation of "agricultural credit cooperatives" in villages in India under Government sponsorship.
- With the enactment of 1904 Act, Cooperatives got a direct legal identity. Every agricultural Cooperative was has to be registered under that Act.

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- To encourage the formation of cooperatives, the government granted some concessions and privileges to the societies, registered under the act. such as exemption from income tax, stamp duties and registration fees, free audit etc
 - **1912:** The 1904 Cooperative Societies Act, was repealed by 1912 Cooperative Societies Act which provided formation of Cooperative societies **other than credit** like **production, purchase, marketing, housing, etc.**,
 - **1919:** Under **1919 Administrative Reforms act**, Cooperatives was made **a provincial subject** making each province responsible for Cooperative development.
 - **1942:** In 1942, the British Government enacted the Multi-Unit Cooperative Societies Act, 1942 with an object to cover societies whose operations are extended to more than one state.
 - **1984:** The Central Government enacted a comprehensive act known as Multi State Cooperative Societies Act 1984, repealing the Act of 1942.

ELECTION COMMISSION:

Section 151 A of Representation of People (RPA) Act

- On July 2, 2021, Uttarakhand Chief Minister Tirat Singh Rawat resigned citing inability to get elected as member of state legislature within six months under Section 151 A of the Representation of People Act, 1951.

What is Section 151 A of the Representation of People Act, 1951A?

- The **Representation of the People Act 1951A**, a bye-election for filling any vacancy shall be held within a period of six months from the date of the occurrence of the vacancy.
- However there are two exceptions to six months rule:
- The remainder of the term should not be less than one year.
- When Election Commission of India (ECI) in consultation with the Central Government certifies that it is difficult to hold the bye-election within the six month period.
- However, the RPA Act does not bar a by-poll even when the remaining term of the Assembly is less than one year. It becomes optional in that case.
- **In the past, the ECI has conducted by-polls** for Assemblies that had less than one year of life remaining.

Tirat Singh Rawat's Case:

- Tirat Singh Rawat took oath as Chief Minister on March 10, 2021 replacing Trivendra Singh Rawat. However he was not a Member of State Legislature when he was sworn-in as Chief Minister. He was and continues to be Member of Parliament from Uttarakhand.
- According to **Article 164 of the Constitution**, a person who is not member of State legislature can occupy a post in the council of ministers, including the office of the chief minister but only for six months. He has to get elected as Member of State Legislature within six months or resign if he fails to do so.
- There are two vacant seats in the Uttarakhand Assembly. But due to prevailing COVID-19 situation, the Election Commission has not taken any decision on holding elections to these vacant seats.
- Moreover, the present term of Uttarakhand Assembly is up to March 23, 2022. Hence, the general elections in the State are less than a year away. This means the Election can choose to not conduct by-elections to the vacant seats.

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- After the West Bengal, Kerala, Tamil Nadu, Assam and Puducherry elections were concluded in May 2021, the EC decided to defer the by-elections for Parliamentary and Assembly seats due to the pandemic.

LEGISLATURE:

Privileges:

Criminal Acts of Legislators Not Part of Privileges and Immunity: Supreme Court

- On July 28, 2021, the Supreme Court of India ruled that legislators cannot take shield of 'Privileges and Immunities' for their acts of vandalism and violence inside the house.

Background of the Case:

- In March 2015, some of the MLAs belonging to left parties disrupted the presentation of the budget by the Congress led United democratic Government (UDF Government). The MLA's climbed over to the Speaker's dais and damaged furniture and articles including the Speaker's chair, computer, mike, and electronic panel, causing a loss of Rs. 2.2 lakhs.
- The incident was reported in the Police Station by the Legislative Secretary. The police filed criminal cases against the MLAs for criminal trespass, mischief, and destruction of public property under Indian Penal Code as well as Prevention of Damage to Public Property Act 1984.
- Subsequently, the Left Democratic Government came to power in 2016.
- In 2018, the Assistant Public Prosecutor filed an application before the Chief Judicial Magistrate, Thiruvananthapuram seeking sanction **to withdraw the case against MLA's** on whom criminal cases were filed on the following grounds.

1. Immunities and privileges

The incident in 2015 in Kerala Assembly is 'protest' by the MLAs and it is protected by the immunities and privileges under Article 194(3) of the Constitution of India.

2. Breach of privilege:

A violation of the rights and immunities granted to MLAs is a breach of privilege and the Legislative Assembly is empowered to punish such actions which are offences against its authority (Speaker). A breach of privilege is contempt of the House, which falls under the exclusive jurisdiction of the Speaker of the Assembly;

3. Sanction of the Speaker:

An offence which is committed in the Assembly, during a session or in its vicinity by MLAs, cannot be registered by the police without the permission of the Speaker. Police officers require authorization from the 'competent authority' to investigate a breach of law if it occurs in the precincts of the Legislative Assembly.

Application Rejected:

Chief Judicial Magistrate rejected the application on the following grounds.

- The application has been filed without good faith and is based on external influence.
- Immunity can be claimed by MLAs only in exercise of free speech. The alleged offence committed by the accused MLA's did not have any nexus with their speech or vote.
- The case against the MLAs was registered at the instance of the Secretary of the Legislative Assembly and thus, it can be assumed that this was within the knowledge of the Speaker of the Assembly.

The verdict was challenged in the Kerala High Court which upheld the verdict of the Chief Judicial Magistrate. The Kerala High Court Judgement was challenged in the Supreme Court.

Supreme Court Judgement:

1. Public Prosecutors Decision Not in Good Faith:

The Supreme Court agreed with the view of Chief Judicial Magistrate, Thiruvananthapuram that the application for withdrawal by Public Prosecutor (Lawyer who is appointed by the Government to argue on its behalf) was not made in good faith as one of the accused, V. Sivankutty, is current State Education Minister of Kerala.

2. Privileges and immunities Cannot Be Shield for Criminal Acts:

Privileges and immunities are not gateways to claim exemptions from the general law of the land, particularly as in this case, the criminal law which governs the action of every citizen. To claim an exemption from the application of criminal law would be to betray the trust which is impressed on the character of elected representatives as the makers and enactors of the law.

3. Acts of Vandalism Not Part of Free Speech or a form of Protest:

Committing acts of destruction of public property cannot be equated with **either the freedom of speech** in the legislature or with **forms of protest legitimately available to the members of the opposition**.

Acts of vandalism cannot be said to be manifestations of the freedom of speech and be termed as "proceedings" of the Assembly. It was not the intention of the drafters of the Constitution to extend the interpretation of 'freedom of speech' to include criminal acts by placing them under a veil of protest. Constitution only grants the members the freedom of speech that is necessary for their active participation in meaningful deliberation without any fear of prosecution.

Additional Information:

Privileges and Immunities of MLAs.

- **Articles 105 and 194** of the Constitution provide in similar terms for the privileges and immunities of Members of Parliament and Legislators of State Assemblies respectively.
- **Article 194 (1)** recognizes the **freedom of speech** in the legislature of every State.
- **Article 194 (2)** provides **protection to legislators from any proceedings in any court** in respect of anything said or any vote given by him in the Legislature and also in respect of the publication of any report, paper, votes or proceedings.
- **Article 194 (3)** deals with other aspects of privileges and immunities of legislators other than mentioned above. These shall be defined by the Legislature by law. So far, these have not been defined for Members of Parliament as well as State Legislators.

SOCIAL ISSUES:

Reservations:

OBC Sub-Categorisation Commission's Term Extended

- In July 2021, the Union Government extended the term of 'Commission of Sub-categorisation of OBCs', headed by retired Delhi High Court Chief Justice Smt. Rohini, by another six months up to January 31, 2022. This is the eleventh extension of the term of Commission which was set up in 2017 to examine the issues of Sub-categorisation within OBCs in the Central List.

Background:

- The Central Government provided 27 per cent reservation for OBCs (Other Backward Classes) in Education and Employment based on the recommendations of the Mandal Commision (named after B.P Mandal, former Chief Minister, who headed the Commission).

-
- Reservation in **jobs** was provided in **1993** and reservation in **education** was provided in **2006**.

Creamy Layer:

- The reservation was challenged in Supreme Court (**Indra Sawhney vs. Union of India case**). The Supreme Court upheld the reservation for OBCs but ruled that creamy layer (well off families among the OBCs) should be excluded from the benefit of reservation. The Court left it to the Government to develop criteria for creamy layer based on indicators like income, social status, land holdings, etc.
- Accordingly, the Central Government developed creamy layer criteria based
 - 1. income,**
 - 2. social status (Persons holding constitutional positions, Class 1 officers), and**
 - 3. land holdings.**

Present Concerns in implementation of OBC Reservation:

- There are 2633 castes included in the Central list of OBCs.
- There is a perception that **only a few advanced castes among the OBCs** have secured major gains from the 27 per cent reservations for OBCs.
- Hence, there is argument for sub-categorisation - or creating categories within OBCs for reservation - to ensure "**equitable distribution**" of representation among all OBC communities in **jobs and education**.

Constitution of OBC Sub-categorisation Commission:

- In 2017, the Central Government constituted a Commission headed by retired Delhi High Court Justice Smt. Rohini under Article 340 of the Constitution with the following mandate.
- examine the extent of inequitable distribution of benefits of reservation among the castes or communities included in the broad category of OBCs included in the Central List; and
- work out the mechanism, criteria, norms and parameters in a scientific approach for sub-categorisation within such OBCs;

Findings of the Commission:

- In 2018, the Commission analysed the data of 1.3 lakh central jobs given under OBC quota over the preceding five years and OBC admissions to central higher education institutions, including universities, IITs, NITs, IIMs and AIIMS, over the preceding three years.
- 97% of all jobs and educational seats have gone to just 25% of OBC castes
- 24.95% of these jobs and educational seats have gone to just 10 OBC castes (like Yadavs, Kurmis, Ezhavas);
- 983 OBC castes - 37% of the total - have zero representation in jobs and educational institutions;
- 994 OBC castes have a total representation of only 2.68% in recruitment and admissions.

Recommendations of the Commission:

- The recommendations of the Commission are not yet public. But, the Commission according to initial assessment has reportedly drawn up a proposal to divide the total 2,633 castes in the Central OBC list in to four categories.

Category	No.of. OBC	Reservation
	Sub castes	per cent
Category 1	1674	2
Category 2	534	6
Category 3	328	9
Category 4	97	10

Past Recommendations on Sub-categorisation:

- The First Backward Class Commission report of 1955, also known as the Kalekar report, had proposed sub-categorisation of OBCs into backward and extremely backward communities.
- In the Mandal Commission report of 1979, a dissent note by member L R Naik proposed sub-categorisation in intermediate and depressed backward classes.
- In 2015, National Commission for Other Backward Classes under Justice (Retd) Eswaraiah suggested sub-categorisation within OBCs into Extremely Backward Classes (Group A), More Backward Classes (Group B) and Backward Classes (Group C) and division of 27 per cent of quota amongst them in proportion to their population to ensure that few socially and economically advanced OBCs do not corner major share of OBC reservation benefit.

Status in States:

- Presently, ten states, including Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Haryana, Jharkhand, Bihar, West Bengal, Maharashtra, and Jammu, have sub-categorised OBCs.

Related Information:

National Commission for Backward Classes (NCWC):

- It was set up as a statutory body under the National Commission for Backward Classes Act, 1993.
- In 2018, it was **made a constitutional body** through 102nd Constitutional Amendment Act.
- Through the act, Article 338B was incorporated into the Constitution to make National Commission for Backward Classes a Constitutional body.

Major Functions of NCWC:

- investigate and monitor all matters relating to the safeguards provided for the socially and educationally backward classes under Constitution or under any other law, and
- inquire into specific complaints with respect to the deprivation of rights and safeguards of the socially and educationally backward classes and recommend measures for effective implementation of safeguards.

Juveniles: RC REDDY IAS STUDY CIRCLE

Juvenile Justice Act, 2015 Amended

- In July 2021, Parliament passed the Juvenile Justice (Care and Protection of Children) Amendment Bill, 2021 which amended the Juvenile Justice Act, 2015.

Major Amendment:

- A major amendment carried out through this bill was regarding **adoption**.
- Till now, adoption orders (for orphaned, abandoned children) were issued by Courts. Adoption becomes final on the issuance of adoption order by the Court.
- Now this power to issue adoption orders has been entrusted with District Magistrates and Additional District Magistrates to speed up adaptation.

Why District Magistrates Have Been Entrusted with Powers to Issue Adoption Orders?

1. Significant Delay in Adoption Process:

Adoption Under the Juvenile Justice Act, adoption proceedings shall be disposed of by the court within a period of two months from the date of filing of an application. However, there is significant delay in finalisation of adoption cases in Courts.

2. Non-adversarial Nature of Cases:

Adoption cases are non-adversarial in nature (i.e. where there are two conflicting claims in a case and the Judge has to listen to both sides and arrive at a judgement). The purpose of adoption is to secure the best interests of child to ensure fulfillment of his/her basic rights and needs, social well-being and physical, emotional and intellectual development.

So adoption can be dealt according to well laid out process at the level of District Magistrate.

3. District Magistrate More Suitable for the Job:

District Magistrate, being the Chief Executive Officer in the District, is suitably placed to ensure effective coordination among the stakeholders for facilitation of adoption.

Analysis:

However the amendment of the Act entrusting powers to issue adoption orders has also come under criticism.

1. Best Interests of Child Can be Secured Through Courts:

Adoption is non-adversarial in nature. But adoption of a child is a legal process which creates a permanent legal relationship between the child and adoptive parents. Moreover, under the Juvenile Justice Act, adoption has to secure the best interests of the child. With adoption, the child becomes the lawful child of his adoptive parents with all the rights, privileges that are given to a biological child.

When deciding on adoption, courts review documents, ensure necessary procedures have been complied with, and conduct an inquiry of the child and adoptive parents. This helps ensure that due consideration is given to the wishes of the child, and the adoption is for the welfare of the child. Determining whether the adoption is in the best interests of the child requires judicial training and competence.

2. Concerns over Separation of Powers:

The Bill provides that any person aggrieved by an adoption order of Judicial Magistrate, may file an appeal before the divisional commissioner. Thus, it does not provide for judicial oversight at the appeal stage as well. Vesting of such core judicial functions with them may also raise concerns of separation of powers between the executive and the judiciary.

3. Competence:

District magistrates and divisional commissioners are trained to be administrators and perform functions of the government. They may not have the competence to issue adoption orders or hear appeals related to them.

4. Overburden on District Magistrates and Consequent Delays:

Empowering district magistrates to issue adoption orders may also lead to delays as they are already burdened with several responsibilities. A district magistrate chairs about 75 committees, spread across 23 departments. He is responsible for maintenance of law and order, land and revenue administration, disaster management, general administration, implementing government schemes and programmes, etc.

5. Practice in Other Countries:

In United Kingdom, Germany, France, and several states in the United States of America, adoption orders are issued only by the court.

Additional Information:

About Juvenile Justice Act, 2015:

The act deals with two fundamental aspects concerning children.

1. Children found to be in conflict with law (offences by Children i.e. those below 18 years), and
2. children in need of care and protection (Orphans, abandoned children, etc.).

Details:

1. Children found to be in conflict with law:

These refer to offences committed by juveniles i.e. persons less than 18 years of age.

Under the Juvenile Justice Law, offences committed by juveniles are not treated the same way as adult criminals because a child (who is less than 18 years) is relative immaturity, does not quite often understand the consequences of his/her actions and is extremely susceptible to his/her surroundings. Hence, the focus of the law is on reform of juveniles not retribution.

Children who are found to be in conflict with law are produced before a Juvenile Justice Board. It consists of a Metropolitan Magistrate or a Judicial Magistrate of First Class and two social workers of whom at least one shall be a woman.

On the basis of nature of offence, Juvenile Justice Board can pass any of the following orders.

- a) order the child to perform community service
- b) order the child or parents or the guardian of the child to pay fine,
- c) allow the child to go home after advice or admonition
- d) release the child on probation of good conduct and placed under the care and supervision of any fit facility for ensuring the good behaviour and child's well-being for any period not exceeding three years;
- e) send the child to a special home, for such period, not exceeding three years for providing reformatory services including education, skill development, counselling, behaviour modification therapy, and psychiatric support during the period of stay in the special home.

Heinous Offences:

In case of a heinous offence alleged to have been committed by a child between 16 to 18 years age, the Board shall conduct a preliminary assessment with regard to his mental and physical capacity to commit such offence, ability to understand the consequences of the offence and the circumstances in which he allegedly committed the offence and d may order transfer of the trial of the case to the Children's Court..

2. Children in need of care and protection:

These are children who are orphaned (those who do not have parents or guardians), abandoned, those being exploited for sexual abuse, illegal acts, etc.

The act provides for adoption of above children to secure their best interests. With adoption, the child becomes the lawful child of his adoptive parents with all the rights, privileges that are given to a biological child. Adoption contributes to social well-being and physical, emotional and intellectual development of the adopted child. The Act facilitates Intra-country (adoption within the country) and also inter-country adoption (adoption of child from India by NRI, Person of Indian Origin or Foreigner).

Population:**Draft Population Policy of Uttar Pradesh**

- On July 11, 2021, the Uttar Pradesh Government unveiled a New Population Policy for 2021-2030 aimed at controlling population in the State by promoting two child policy and one child policy through incentives and disincentives.
 - In pursuance of the new population policy, the UP Government released the draft Uttar Pradesh Population (Control, Stabilisation and Welfare) Bill, 2021 for suggestions from public.
- Uttar Pradesh is the most populous state in the country with a population of 19.98 crore as per 2011 census.

Disincentives:

Whosoever violates the two child norm after the commencement of UP Population (Control, Stabilisation and Welfare) Act, 2021

- will be debarred from benefit of Government sponsored welfare schemes,
- will ineligible to contest elections to local self-government, apply for government jobs under the State Government, and receive any kind of government subsidy.
- ration card benefits will be given to only four persons in that family,

Bar on Promotion in government services:

- If any employee of the State Government, violates the two child norm after the commencement of this Act, he will be ineligible for promotion.

Incentives:

- The policy offers incentives for public servants as well as general public who adopt two-child norm and one child norm by undergoing voluntary sterilisation operation.

Two Child:

- A public servant who has two children after the Uttar Pradesh Population (Control, Stabilisation and Welfare) Act, 2021 comes into force will be eligible for following incentives.
- two additional increments during the entire service;
- subsidy towards purchase of plot or house site or built house from Housing Board or Development Authority, as may be prescribed;
- soft loan for construction or purchasing a house on nominal rates of interest,
- rebate on charges for utilities such as water, electricity, water, house tax,
- maternity leave of 12 months, with full salary and allowances;
- three per cent increase in the employer's contribution Fund under national pension scheme;
- free health care facility and insurance coverage to spouse; and (h) such other benefits and incentives, as may be prescribed.

Incentives for General Public:

- General Public (those who are not public servants) who adopt two child norm will be eligible for above benefits excepting increments and contribution to national pension scheme.

One Child:

- If a public servant opts for one child after the Act coming into force, he will be given **additional incentives** in addition to the above benefits given to public servants for adopting two child norm. These are

-
- two additional increments during the entire services which will be in addition to the two increments given for public servants adopting two child norm
 - free health care facility and insurance coverage to the single child till he/she attains the age of twenty years;
 - preference to single child in admission in all education institutions,
 - free education up-to graduation level;
 - scholarship for higher studies in case of a girl child; and
 - preference to single child in government jobs;

Incentives for General Public:

- General Public (those who are not public servants) who adopt one child norm will be eligible for above benefits excepting additional increments.

Special Benefit to Couple Living under the Below Poverty Line:

- If a couple living below the poverty line, adopts one-child norm, Government will pay a one-time lump-sum amount of Rs.80,000 if the single child is a boy, and Rs.1,00,000 if the single child is a girl.

Analysis:

The new policy has come under criticism on the following grounds.

While incentives may influence the family planning choices in a positive way, disincentives are being seen as discriminatory, ineffective which do not address the root causes of the problem.

1. Violation of Fundamental Rights:

Use of coercive measures (by making welfare measures conditional) to control the population violates basic human rights and women's rights.

2. Does Not Address the Root Cause:

Socio-economic conditions i.e. poverty, illiteracy, unemployment, are the factors which lead to large families and consequently high population growth. Hence disincentives result in discrimination of the poor and disadvantaged sections of the society.

3. Ineffective Policy Approach:

It is generally the lowest rungs of social and economic hierarchies in the society who have more than two children. These sections, comprising largely of Dalits, Adivasis, people from backward castes and the poorer sections of minority communities, do not have access to proper education, healthcare and the opportunity for institutional deliveries leading to high maternal mortality and infant mortality rates.

These are the very factors, for which they are certainly not responsible, that lead to their having several children. Punishing them by depriving them of welfare measures designed precisely to alleviate their poverty will condemn them to remain poorer, and, therefore, more likely to produce more children.

4. Unintended Consequences:

Implementation of two child policy is also likely to result in many unintended consequences like female foeticide.

In a patriarchal society the preference for son is deep rooted. Given such a preference for male child, the two-child norm will only increase sex-selective abortions of girl children, and female infanticide, since couples will want to maintain both the two-child norm as proposed to be enacted by the government as well as their preference for sons.

Suggestions:**1. China Experience:**

The experience of China shows that if the state imposes its decision on families' fertility choices, such a decision is bound to fail. With the one-child policy, the proportion of the aged population is increasing in China. Fewer younger workers are available, which might result in a slowdown of economic growth. As a result, the government has been forced to relax the one-child policy and adopt a three-child policy.

China's experience shows that population stabilisation should be achieved through a natural process by educating and empowering people to take informed choices rather than coercive intervention by State. Coercive interventions lead to unintended consequences.

2. Poverty Reduction and Employment Generation:

Focus of the Government should be on poverty reduction and expanding access to employment opportunities as these improve the living standards of people and enable them to take informed decisions on the number of children they should have.

3. Expanding Access to Health and Education:

Expanding access to education and healthcare by Governments will lead to improved health and educational outcomes, increased productivity and workforce participation. These will lead to increased household incomes and also informed choices on number of children in a family.

World Heritage:**Ramappa Temple and Dholavira Inscribed on World Heritage List**

- In July 2021, 800 year old Kakatiya Rudreswara temple in Telangana and Dholavira, the Harappan City in the Rann of Kutch, Gujarat have been inscribed on UNESCO's World Heritage list.
- With the addition of these two sites, India has 40 world heritage properties overall, which includes 32 cultural, 7 natural and one mixed property.

RUDRESWARA TEMPLE:

- Rudreswara Temple, (also known as the Ramappa Temple) is located at Palampet, Mulugu district, near Warangal in the state of Telangana.
- The Rudreswara temple was constructed in 1213 AD during the reign of the Kakatiya Empire by RecharlaRudra, a general of Kakatiya king Ganapati Deva. The presiding deity here is Ramalingeswara Swamy.
- Rudreswara temple is also known as the Ramappa temple, after the sculptor who executed the work in the temple for 40 years.
- The temple stands on a 6 feet high star-shaped platform with walls, pillars and ceilings adorned with intricate carvings that attest to the unique skill of the Kakatiyan sculptors.
- European merchants and travellers were mesmerised by the beauty of the temple. Marco Polo, famous Italian merchant and explorer, had remarked that the temple was the "brightest star in the galaxy of medieval temples of the Deccan".

Engineering Innovations in the Rudreswara Temple.**Sandbox Technique:**

- Sandbox Technique was used in the construction of the temple which made it earthquake resistant structure.

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- In this technique, certain area is dug up and filled with sand, and then the structure is constructed on top of it.
 - Structures built on these 'sandboxes' absorb the seismic waves generated during earthquakes.
 - The temple survived earthquakes in the 17th and 18th centuries even as the houses around it collapsed. The temple's pillars have sunk into the ground but despite this, the structure remains intact.

Floating Bricks:

- 'Floating bricks' were used to build the horizontally stepped roof of the temple. These bricks reduced the load on the foundations.

Sculptures:

- The sculptures of the Rudreshwara Temple are carved out on the dolerite giving it a metal like finish. The luster on the sculptures is intact even after 800 years of construction.

DHOLAVIRA:

- It was one of the centres of Harappan civilization which existed between 3000-1500 BCE (Before Common Era). The archaeological site of Dholavira comprises a **fortified city** and a **cemetery**.
- More than 1,000 Harappan sites have been discovered so far. Dholavira is the 6th largest of Harappan sites discovered so far.
- Unlike other Harappan antecedent towns normally located near to rivers and perennial sources of water, the location of Dholavira in the island of **Khadir, Rann of Kutch, Gujarat**.

Urban Planning:

- Dholavira is an outstanding example of Harappan urban planning, with its preconceived city planning, multi-layered fortifications, sophisticated water reservoirs and drainage system, and the extensive use of stone as a building material.

Stratified Social Order:

- Two seasonal streams provided water to the Dholavira city which comprised a heavily fortified castle and ceremonial ground as well as streets and houses.
- Houses were of different proportion and quality which testify **to a stratified social order**.

Long continuous habitation:

- This city **flourished for nearly 1,500 years**, representing a **long continuous habitation**. The excavated remains clearly indicate the origin of the settlement, its growth, zenith and the subsequent decline in the form of continuous changes in the configuration of the city, architectural elements and various other attributes.

Artistic and Technological Achievements:

- **Bead processing workshops and artifacts** of various kinds such as copper, shell, stone, jewellery of semi-precious stones, terracotta, gold, ivory and other materials have been found during archaeological excavations of the site, exhibiting the culture's artistic and technological achievements.

Trade with Mesopotamia and Oman Peninsula:

- Evidence for **inter-regional trade** from Dholavira with other Harappan cities, as well as with cities in the **Mesopotamia region and the Oman peninsula** have also been discovered.

Additional Information:

What is World Heritage?

- Heritage is our **legacy from the past**, what we live with today, and what we pass on to future generations.
- Our **cultural and natural heritage** are both **irreplaceable sources** of life and inspiration.
- World Heritage is the **designation for places on Earth that are of outstanding universal value to humanity**. These are inscribed on the World Heritage List to be protected for future generations to appreciate and enjoy.
- Places as diverse and unique as the Pyramids of Egypt, the Great Barrier Reef in Australia, Galápagos Islands in Ecuador, the Taj Mahal in India, the Grand Canyon in the USA, or the Acropolis in Greece are some of the examples of more than 1000 natural and cultural places inscribed on the World Heritage List to date.
- The United Nations Educational, Scientific and Cultural Organization (UNESCO) seeks to encourage the **identification, protection and preservation of cultural and natural heritage** around the world considered to be of outstanding value to humanity. For this purpose, an international treaty called the '**Convention concerning the Protection of the World Cultural and Natural Heritage**' was adopted by UNESCO in 1972.

RC REDDY IAS STUDY CIRCLE

SCIENCE & TECHNOLOGY

SPACE:

Billionaire Entrepreneurs Successfully Launch Their Private Spacecrafts into Space

- In July 2021, two billionaire entrepreneurs Jeff Bezos, founder of Amazon Inc., and Richard Branson, founder of the Virgin Group in the UK, successfully flew into space in their own spacecraft and returned back safely.
- Branson's trip was executed by his company, **Virgin Galactic Holdings Inc.** and Jeff Bezos' trip was undertaken by his company, **Blue Origin**.
- Mr. Branson became the first person to blast off to space in his own spaceship (July 11, 2021), beating Mr. Bezos by nine days who travelled to space on July 20, 2021.
- Branson flew into space in his VSS Unity Spacecraft along with three other passengers (including Indian Origin Bandla) and two pilots.
- Jeff Bezos flew in his rocket cum capsule named New Shepherd with three passengers which included his brother Mark, 82 year old Mary Wallace 'Wally' Funk, a female pilot that NASA rejected for its astronaut program when she was younger, and Oliver Daemen, son of a billionaire.
- Participants in both the flights flew into the space, **experienced a few minutes of weightlessness** and returned back to earth safely.

Objective of the Flight to Space:

- Both the entrepreneurs set up their own private space companies to explore commercial interests in space including space tourism.
- Both Jeff Bezos and Richard Branson undertook the space flight to demonstrate the safety of space tourism.
- Along with the two, Elon Musk who founded Space X is also interested in exploration of space.

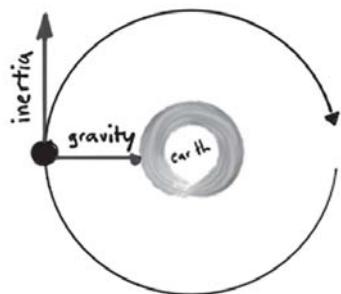
What is Space?

- Space is a zone above the earth's atmosphere.
- There is no universally accepted boundary at what distance space begins above earth's atmosphere.
- The most widely accepted boundary of space is known as the Kármán line which **100 km above mean sea level**. (The Karman line is named after Hungarian-born aerospace pioneer Theodore von Kármán who is an expert in rockets.)
- But the United States uses **80 km as the cutoff point** at which the space begins.
- Branson's Virgin Galactic flight reached a height of 86 km while Jeff Bezos' Blue Origin flight reached a height of 106 km.

Why is weightlessness experienced in Space?

- The weightlessness experienced by the astronauts is due to free fall in the earth's orbit where pull of the earth's gravity and the inertia of the spacecraft in motion are balanced by the orbital velocity of the spaceflight. (Inertia is the tendency of the object to stay at rest or preserve its state of motion.)

- Without gravity, the spacecraft's inertia (in motion) would carry it off into space. Even with gravity, if the spacecraft goes too fast, it will eventually fly away. (Refer the picture given below for clarity)
- On the other hand, if the spacecraft goes too slowly, gravity will pull it back to Earth.



- Hence, the spacecraft travels with orbital velocity i.e. the velocity needed to achieve balance between earth's gravity's pull on the spacecraft and the inertia of the spacecraft's motion i.e. the spacecraft's tendency to keep going.
- This orbital velocity is approximately 17,000 miles per hour (27,359 km per hour) at an altitude of 150 miles (242 kilometers).
- At the correct orbital velocity, earth's gravity is exactly balanced by the spacecraft's inertia. As a result, the spacecraft becomes a perpetual free falling object in the earth's orbit. Hence, the astronauts also experience weightlessness as they are on continuous free fall in the orbit of the earth.
- Whenever the orbital velocity is reduced, the spacecraft would be attracted towards the earth and astronauts also lose their experience of weightlessness.
- The orbital velocity of the spacecraft (or satellite) depends on its altitude above Earth. The nearer to Earth, the faster the required orbital velocity.

Criticism:

1. Vanity Projects:

Space tourism ventures of the two billionaires are criticised as vanity projects (encouraging luxury expenditure by wealthy people to flaunt their wealth for inflated pride). They do not add to the knowledge base or welfare of mankind.

For instance, Richard Branson's Virgin Galactic is likely to sell each ticket for space travel at US \$ 4,50,000.

Blue Origin sold one of the seats in the present flight for US \$ 28 million in an auction (The winner rescheduled his journey for next flight).

2. Environmental Costs:

Space tourism also **contributes to climate change** (rise in global temperatures) as the rockets release nitrous oxide.

3. Unrealistic Objectives:

One of the objectives of Blue Origin founded by Jeff Bezos enabling a future where millions of people are living and working in space to benefit Earth. He believes that in order to preserve Earth, humanity will need to expand, explore, find new energy and material resources, and move industries that stress Earth into space.

But, this is being seen as unrealistic objective by the critics. They argue that instead of spending on exploitation of space, the money could be spent better by the billionaires on other endeavours.

Most of earth remains unexplored and returns on investing in exploring unexplored parts of the earth may be far higher than returns on space investments.

Arguments in Support of Space Tourism

- Those in support of private sector participation in exploration of commercial opportunities argue that **many nascent technologies such as cars and telephones** were **once seen as vanity goods** too before they eventually became mass products.
- Price of space-related services to drop as more companies enter the space sector to compete and increase supply.
- **Inventions such as airplanes** were the **product of privately funded efforts** and that these efforts have **benefited society immensely**. Hence, **exploration of space may lead to new inventions**.

How Private Sector Interest in Space Grew?

- Historically, space has been a domain of the governments and their respective space agencies, like NASA and Russia's Roscosmos. But in recent years, there's been a paradigm shift, with more and more private companies making a name for themselves in space activities.
- US Government funded many NASA projects to Moon, Mars, Venus, Mercury, Neptune, Pluto, Saturn, and Uranus. It also funded missions to various asteroids, comets, International Space Station.
- But the Government funding also came under lot of debate and criticism
- Criticism was that Government funding on these missions is a waste of money. Supporters justified funding on grounds of furthering science and technology with collateral benefits.
- The US government decided to retire the Space Shuttle programme to fly to the International Space Station (ISS) and divert its attention to deep space and allow the private sector to fund near orbits.
- This led to the involvement of private sector in space.
- Instead of building all the hardware itself, NASA decided to involve private sector to reduce the costs and spur innovation.
- NASA gave contract to Space X to build spaceship and also carry crew to International Space Station.
- Space X has successfully launched three different astronaut missions into International Space Station (ISS) through its Falcon rocket. It is also building spaceships for NASA's missions to Moon and Mars.
- Now there are many private companies in the US competing for NASA contracts like Blue origin, Virgin Galactic, Dynetics, Orbital Sciences Corporation, Bigelow Aerospace, etc.

Additional Information:

Indians and Indian Origin Persons who went to Space:

- Sirisha Bandla, who was part of the space flight Rachard Branson's Virgin Galactic, became the **third Indian-origin woman** to fly into space after Kalpana Chawla and Sunita Williams.
- Wing Commander **Rakesh Sharma** is the **only Indian citizen** to travel in space. The former Indian Air Force pilot flew aboard Soyuz T-11 on April 3, 1984, as part of the Soviet Interkosmos programme.

First Space Tourist:

- The first space tourist was US millionaire **Dennis Tito**, who in 2001 paid US \$20 million to hitch a ride on a Russian Soyuz spacecraft to visit the international space station. He spent eight days there.

Eutelsat:

Eutelsat Quantum, World's First Reprogrammable Commercial Satellite, Launched

- Eutelsat Quantum, world's first reprogrammable commercial telecommunication satellite, was successfully launched by European Space Agency on July 30, 2021.
- The satellite has been launched into Geostationary orbit (35,000 km above earth) by the Ariane-5 rocket

Significance of the Eutelsat Quantum:

- Eutelsat Quantum telecommunications satellite is revolutionary as it offers its users the ability to reconfigure the satellite while in orbit.
- Conventional telecommunication satellites are designed and "hard-wired" on Earth and cannot be repurposed once in orbit.
- Eutelsat Quantum is a reprogrammable commercial telecommunications satellite.
- The satellite can be reprogrammed by users with the help of software while it is in orbit (in Geostationary orbit 35,000 km above earth).
- The 3.5 tonne satellite has **eight communications beams**. Each of these beams can be modified to **change its area of coverage and also the power of the telecommunications signal it emits**.
- These beams can be modified in a matter of minutes using software made available to the customer. This offers a previously unknown degree of flexibility for satellite applications.
- There are three significant advantages of Eutelsat Quantum Satellite.
 1. Its beams **can be redirected to move in almost real time to provide information to passengers** on board moving **ships, planes, trucks, and other land-based transport**.
 2. The beams also can be **easily adjusted at the push of a button to deliver more data when demand surges**.
 3. The satellite **can also detect and characterise any rogue communications** which enable users to respond dynamically to **accidental interference or intentional jamming**.
- The satellite will remain in geostationary orbit for 15-years.
- The satellite has been developed by the European Space Agency in partnership with satellite operator Eutelsat and Airbus, prime contractor responsible for manufacturing the satellite's payload.

ISS:**Russia Launches Nauka, a Lab Module, to International Space Station**

- On July 21, 2021, Russia successfully launched Nauka, a lab module, for the International Space Station (ISS). The module is intended to provide **more room for scientific experiments and space for the crew** in the International Space Station.
- A Proton-M booster rocket carrying the Nauka module lifted off from the Russian space launch facility in Baikonur, Kazakhstan.
- After a series of maneuvers, the 20-metric-ton (22-ton) module docked at the International Space Station in on July 29, 2021.
- Russia launched the International Space Station's first module, Zarya in 1998, which was followed in 2000 by another big module, Zvezda, and three smaller modules in the following years. The last of them, Rassvet, arrived at the station in 2010.

What is International Space Station?

- The International Space Station is a large spacecraft in orbit around Earth.
- It serves as a unique science laboratory to astronauts.
- The space station is made of parts that were assembled in space by astronauts and is a collaborative effort between **five participating space agencies**: NASA (United States), Roscosmos (Russia), JAXA (Japan), ESA (Europe) and CSA (Canada).
- It orbits at approximately **220 miles (350 km) above the Earth** and it travels at an average speed of 17,227 miles (27,724 km) per hour.
- ISS orbits the Earth about every 90 minutes. In 24 hours, the space station makes 16 orbits of Earth.
- **ISS is being used to learn more about living and working in space. These lessons will make it possible to send humans farther into space than ever before.**
- The first piece of the International Space Station was launched in November 1998 when a Russian rocket launched the Russian Zarya control module. About two weeks later, the space shuttle Endeavour from US carried U.S. Unity module.
- More pieces were added over the next two years before the station was made ready for people to live there in 2000.
- The first crew arrived on November 2, 2000. People have lived on the space station ever since.
- More pieces have been added over time. NASA and its partners from around the world completed construction of the space station in **2011**.
- The space station has the volume of a five-bedroom house and supports a crew of six people.
- The space station has been continuously occupied since November 2000.

ASTRONOMY:**First Evidence of Water Vapour in Ganymede, Jupiter's Moon**

- Astronomers have found the first evidence of water vapour in the atmosphere of Jupiter's moon Ganymede, the largest moon in the Solar System using new and archival datasets from NASA's Hubble Space Telescope.
- The Astronomers analysis combined the data from two instruments: Hubble's Cosmic Origins Spectrograph in 2018 and archival images from the Hubble's Space Telescope Imaging Spectrograph (STIS) from 1998 to 2010.

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- The researchers stated that Ganymede's surface temperature varies strongly throughout the day, and around noon near the equator it may become sufficiently warm that the ice surface releases some small amounts of water molecules.
 - This development has led to curiosity ahead of European Space Agency's (ESA's) planned **Jupiter Icy Moons Explorer (JUICE) mission in 2022**. The mission is expected to **reach Jupiter in 2029** and will spend the next three years **studying Jupiter and three of its largest moons, including Ganymede**.

ENVIRONMENT:

Green Sohra Afforestation Campaign Launched

- On July 25, 2021, Union Home Minister Mr. Amit Shah launched Green Sohra Afforestation Campaign at Sohra (widely known as Cherrapunji), Meghalaya.
- Till recently, Cherrapunji was the wettest place in the world with an annual average precipitation of 11,430 10,000 millimetres. But Mawsynram replaced Cherrapunji.
- Decrease in the vegetation due to deforestation, increase in the areas under cultivation have contributed to decrease in rainfall in Cherrapunji.
- Green Sohra Afforestation Campaign has been launched to increase the tree cover in Sohra by Assam Rifles, a paramilitary force which has adopted Sohra for Afforestation.
- Trees are being cut in Sohra for fuel and other uses. So in the total afforestation area, **80% of the land will be planted with traditional and long lifespan trees**, the remaining **20% will be used for grass for animal feed, ornamental plants and nursery** which will meet the livelihood requirements local people. This approach will help reduce the felling of long lifespan trees.
- Once the forest cover increases, **eco-tourism** will be promoted which will give a boost to tourism in Meghalaya.

TRANSPORTAION:

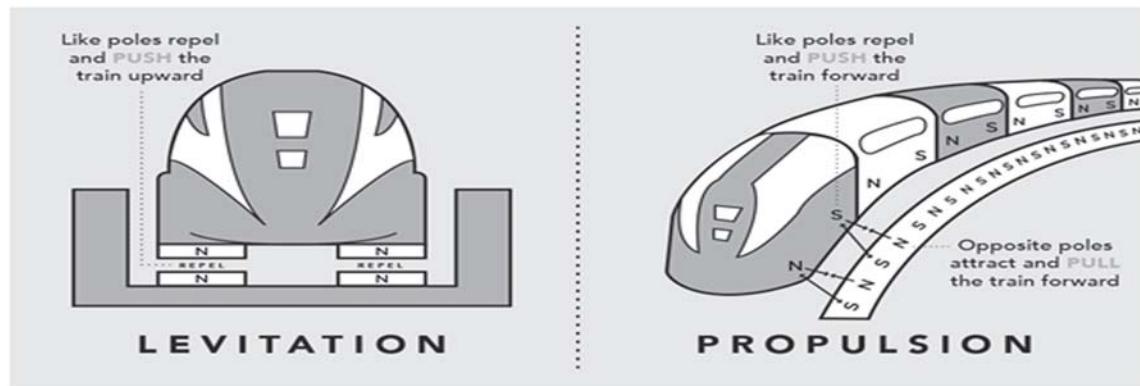
China Rolls Out World's Fastest Maglev (Magnetic Levitation) Train

- On July 20, 2021, China rolled out a high-speed maglev train with a designed top speed of 600 kms per hour. This is the world's fastest ground vehicle.

What is Maglev Train and how it works?

- Maglev is a short for Magnetic Levitation.
- Magnetic levitation is a method by which an object is suspended in the air with no support other than magnetic fields.
- Maglev trains do not have wheels or rails. They have guideways, and they float down these guideways without ever touching them.
- There are three essential parts to achieving maglev functionality: **levitation, propulsion and guidance**.
- Levitation is the ability for the train to stay suspended above the track. Repulsive force of superconducting magnets placed on the guideway and on the train to achieve levitation
- Propulsion is the force that drives the train forward. Maglev uses an electric linear motor to achieve propulsion.
- Repulsive magnetic forces are used for guidance.

- Three types of loops are set into the guideway at specific intervals to do three important tasks: **one creates a field that makes the train hover about 5 inches above the guideway**; a second keeps the train stable horizontally. Both loops **use magnetic repulsion to keep the train car in the optimal spot**; the further it gets from the center of the guideway or the closer to the bottom, the more magnetic resistance pushes it back on track.
- The third set of loops is a propulsion system run by alternating current power. Here, **both magnetic attraction and repulsion are used to move the train car along the guideway**.
- For instance, each box of train has four magnets -- one on each corner. The front corners have magnets with north poles facing out, and the back corners have magnets with south poles outward.
- Electrifying the propulsion loops generates magnetic fields that both pull the train forward from the front and push it forward from behind. (Refer the picture given below).



Superconducting Magnets Used:

- Superconducting magnets are used in maglev trains. These are magnets which are cooled to (-) 450 degree Fahrenheit to generate magnetic fields up to 10 times stronger than ordinary electromagnets, enough to **suspend and propel a train**.

Advantages of Maglev Trains:

- 1. Faster:** There is no contact with the ground. Hence there is no friction. As a result maglev trains can move **faster than conventional trains**.
- 2. Energy Efficient:** These are **energy efficient** because they do not lose energy due to ground friction on rails like conventional rails.
- 3. Safer:** These are also safer because magnetic trains are impossible to derail.
- 4. Comfortable:** Even though the train can travel up to 600 km per hour, a rider experiences less turbulence than on traditional steel wheel trains because the only source of friction is air.

About China Maglev Train:

- The maglev train made its public debut in the coastal city of Qingdao, China's east Shandong province.
- A prototype of the train was developed in 2016 to attain a speed of 600 km per hour and the successful train run was conducted in June 2020.
- The train can travel with 2 to 10 carriages, each holding more than 100 passengers.

OTHERS:**Insurance Coverage for Yak**

- For the first time, the National Insurance Company Ltd (NICL) has decided to provide insurance coverage to Yak, the highly valuable Himalayan cattle.
- The National Insurance Company Limited approved a proposal submitted by National Research Centre on Yak (NRCY), an organisation under the Indian Council for Agricultural Research (ICAR) situated at Dirang in Arunachal Pradesh for insurance coverage of the yaks.

About Yak:

- **Yak is a lifeline for pastoral nomadic communities living in the higher reaches of the Himalayas.**
- It is **source of milk, meat and dung** for the pastoral nomadic communities. Besides its hides are used in making woolen clothes. Yak rearers earn their livelihood by selling milk, meat, woolen clothes.
- However, this bovine species is **susceptible to inclement weather conditions due to climate change** (yaks cannot tolerate temperatures above 15 degree Celsius), **diseases, attacks by wild animals, etc.**
- In 2019 alone, 500 yaks had died in Sikkim due to heavy snowfall. The proposal for insurance coverage was taken up after this incident.
- The insurance policy will now shield the yak farmers against the risks.
- India has around 58,000 yaks, found on the higher altitudes of **Arunachal Pradesh, Sikkim, Himachal Pradesh, and Ladakh.**

RC REDDY IAS STUDY CIRCLE

MISCELLANEOUS (PERSONS, AWARDS, SPORTS)

INTERNATIONAL PERSONS

Pedro Castillo, a 51-year-old former school teacher and union leader, was declared the President-elect of Peru, a South-American country. He secured just over 50% of the votes and defeated Keiko Fujimori, daughter of former Peru President Mr. Alberto Fujimori who is presently in jail serving a 25-year sentence for crimes including corruption and human rights abuses.

Pedro Castillo was sworn in as President of Peru on July 28, 2021.

During his presidential campaign, Mr Castillo pledged to nationalise Peru's lucrative mining and hydrocarbon sectors, and also announced that he would aim to create a million new jobs in a year.

Peru is a major producer of copper, gold, silver, lead and zinc, and mining contributes 10 percent of national GDP.

He also proposed re-introducing the death penalty to help tackle crime.

He is Catholic and vehemently opposed to gay marriage, elective abortion and euthanasia.

NATIONAL PERSONS

Father Stan Swamy (84), tribal rights activist who worked for the welfare of tribals in Jharkhand for more than 30 years, passed away due to post COVID-19 complications on July 5, 2021.

In October 2020, he was named as an accused and arrested in the 2017 Bhima-Koregaon caste violence case in Maharashtra by the National Investigation Agency (NIA) on the grounds of having links with the banned CPI ((Maoist) Group).

Dilip Kumar (98), legendary Hindi actor, passed away on July 7, 2021. Dilip, who made his acting debut with 'Jwar Bhata' in 1944, has given several iconic films in his career spanning over five decades, including 'Mughal-e-Azam', 'Devdas', 'Naya Daur', 'Ganga Jamuna', 'Kranti' and 'Ram Aur Shyam'. He was last seen in the 1998 film 'Qila'.

Gira Sarabhai (98), co-founder of the renowned National Institute of Design (NID) in Ahmedabad and a pioneer of design education in India, passed away here on July 15, 2021.

She founded the National Institute of Design in 1961 along with his brother Gautam Sarabhai and prepared its academic curricula, which laid the foundation for design education in the country.

Another notable institution both Gira and Gautam were involved in setting up was the Calico Museum, a textile museum which is one of India's most famous private museums. The Calico was one of the textiles mills run by their father, Ambalal Sarabhai, along with other businesses in Gujarat.

Danish Siddiqui (38), noted Indian photojournalist, was killed in Afghanistan in a clash between the Afghan special forces and Taliban attackers on July 15, 2021.

Mr. Siddiqui, working for Reuters news agency, was covering the clashes between the two sides in Kandahar over the last few days and he died in Spin Boldak district, which has a contentious international border crossing between Pakistan and Afghanistan.

Bhageerathi Amma (107), Kerala's oldest learner who passed the adult literacy exam at the age of 105 two years ago, passed away on July 22, 2021.

She created history by becoming the oldest student after clearing the fourth standard equivalency exam conducted by the Kerala State Literacy Mission Authority in 2019.

She was a recipient of the Nari Shakti Puraskar, the country's highest civilian honour for women.

SPORTS PERSONS

Keshav Chandra Datt (95), two-time Olympics gold medalist and the last surviving member of the Indian hockey team in the historic 1948 London Games, passed away on July 7, 2021.

Yashpal Sharma (66), cricketer who was part of India's 1983 World Cup winner, passes away on July 13, 2021. He played 37 Test matches and 42 One Day Internationals for India from 1978 to 1985.

Nandu Natekar (88), one of the superstars in Indian badminton history, passed away in Pune on July 28, 2021.

He is the first Indian shuttler to win a tournament overseas - the Selangor International crown in Kuala Lumpur in 1956. Natekar was also among the first batch of the Arjuna Award recipients in 1961 when the awards were introduced

SPORTS

Tennis:

Wimbledon Open (London, July 2021) :

Women's Singles:

Ashleigh Barty (Australia) - Winner

Karolina Pliskova (Czech Republic) - Runner

Men's Singles:

Novak Djokovic (Serbia) - Winner

Matteo Berrettini (Italy) - Runner

Women's Doubles:

Hsieh Su-wei, Elise Mertens - Winners

Veronika Kudemetova, Elena Vesnina - Runners

Men's Doubles:

Nikola Mektić, Mate Pavić - Winners

Marcel Granollers, Horacio Zeballos - Runners

Mixed Doubles:

Neal Skupski, Desirae Krawczyk - Winners

Joe Salisbury, Harriet Dart - Runners

Football:

Euro Cup: (London, July 2021) :

Italy - Winner

England - runner

Copa America (Brazil, July 2021)

Argentina - Winner

Brazil - Runner

Chess:

Sparkassen Trophy (Dortmund, Germany, July 2021)

Viswanathan Anand (India) - Winner

Vladimir Kramnik (Russia) - Runner

Women's Speed Chess Championship (July, 2021) :

Hou Yifan (China) - Winner

D. Harika (India) - runner

Golf:

British Open (July, 2021)

Collin Morikawa (USA) - Winner

Jordan Spieth (USA) - Runner

TOKYO OLYMPICS 2020

- 2020 Tokyo Olympics in Japan in July 23 to August 8, 2021. The Tokyo Olympics were originally scheduled to be held in 2020 but were postponed due to COVID-19.
- United States topped the medal tally with 113 medals followed by China with 88 medals.
- India won 7 medals and stood at 48th place. However, this is the best ever performance for India after 2012 London Olympics where it won 6 medals.

Rank	Country	Gold	Silver	Bronze	Total
1	USA	39	41	33	113
2	China	38	32	18	88
3	Japan	27	14	17	58
4	Great Britain	22	21	22	65
5	ROC*	20	28	23	71
6	Australia	17	7	22	46
7	Netherlands	10	12	14	36
8	France	10	12	11	33
9	Germany	10	11	16	37
10	Italy	10	10	20	40
48	India	1	2	4	7

*ROC: ROC stands for Russian Olympic Committee. (Details given at the end of the article)

India's Performance at 2020 Tokyo Olympics:

India won 7 medals in Tokyo Olympics (1 Gold, 2 Silver and 4 Bronze).

Sports in which India won Olympic Medals:

India won the medals in 6 sports at the 2020 Tokyo Olympics

S.No.	Sport
1.	Athletics (Javelin Throw)
2.	Badminton
3.	Boxing
4.	Hockey
5.	Weightlifting
6.	Wrestling

List of Olympic Medal Winners from India:

S.No	Name	Sport	Event	Medal
1.	Neeraj Chopra	Athletics	Mens Javelin Throw	Gold
2.	P.V. Sindhu	Badminton	Women's Singles	Bronze
3.	Borgohain Lovlina	Boxing	Women (64-69 Kg)	Bronze
4.	India	Hockey	Men	Bronze
5.	Meerabai Chanu Saikhom	Weightlifting	Women 49 kg	Silver
6.	Ravi Kumar	Wrestling	Men's Freestyle 57 kg	Silver
7.	Bajrang Punia	Wrestling	Men's Freestyle 65 kg	Bronze

Sports in which India Participated in 2020 Olympics:

A total of 121 sports persons (53 Female and 68 Male) from India in 18 disciplines participated Tokyo Olympics. The details of the disciplines are given below.

1. Archery	10. Judo
2. Artistic Gymnastics	11. Rowing
3. Athletics	12. Sailing
4. Badminton	13. Shooting
5. Boxing	14. Swimming
6. Equestrian	15. Table Tennis
7. Fencing	16. Tennis
8. Golf	17. Weightlifting
9. Hockey	18. Wrestling

ROC (Russian Olympic Committee):

- Sportspersons from Russia participated under the Russian Olympic Committee banner as Russia has been barred by World Anti-doping Agency (WADA) in 2018 from participating in International events for 4 years including 2020 Tokyo Olympics and FIFA Football World Cup in 2022 due to highly organized Government sponsored doping programme.
- In 2014 and 2015, two whistleblowers exposed the doping programme of the Government. World Anti-doping Agency (WADA) subsequently launched a series of investigations and found the Russian Government guilty of running a doping programme. As a result of these investigations WADA imposed ban on Russia for 4 years from participating in international events.
- The term "doping" refers to the use of prohibited medications, drugs, or treatments by athletes with the intention of improving athletic performance.
- As Russia was barred and Russian sportspersons were not allowed to use their country's name, flag, and anthem, 335 sportspersons from Russia competed in the Tokyo Olympics under acronym ROC (Russian Olympic Committee).

About Olympic Games:

- The Olympic Games is a **quadrennial international multi-sport event** celebrated as a global sports festival by people all over the world.
- The Olympic Games are held in both the **summer** and **winter**, with the ultimate goal of cultivating people and world peace through sports.
- Tokyo 2020 Olympic Games held in July-August 2021 were summer Olympic Games.
- Summer Olympics are more popular due to participation of many countries and huge number of sports in which competitions are held.
- Winter Olympics are held for sports played in snow and ice which are very few. The number of participating countries are also few in winter Olympics.
- Both the summer and Winter Olympics are held once in every four years.

Who Organises Olympic Games?

- Olympic Games are organized by the **International Olympic Committee**.
- It was established in on 23 June 1894 as **a not-for-profit independent international organisation**.
- Based in Lausanne, Switzerland, it is **entirely privately funded** and distributes 90 per cent of its revenues to the wider sporting movement, for the development of sport
- The vision of the International Olympic Committee is to Build a Better World through Sport.
- In conducting the Olympic Games, the International Olympic Committee collaborates with all Olympic stakeholders, including the National Olympic Committees, the International Federations, Organising Committees for the Olympic Games.

History of Olympic Games:

- The roots of today's Olympic Games date back to the ancient Olympic Games, held 2,800 years ago.
- Also known as the "Olympiad," the event took place in the Olympia region of ancient Greece.
- There are various opinions regarding its origins. It is said that the event was an athletic and artistic festival dedicated to the worship of the gods. But the ancient Olympic Games were hindered by numerous conflicts and finally came to an end in 393 AD.

Modern Olympic Games:

- Olympic games were revived 1,500 years later.
- In 1892, Baron Pierre de Coubertin, a French educator, began the Olympic revival movement.
- His idea to reinstate the Olympic Games was presented to the international congress in Paris, 1894, and was unanimously approved.
- Two years later i.e. in **1896, the first modern Olympic Games were held in Athens, Greece**, the homeland of the ancient Olympic Games.
- The five rings - the well-known symbol of the Olympic Games - were also created by Baron de Coubertin, to express the solidarity of the world's five continents.
- Baron de Coubertin advocated a notion of Olympism with the following values
 - a) elevation of mind and soul,**
 - b) overcoming differences between nationalities and cultures,**
 - c) embracing friendship, a sense of solidarity and fair play.**
- The **above values** would ultimately contribute to **world peace and betterment** - an ideal that has been passed down undiminished to this day. As a result, Baron de Coubertin is revered as the "**Father of the Olympics**."