

The Hindu Important News Articles & Editorial For UPSC CSE

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Page : 01 : GS 2 : Social Justice : Issues related to women

The Supreme Court on Tuesday constituted a National Task Force to work out the modalities of safety measures for medical professionals.

- The NTF will recommend security measures on hospital premises; infrastructure development, including separate restrooms; technological interventions to limit access to critical hospital areas; CCTV cameras; provision of night transport; counselling services; crisis workshops; quarterly safety audits; and enhanced police presence in hospitals.

SC forms task force to ensure doctors' safety

Taking up a *suo motu* case over the rape and murder of a doctor, court asks task force to recommend security measures, safety audits, and enhanced police presence; it gives Centre a month to collate data from States and Union Territories on security and facilities at all government-run hospitals; top court asks CBI to submit its report tomorrow

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Tuesday constituted a National Task Force to work out the modalities of safety measures for medical professionals. The NTF will recommend security measures on hospital premises; infrastructure development, including separate restrooms; technological interventions to limit access to critical hospital areas; CCTV cameras; provision of night transport; counselling services; crisis workshops; quarterly safety audits; and enhanced police presence in hospitals.

A three-judge Bench, headed by Chief Justice of India D.Y. Chandrachud, explaining why the court

had taken *suo motu* cognisance of the rape and murder of a junior doctor at the State-run R.G. Kar Medical College and Hospital in Kolkata, said the case laid bare the systemic failure in providing safety to medical professionals.

The court said the "horrific" crime was the last straw and "the nation cannot wait for another rape and murder in order to bring in safety laws for medical professionals and doctors".

The Centre was given a month to collate data from States and Union Territories on security and infrastructure facilities at all government-run hospitals. This would include whether they have complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and



Doctors of RML Hospital watch a live-stream of the Supreme Court hearing in New Delhi on Tuesday. SHASHI SHEKHAR KASHYAP

Redressal) Act, 2013.

Surgeon Vice-Admiral Arti Sarin, Director General Medical Services (Navy); D. Nageshwar Reddy, Chairperson and Managing Director, Asian Institute of Gastroenterology and AIG Hospitals, Hyderabad; M. Srinivas, Director, All India Institute of Medical Sciences (AIIMS), Delhi; Pratima

Murthy, Director, National Institute of Mental Health and Neuro Sciences (NIMHANS), Bengaluru; Govardhen Dutt Puri, Executive Director, AIIMS, Jodhpur; Saumitra Rawat, Chairperson, Institute of Surgical Gastroenterology and Member, Board of Management, Sir Ganga Ram Hospital, Delhi; Anita

Ex-principal booked on graft allegations

KOLKATA
The Kolkata Police has booked Sandip Ghosh, the former principal, on allegations of corruption and irregularities and sent him a notice to appear before the police allegedly for disclosing the identity of the victim. » PAGE 4

Saxena, Vice-Chancellor, Pandit B.D. Sharma Medical University, Rohtak; Pallavi Saple, Dean, Grant Medical College, Mumbai and Sir J.J. Group of Hospitals, Mumbai; and Padma Srivastav, former Professor, Neurology Department, AIIMS, Delhi, currently serving as Chairperson of Neurology,

Paras Health, have been appointed members of the NTF. The Cabinet Secretary; the Union Home and Family Welfare Secretaries; the Chairperson, National Medical Commission; and President, National Board of Examinations will function as its ex-officio members.

"There is a virtual absence of safety for doctors, especially young women doctors. They have 36-hour shifts. We need a national protocol for safe conditions of work for doctors and medical personnel... It is not that every time there is a rape and murder, the conscience of the nation is awakened. We need a protocol not just on paper, but to be actually implemented," Chief Justice Chandrachud said.

The Chief Justice said

women medical professionals were especially vulnerable to sexual assaults. Gender violence in the medical profession was a matter of very serious concern.

The Chief Justice reached out to the protesting doctors and medical staff to resume work, saying their concerns would be given the highest priority by the Supreme Court. The top court warned the West Bengal government against "unleashing" its might on protestors.

The Bench directed the CBI, which is currently in charge of the investigation into the crime on the orders of the Calcutta High Court, to submit its report on August 22.

REGRESSIVE MOVE
» PAGE 8

About the news:

- A three-judge Bench, headed by Chief Justice of India D.Y. Chandrachud, explaining why the court had taken **suo motu** cognisance of the rape and murder of a junior doctor at the State-run R.G. Kar Medical College and Hospital in Kolkata, said the case laid bare the systemic failure in providing safety to medical professionals.
- "There is a virtual absence of safety for doctors, especially young women doctors. They have 36-hour shifts. We need a national protocol for safe conditions of work for doctors and medical personnel... It is not that every time there is a rape and murder, the conscience of the nation is awakened. We need a protocol not just on paper, but to be actually implemented," Chief Justice Chandrachud said.

About *Suo Moto* Cognizance

- **Suo Moto Cognizance:** In law, the term "suo moto cognizance" refers to the court's authority to hear cases on its own initiative without any formal complaint or petition being submitted by any party. Based on information obtained from media reports, letters, or any other reliable source, the court starts the procedures on its own.

- **Constitutional Provisions:** According to Articles 32 and 226 of the Indian Constitution, the Supreme Court and High Courts in India have the ability to take suo moto cognizance of cases. The Supreme Court is given the authority to issue writs for the enforcement of basic rights by Article 32, and the High Courts are given the same authority by Article 226 within their respective spheres of jurisdiction.
- **PILs:** Public Interest Litigation(PIL), a procedure that enables people or social activists to approach the court on behalf of the public interest, is frequently linked with suo moto cognizance. This idea has increased the scope of the judiciary's involvement in issues of social justice and public concern.
- **Judicial Activism:** Suo Moto Cognizance is regarded as an example of judicial activism, in which the judge takes proactive measures to solve pressing concerns that could otherwise go ignored or neglected. By taking on such cases, the courts hope to guarantee the prompt and effective administration of justice.
- **Scope of Judicial Review:** While typically requiring a petition from a person who has been wronged, the courts have occasionally taken suo moto cognizance to address improper orders or injustices.

Instances Where Suo Motu Cognizance is taken

- Some instances taken for Suo Motu cognizance by Indian courts are as follows:
 - **Contempt of Court:** Contempt of court is defined as ignorance of the laws, norms, and codes of ethics that are observed in a court of law. The court often brings a case for Suo Motu contempt against an official who obstructs the administration of justice or makes vulnerable the court's honour.
 - **Order probe for a New Case:** The Court has the jurisdiction to order an investigation at any level by any government agency, police department, CBI, or other agency if it believes that an individual or group of individuals is being mistreated. The court may also act based on information from any documentary, news, or media source or in response to a letter from the impacted group of persons.
 - **Reopen of old/closed Cases:** The courts can take Suo Motu action to reopen a case if any new and substantial evidence is found after the case is closed.

Page 06 : GS 2 : International Relations : Bilateral Groupings & Agreements

The India-Japan partnership is set against a larger context of a free, open and rules-based Indo-Pacific and it will continue to grow, External Affairs Minister S. Jaishankar said on Tuesday as both sides held a fresh edition of "2+2" dialogue amid China's increasing military muscle-flexing in the region.

About 2+2 Ministerial Dialogue

- ➔ The 2+2 Ministerial Dialogue is a diplomatic summit held annually since 2018, initially between India and the US.
- ➔ It later expanded to include Japan, Australia, Russia, and the United Kingdom.
- ➔ This dialogue involves the Foreign and Defense Ministers of participating countries and focuses on strengthening bilateral relations and addressing common concerns.
- ➔ The dialogue replaced the Strategic and Commercial Dialogue during a 2017 agreement between PM Narendra Modi and President Donald Trump.
- ➔ First Summit was held on September 6, 2018, between India and the US in New Delhi, involving discussions on defense partnerships and strategic cooperation.

What are the key priorities of the Indo-Japan 2+2 Dialogue?

India, Japan conduct '2+2' dialogue with focus on Indo-Pacific

Two sides hold discussion on defence cooperation, significance of open Indo-Pacific; Rajnath says partnership is based on democratic values

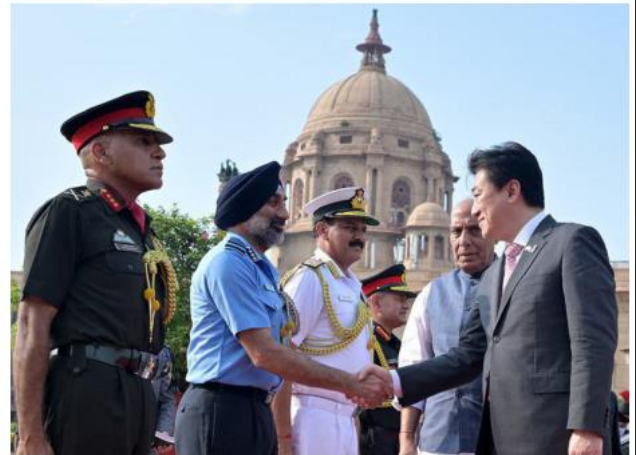
Press Trust of India
NEW DELHI

The India-Japan partnership is set against a larger context of a free, open and rules-based Indo-Pacific and it will continue to grow, External Affairs Minister S. Jaishankar said on Tuesday as both sides held a fresh edition of "2+2" dialogue amid China's increasing military muscle-flexing in the region.

The Japanese delegation at the talks in Delhi was headed by Foreign Minister Yoko Kamikawa and Defence Minister Minoru Kihara. Mr. Jaishankar and Defence Minister Rajnath Singh headed the Indian team.

"In the last decade, our relationship has assumed the form of a special strategic and global partnership. The logic of this evolution is our expanding interests and growing activities," Mr. Jaishankar said.

"As we both step forward into a more volatile



Japan's Minister of Defence Minoru Kihara receives the guard of honour in the presence of Rajnath Singh. SHASHI SHEKHAR KASHYAP

and unpredictable world, there is a need for reliable partners with whom there are substantial convergences," he said.

"As a result, we have consciously sought to facilitate each other's endeavours, comprehend each other's objectives, strengthen each other's positions and work with other nations of shared comfort," he added.

In his remarks, Mr. Singh said the India-Japan special strategic and global

partnership is based on democratic values and the rule of law.

He said India has set a goal of becoming a developed country by 2047 and building domestic defence capabilities is one of the significant aspects of this vision.

"The India-Japan partnership in the defence sector will be an important aspect to realise our goal. Let us make a vision for this partnership," the Defence Minister said.

Daily News Analysis

- **Update Security Cooperation:** Revising the 2008 security agreement to reflect current strategic needs.
- **Promote a Free Indo-Pacific:** Collaborating to ensure a free, open, and stable Indo-Pacific region.
- **Engage in Strategic Talks:** Holding strategic discussions between foreign and defense ministers to boost bilateral ties.
- **Address Regional Security:** Discussing key issues like Chinese assertiveness, the Russia-Ukraine war, and the Gaza crisis.
- **Coordinate Quad Efforts:** Exploring cooperation within the Quad framework, including a potential summit.

UPSC Mains PYQ : 2020

Ques : Quadrilateral Security Dialogue (Quad) is transforming itself into a trade bloc from a military alliance, in present times Discuss.

India is progressing towards its 20% ethanol blending target by 2025-26, marked by increased production and capacity.

On the ethanol blending programme

India is on its way to achieve its target of blending 20% of petrol with ethanol by 2025-26. However, the food versus fuel equation continues to hang over the ethanol economy along with questions regarding fuel efficiency in existing vehicles

ECONOMIC NOTES

M. Kalyanaraman

India is on its way to achieve its target of blending 20% of petrol with ethanol by 2025-26, going by the milestones on blending percentages crossed so far and the increase in ethanol production capacity. However, the food versus fuel equation continues to hang over the ethanol economy as recent events have shown. For example, maize import has increased from April to June of this year compared to last year at a time when maize has been used to produce more fuel ethanol to compensate for restrictions on using sugarcane products. The industry, however, opines India has enough grain and sugar surpluses. Tarun Sawhney, Vice-Chairman and Managing Director, Triveni Engineering and Industries, says, "With big food stocks across the country, there is absolutely no concern about food security in the near future. I am concerned the supplies and stocks are so large that it could lead to wastage and spoiling," he said. All the emphasis has been on first generation (G1) ethanol that is directly made from foodgrains and sugarcane. The government should diversify and move to 2G and 3G that are more benign in terms of impact on food security.

Status of ethanol production capacity
Twenty per cent by 2025-26 would mean producing some 1,000 crore litres of ethanol for blending with petrol. "We are now seeing 13% to 15% blending with a sharp increase since 2021," says Sourabh Ranerjee, consultant on ethanol and biofuels. In 2021, the blending was around 8%. Deepak Ballani, director general of Indian Sugar and Bio-energy Manufacturers Association, says the sugar industry has invested some 40,000 crore in the last few years in capacity expansion. In just two years, 92 crore litre capacity was added. The roadmap for achieving ethanol blending targets, prepared by the Niti Aayog, had laid down that the capacity of sugarcane-based distilleries would need to increase from 426 crore litres in 2021 to 760 crore litres in 2026, while grain-based distilleries' capacity should increase from 258 to 740 crore litres. In other words, a lot more of grain-based distilleries were to come up. Besides fuel ethanol, some 310 crore litres would be needed for making ethanol for consumable liquor as well as industrial uses. Taking stock in December 2023, the government said India's ethanol production capacity had already increased to 1,380 crore litres – some 875 crore litres capacity from sugarcane and 505 crore from foodgrains. This means the targeted total ethanol capacity is nearly achieved although with a greater sugarcane-based component. Two interest subvention programmes for establishing new distilleries had facilitated the ramping up of ethanol generation capacity. Industry has been demanding that to maintain momentum and create surplus capacity for other uses such as blending with diesel, these programmes should be extended and that Oil Marketing Companies (OMCs) should sign more long-term contracts with distilleries until the supply chain is well and truly formed. Sugarcane gives rise to three main related products – sugarcane juice and syrup, B-heavy molasses and C-heavy molasses, in the order of decreasing sugar content. The first two would typically go to making sugar while the third will be used for ethanol production. In a bid to

Ethanol for blending

With the government restricting the use of B-heavy molasses and sugarcane juice for ethanol production from December 2023, grain-based ethanol production has increased to maintain blending percentages

Ethanol supplied to oil marketing companies

Supply year	C-heavy molasses	B-heavy molasses	Sugarcane juice	Surplus rice	Damaged grains	Maize	Total in litre crore, blending % in brackets
2019-20	74	68	15	0	16	0	173 (5.00)
2020-21	39	183	39	2	39	0	302 (8.10)
2021-22	11	265	85	49	24	0	434 (10.02)
2022-23	6	235	128	74	32	32	506 (12.06)
2023-24*	39	95	56	0	76	135	401 (11.00)

Supply years are December-November; December to October for 2022-23 and November to October for 2023-24. *Data available only for November-June

Shortage: Sugar mill workers load harvested sugarcane on a tractor trolley in Sangli district, in Maharashtra, in 2022. REUTERS



up fuel ethanol production, the government had started permitting the diversion of the first two away from sugar production to fuel ethanol. Ethanol pricing depends on the sugar content of the input. In 2022-23, 63% of fuel ethanol came from B-heavy molasses and 33% from molasses. In December, 2023, the government restricted the diversion of the first two over fears of falling sugar stocks. Mr. Ballani, however, believes the restrictions will be removed this year. He says that out of a total production of 340 lakh tonnes of sugar in 2023-24, consumption was only 285 lakh tonnes. Some closing stock is therefore available for 2023-24, he says, adding that fears of depleting sugar surpluses are unfounded. Expanding sugarcane production will have to be sustained by higher water use. Souvik Bhattacharjya of The Earth Research Institute says to sustain 50% of 1,000 crore litres from sugarcane, 400 billion litres of water would be needed additionally. Expanding sugarcane cultivation would redirect irrigation water from essential food-grain crops, exacerbating concerns about agricultural sustainability, he says. To make up for the shortfall due to restrictions on B-heavy molasses, grain-based distilleries, mainly maize, have likely been operating at full capacity to keep up with the blending percentages this year. Government policy is that maize as well as surplus rice and damaged grains will be used to feed grain-based distilleries. India ranks as a major maize producer globally, but domestic consumption consistently outpaces production, says TERI's Bhattacharjya. Over the last few years, Indian maize imports have been hovering around 0.4 to 0.5 million tonnes a year. A rapid diversion to ethanol will drive up prices and negatively impact its major uses – the poultry sector by 47%, followed by livestock feed (13%) and starch (9%). At 3 to 4 tonnes per hectare, India's maize yield is much lower than other countries, he adds. Commerce Ministry data show that in 2023-24, Indian maize (corn) imports were \$39 million. This year, from April to June, the import is already worth \$103

million. As per NITI Aayog's estimates, some 4.8 million hectares will have to be added to maize cultivation area to meet the 20% target, which is almost half of the typical maize cultivation area. **On fuel efficiency in automobiles** Ethanol will not only reduce greenhouse gas emissions, it will also prevent an estimated foreign exchange outflow of some \$4 billion per year, as per Maruti Suzuki company estimates, and bolster the rural economy by promoting the cultivation of various crops through an assured market. Many vehicle makers say the government deadline of E20 (20% ethanol and 80% gasoline) compliance is achievable, but questions remain over existing vehicles whose performance would be affected by higher ethanol content. The NITI Aayog report notes that ethanol brought down fuel efficiency in vehicles not suited for ethanol by an average of 6%. Many vehicle makers say they are in line with the government deadline of 2025. A Maruti Suzuki spokesperson told *The Hindu* that all Maruti vehicles have been compatible with E20 fuel since April 2023. Existing vehicles may have to go for an engine retuning and change over to E20 supported material depending on what grade they are. **How different States view the policy** Meanwhile, the developing ethanol economy has impacted States differently. While the fuel ethanol pricing is the same across India, States determine the pricing of Extra Neutral Alcohol (ENA) that goes into making liquor for consumption and other uses. That pricing has been a decider for sugarcane-based distilleries in opting for highly pure fuel ethanol vis-a-vis ENA and other forms. In Uttar Pradesh, the government reserves some 25% of the ethanol for ENA. Mr. Sawhney says that ENA is less attractive since it offers lower value. Ethanol made from molasses, especially B-heavy molasses, offers significantly higher value, he adds. U.P. is fully aligned with the central government's mission on ethanol, says Mr. Sawhney. U.P. is the single largest contributor to the ethanol

blending program nationwide, he adds. "Most of the distilleries especially in U.P., as well as new capacity coming up, are multi-fuel, allowing them to process both sugarcane juice and molasses, and grain, including rice and maize. For the upcoming year, it is anticipated that 55% of the national requirement of ethanol will be met from sugarcane and the balance 45% would be met by grain distilleries." In Tamil Nadu, where liquor is a highly lucrative market for distilleries, fuel ethanol has not yet caught on as much. The State government procures and sells all the liquor. Liquor revenue is one-sixth of all government revenue. An increase in sugarcane cultivation may not be possible because of water requirements, industry sources say. Broken rice may not be made available either. A highly placed government source said it would be bad politics in Tamil Nadu to supply rice, even broken rice, to ethanol since people will relate it to liquor and oppose. M. Ponnuswamy, Chairman and Managing director of Pon Pure Chemicals, advocates that the government should support maize cultivation as an alternative. "Maize is not water intensive. It degrades soil and cannot be the sole crop either. It can be used in rotation with sugarcane to ensure that soil fertility is not degraded," he says. Some half a dozen distilleries for fuel ethanol are on the drawing boards and at various stages of completion. Assuring feedstock supply can help to promote a non-sugarcane distillery base in the State. Vishal Kamat, Chairman Confederation of Indian Industry (CII) Maharashtra, says in Maharashtra it is more profitable to make ENA and supply it for other uses such as manufacturing activities, fashion and medicine than for ethanol blending. "All segments besides liquor are experiencing good demand thanks to a booming economy. This said, if there is a steady contract for procurement in blending then fuel ethanol can be attractive since additional processing will not be required after purity is ensured," he says. Many across the industry demand an increase in ethanol pricing.

THE GIST

- ▼ The roadmap for achieving ethanol blending targets, prepared by the Niti Aayog, had laid down that the capacity of sugarcane-based distilleries would need to increase from 426 crore litres in 2021 to 760 crore litres in 2026, while grain-based distilleries' capacity should increase from 258 to 740 crore litres.
- ▼ Ethanol will not only reduce greenhouse gas emissions, it will also prevent an estimated foreign exchange outflow of some \$4 billion per year, as per Maruti Suzuki company estimates, and bolster the rural economy by promoting the cultivation of various crops through an assured market.
- ▼ Meanwhile, the developing ethanol economy has impacted States differently. While the fuel ethanol pricing is the same across India, States determine the pricing of Extra Neutral Alcohol (ENA) that goes into making liquor for consumption and other uses.

- ▶ However, concerns about food security arise due to rising maize imports and water usage for sugarcane.
- ▶ Balancing ethanol production with these challenges remains a key issue in policy discussions.

Overview of Ethanol Blending Targets

- ▶ India aims to blend 20% ethanol with petrol by 2025-26, with progress marked by milestones in blending percentages and increased ethanol production capacity.
- ▶ The target involves producing approximately 1,000 crore litres of ethanol. Current blending rates are between 13% to 15%, a significant increase from around 8% in 2021.
- ▶ Ethanol production capacity has expanded considerably, reaching 1,380 crore litres as of December 2023, with 875 crore litres from sugarcane and 505 crore litres from foodgrains.

Food vs. Fuel Debate

- ▶ The food versus fuel equation remains a concern, as increased ethanol production has led to a rise in maize imports due to its use in ethanol production, exacerbated by restrictions on using sugarcane products.
- ▶ The industry argues that India has sufficient food grains and sugar surpluses, but concerns about potential wastage and spoilage due to large food stocks are noted.
- ▶ To address food security and sustainability issues, there is a call to diversify from first-generation (1G) ethanol to second-generation (2G) and third-generation (3G) ethanol, which are less impactful on food resources.

Ethanol Production Capacity and Investments

- ▶ To meet the 20% blending target, significant investments have been made in ethanol production.
- ▶ The sugar industry alone has invested approximately ₹40,000 crore in expanding capacity, with 92 crore litres of new capacity added in two years.
- ▶ The current ethanol production capacity has nearly reached the target, but with a higher proportion of sugarcane-based ethanol.

Government Policies and Production Dynamics

- ▶ Interest subvention programs have supported the expansion of ethanol production capacity.
- ▶ There is industry demand for extending these programs and securing long-term contracts with Oil Marketing Companies (OMCs) to maintain momentum and create surplus capacity.
- ▶ The diversion of sugarcane products to ethanol production has led to restrictions on the use of B-heavy molasses and sugarcane juice, which could affect sugar stocks.
- ▶ These restrictions may be lifted as fears of depleting sugar surpluses are deemed unfounded.

Water Usage and Sustainability Concerns

- ▶ Expanding sugarcane production to meet ethanol blending targets requires significant additional water.
- ▶ To sustain 50% of the 1,000 crore litres from sugarcane, an extra 400 billion litres of water would be needed, potentially impacting agricultural sustainability by diverting irrigation from essential food crops.
- ▶ To compensate for restrictions on molasses, grain-based distilleries, primarily using maize, have been operating at full capacity.

Economic and Agricultural Impact

- ▶ India, a major maize producer, faces increased maize imports and potential price hikes due to the diversion of maize for ethanol production.

- This could negatively affect the poultry sector and other major uses of maize.
- The Commerce Ministry reported a significant increase in maize imports from \$39 million in 2023-24 to \$103 million in the April-June period of this year.
- To meet the 20% blending target, substantial additional maize cultivation is required, impacting the typical cultivation area.

Vehicle Performance and State-Level Impacts

- Ethanol blending is expected to reduce greenhouse gas emissions and save foreign exchange, while also boosting the rural economy.
- However, higher ethanol content may affect the performance of existing vehicles, which may require engine re-tuning or changes to E20-supported materials.
- Different states view the ethanol policy differently. In some states, fuel ethanol pricing and its impact on liquor production determine the attractiveness of ethanol production. For instance, some states focus on maximising ethanol output from sugarcane, while others consider alternatives like maize.

Conclusion

- The expansion of ethanol production in India involves a complex interplay of food security, water usage, economic impacts, and state-level policies.
- While progress towards blending targets is notable, balancing ethanol production with food security and sustainability concerns remains crucial.

UPSC Prelims PYQ : 2020

Ques : According to India's National Policy on Biofuels, which of the following can be used as raw materials for the production of biofuels?

- (1) Cassava
- (2) Damaged wheat grains
- (3) Groundnut seeds
- (4) Horse gram
- (5) Rotten potatoes
- (6) Sugar beet

Select the correct answer using the code given below:

- (a) 1, 2, 5 and 6 only
- (b) 1, 3, 4 and 6 only
- (c) 2, 3, 4 and 5 only
- (d) 1, 2, 3, 4, 5 and 6

Ans: (a)

The Reserve Bank of India's (RBI's) inflation targeting regime has worked well and abandoning it for a more discretionary regime could be risky and counterproductive, two economists have argued in a new research paper.

- ➔ **The authors of the paper titled 'Inflation Targeting In India: A Further Assessment'** said the weight of food-price inflation in the CPI inflation basket should be reduced to better reflect the circumstances of Indian households.

What is Inflation Targeting?

- ➔ It has been three decades since inflation targeting was first adopted in New Zealand and subsequently by 33 other countries.
- ➔ India adopted it in 2016.
- ➔ The primary goal of inflation targeting was to contain inflation at around 4 per cent, within the allowable range of 2 to 6 per cent.
- ➔ The RBI has announced a formal review of the policy instrument now.
- ➔ At the first meeting of the RBI Monetary Policy Committee in October 2016, it was also formally announced that the MPC considered a real repo rate of 1.25 per cent as the neutral real policy rate for the Indian economy.
- ➔ By a neutral real policy rate, the RBI meant a policy rate consistent with growth at potential (i.e. growth at full employment).

3 Stances of RBI under Inflation Targeting

1. **'Accommodative'** : An accommodative stance means the central bank is prepared to expand the money supply to boost

'Abandoning inflation targeting could be counterproductive'

A more discretionary regime would be risky argue economists Gupta and Eichengreen; emphasise the evidence points to improved outcomes

Press Trust of India
NEW DELHI

The Reserve Bank of India's (RBI's) inflation targeting regime has worked well and abandoning it for a more discretionary regime could be risky and counterproductive, two economists have argued in a new research paper.

The authors of the paper titled 'Inflation Targeting In India: A Further Assessment' said the weight of food-price inflation in the CPI inflation basket should be reduced to better reflect the circumstances of Indian households.

"The RBI's inflation targeting regime has worked well," economists Barry Eichengreen (University of California, Berkeley) and Poonam Gupta (NCAER) wrote. "Given this record, radical changes such as broadening its mandate or abandoning the target in favour of a more discretionary regime would be risky and counterproductive," they stressed.

'Broadly appropriate'

In contrast, they noted that the 4% target, +/- 2 percentage points tolerance band and the focus on headline inflation remained broadly appropriate.

"That said, the regime can be tweaked to improve performance," they wrote.

Regime review

RBI's inflation targeting regime has worked well, argue Barry Eichengreen (UCLA, Berkeley) and Poonam Gupta (NCAER)

- 'Weight of food-price inflation in CPI basket should be reduced to better reflect circumstances of Indian households'

- Term the 4% target with +/- 2 percentage points tolerance band as 'broadly appropriate'



- Say RBI not overly hawkish or reactive to every small deviation in inflation rate

The government and the RBI signed an inflation-targeting agreement in February 2015 and amended the RBI Act in May 2016. The inflation target was set by the government in consultation with the RBI with the possibility of revisiting it after five years.

Accordingly, the government announced 4% Consumer Price Index (CPI) inflation as the target from August 5, 2016, with an upper tolerance limit of 6% and a lower limit of 2%.

For most part, the economists pointed out that targets set under the inflation-targeting agreement had been met; and on almost all counts, it had performed as envisaged.

"It has been only once that inflation exceeded the upper tolerance band of 6% for three consecutive quarters (during January 2022 - September 2022)," they observed.

According to them, evi-

dence pointed to improved outcomes during inflation targeting.

'Better anchored'

"Inflation is lower and less volatile; inflation expectations are better anchored, and the transmission of monetary policy is more effective," they said.

Recently, Chief Economic Advisor V. Anantha Nageswaran had pitched for excluding food inflation from the rate setting calls, saying monetary policy had no bearing on the prices of food items, which were dictated by supply side pressures.

Finally, contrary to earlier skepticism, the economists argued that it did not appear that the inflation-targeting agreement had made the RBI overly hawkish or reactive to every small deviation in the inflation rate from its target of 4% or to every spike in food inflation.

economic growth. The central bank, during an accommodative policy period, is willing to cut interest rates. A rate hike is ruled out.

2. **'Neutral'**: A 'neutral stance' suggests that the central bank can either cut rate or increase rate. This stance is typically adopted when the policy priority is equal on both inflation and growth.
3. **'Hawkish'**: A hawkish stance indicates that the central bank's top priority is to keep inflation low. During such a phase, the central bank is willing to hike interest rates to curb the money supply and thus reduce the demand.

Effectiveness of Inflation Targeting

Successes

- **Average inflation has declined**: The average inflation rate measured through the GDP deflator has declined significantly in the inflation targeting regime.
 - The average inflation, which was 5.69 per cent five years in the pre-inflation targeting period, has declined to 3.47 per cent in the last five years.
- **CPI declined**: Consumer Price Index inflation declined from 8.26 per cent during the 2011-2015 period to 4.99 per cent in 2016-2019, a 3.27 percentage point fall.
 - This is highest among both inflation-targeting countries as well as those that did not adopt it.
- **Enhanced transparency**: Monetary policy transparency in India has improved after the adoption of the inflation-targeting framework.

Failures

- **Sole focus of inflation**: However, some critics of inflation targeting feel that its sole focus on price stability ignores growth imperatives.
- **Not much effective in India**: In India, the agricultural sector and informal economy have a large share, which is not directly impacted by such rate hikes, thus rendering the hikes less effective.

Did fiscal deficit play role in inflation targeting

- In 2003, India passed the FRBM act to control fiscal deficits and inflation.
- There is precious little evidence, either domestically or internationally, about fiscal deficits affecting inflation.
- For three consecutive years preceding the FRBM announcement, the consolidated Centre plus state deficits registered 10.9 per cent (in 2001), 10.4 and 10.9 per cent.
- For the seven-year 1999-2005 period, consolidated fiscal deficits averaged 9.4 per cent of GDP.
- Yet, that these years represented the golden period of Indian inflation — without FRBM and without IT.

Cost of inflation targeting in India

- There are also costs to inflation targeting in India.
- It led to higher real policy rates, in the mistaken belief that high policy rates affect the price of food, oil, or anything else.
- But high real rates affect economic growth, by affecting the cost of domestic capital in this ultra-competitive world.

- It is very likely not a coincidence that potential GDP growth, as acknowledged by RBI, was reached just before the MPC took over decision making in September 2016.
- Since then there was a steady increase in real policy rates, and a steady decline in GDP growth.

UPSC Mains Practice Question

Ques : Consider the question “How far has the inflation targeting mechanism been successful in India? Give reasons in support of your argument.”



Term In News : Miyawaki Method

The Chhattisgarh Forest Department recently organised a Van Mahotsav programme in the Manendragarh-Chirmiri-Bharatpur (MCB) district by planting saplings using the Miyawaki method.



About Miyawaki Method:

- ▶ It is a method of afforestation developed by the Japanese botanist and plant ecology expert Professor Akira Miyawaki.
- ▶ It involves planting two to four types of indigenous trees within every square meter.
- ▶ Due to the dense planting, the seedlings grow quickly as they compete for sunlight.
- ▶ Only native species that would occur naturally in that area without humans, given the specific climate condition, are planted.
- ▶ The selection of species to plant in a given area was originally linked to the theory of potential natural vegetation (PNV), in other words, the vegetation that would occur in a specific area without further human interference.
- ▶ In this method, the trees become self-sustainable and grow to their full length within three years.
- ▶ Miyawaki forests grow 10x faster, are 30x denser and contain 100x more biodiversity.
- ▶ They are quick to establish, maintenance-free after the first two-to-three years, and can be created on sites as small as 3 sq. m.
- ▶ The goals of a Miyawaki technique include improving biodiversity, sequestering carbon, increasing green cover, lowering air pollution, and preserving the water table.
- ▶ Miyawaki forests are viable solutions for cities looking to rapidly build climate resilience.
- ▶ It is effective because it is based on natural reforestation principles, i.e., using trees native to the area and replicating natural forest regeneration processes.

UPSC Prelims PYQ : 2014

Ques : Consider the following pairs:

Programme / Project	Ministry
1. Drought-Prone Area Programme	: Ministry of Agriculture
2. Desert Development Programme	: Ministry of Environment and Forests
3. National Watershed Development	: Ministry of Rural Development Project for Rainfed Areas

Which of the above pairs is/are correctly matched ?

- a) 1 and 2 only
- b) 3 only
- c) 1, 2 and 3
- d) None

Ans: (d)

A ground plan for sustainable mass employment

The big Budget announcement of five major employment-related schemes sounds impressive. The schemes are to have an ambitious ₹2 lakh crore outlay spread over five years to facilitate jobs and skilling and other opportunities for 4.1 crore youth. The Economic Survey has made a strong case for employment, goading the private sector to create jobs, the reasons being lower taxes since 2019 and higher profits post the COVID-19 pandemic. The Prime Minister's package for employment must be seen along with other initiatives for human well-being.

Any evidence-based road map for sustainable mass employment with dignity must begin by recognising the race to the bottom on wages, when unlimited unskilled workers are available. Let us not forget that the Periodic Labour Force Survey 2019-20 had found that a wage earner is in the top 10% if he/she earns ₹25,000 a month. Short-duration skill programmes have had low long-term placements. This is often on account of wage being low for a life of dignity in urban areas. Many went back to their villages to do something else.

Evidence also points to the continuum of education and skills. Monthly per capita consumption is the highest in States such as Tamil Nadu, Kerala, Himachal Pradesh, Goa and Sikkim. These States have better human development indicators as well. Odisha, in spite of pushing short duration skilling, has a low per capita consumption in the absence of robust higher secondary/higher/vocational opportunities in institutions.

Mass employment with dignity requires productivity increases. While it is fine for the Economic Survey to urge the private sector to create jobs, it must be understood that the state also has a role in determining the floor rate of wages and in assuring high quality public goods. There is enough evidence that public employment per unit of population in India is much lower than what it is in most of the developed world. What should the key policy initiatives in creating sustainable mass employment with dignity be?

Skilling needs

First, begin from below through decentralised community action, to identify skilling needs. Ownership by a community of State programmes only comes through direct community action. The *gram sabha* or *basti samitis* in urban areas can play a critical role in taking government programmes to the people. The steps can be as follows: Create a register of all those wanting employment/self-employment. Create a plan for every youth in partnership with professionals at the cluster level. Well-educated professionals are needed on fixed-term appointment at the local government level, to ensure evidence-based outcomes. Make it the basis for finding skill providers and employers. Let apprenticeships too base themselves on such a community connect. The result will be transformational. Let us begin from below.

Second, converge initiatives for education, health, skills, nutrition, livelihoods, and



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employment (at the local government level) with women's collectives. This will ensure community accountability, with untied funds, functions and functionaries for effective quality outcomes. Employment does not improve in isolation. All human development indicators achieve better when they devolve and converge. Untied funds are transformational as communities make effective choices. India's failures in public goods (education, health, nutrition, environment, and sanitation) can improve through such an approach. We need to put in more money in these sectors, through decentralised community action.

Education and employability

Third, introduce need-based vocational courses/certificate programmes alongside undergraduate programmes (B.A., B.Sc., B. Com.) in every college. This has been done in the past. It needs to be made compulsory in every college. Give them the resources to experiment. For example, there are some colleges in Mumbai that provide certificate courses (with graduation) such as tourist guide, counsellor, and so on. This will greatly improve employability on scale. Make graduation programmes employable.

Fourth, standardise nursing and allied health-care professional courses in all States according to international benchmarks. Nurses, geriatric care-givers, and health paramedics are required on scale in and outside India. The biggest problem is the uneven quality of institutions and the absence of a standardised course curriculum and duration. We need to standardise these skill sets to international standards.

Fifth, create community cadres of care-givers to run crèches universally so that women can work without fear. We have a four- to six-hour anganwadi service but the number of infants is more than what a crèche care-giver can manage. We need to create a community cadre of crèche care-givers, who can be paid by the local governments/women's collective after intensive training. The Community Resource Persons of the Rural Livelihood Mission is a good model to follow. Community cadres can have multiple livelihoods in agriculture, animal rearing, non-farm opportunities, and retail shops.

Sixth, invest in Industrial Training Institutes (ITI), polytechnics as hubs in skill development for feeder schools. The absence of quality and up-to-date infrastructure in many ITIs, polytechnics, and Rural Self Employment Training Institutes (RSETIs) is a very critical gap in an age of upskilling and re-skilling. Institutions have to be autonomous and community managed. These technical institutions can also work as a hub for feeder schools. Schools must develop an equivalence framework for academic and vocational inputs in terms of credits and hours. The focus should be on States/districts with the least institutional structure for vocational education. Tamil Nadu and Maharashtra have large capacity that has helped manufacturing in those States. Human capital matters.

Seventh, introduce enterprise and start-up

skills through professionals in high schools. Schools need to introduce technology and enterprise as a subject at the upper primary/high school-level onwards. It is important that experimentation and innovation with an understanding of business processes are a part of the regular school curriculum. Visits by professionals to schools can impart finishing skills to students; employment/enterprise follows.

Eighth, have a co-sharing model of apprenticeships with industry on scale. This is critical as far as manufacturing sector opportunities or even the services sector is concerned. Skilling costs must be shared with potential employers as standalone government-funded skilling is not always the best way forward. Unless industry has a stake in the apprenticeship, it does not work.

Capital loans and enterprises

Ninth, streamline working capital loans for women-led enterprises/first-generation enterprises to enable them to go to scale. The lessons from the lakhpati didis of the Rural Livelihoods Mission bring out the challenges in getting working capital loans. While efforts to create comprehensive credit histories of every woman borrower is underway, technology can be a great enabler in going to scale. The Reserve Bank Innovation Hub and the National Rural Livelihoods Mission are trying to come up with innovations that give confidence to banks to lend on a higher scale. The success of the Start Up Village Enterprise Programme (SVEP) under the NRLM brings out the importance of hand holding, Community Enterprise Fund, and end-to-end solutions for first generation entrepreneurs.

Tenth, start a universal skill accreditation programme for skill providing institutions, and let the state and industry jointly sponsor candidates for courses. Skill providers can be accredited after a rigorous assessment process. Candidates can be co-sponsored by the state and employers.

Eleventh, use 70% funds under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2,500 water-scarce blocks and blocks with high deprivation, with a thrust on the poorest 20 families. Individual beneficiary schemes under MGNREGA allow for livelihood security through income-generating initiatives such as animal sheds, irrigation wells, work sheds, and so on. Focus on skills for higher productivity of MGNREGA wage earners. Better wage rates will facilitate lives of dignity on scale, in very poor regions.

Twelfth, apprenticeships on scale can facilitate the absorption of youth in a workplace. The scale must go up. The focus must be on skill acquisition or else it can get routinised with a stipend being provided, merely as an incentive. The government's condition for employer subsidies in any form must always be for wages of dignity on successful completion of apprenticeship. Let us create a higher order economy, with higher productivity and a higher quality of lives for workmen.

The views expressed are personal

These 12-point policy initiatives can pave the way for employment with dignity

GS Paper 03 : Indian Economy: Employment

(UPSC CSE (M) GS-3 : 2023) Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. (150 words/10m)

Context :

- ▶ The Indian government has announced a substantial Rs 2 lakh crore package for employment, aimed at creating opportunities for 4.1 crore youth over the next five years. This ambitious initiative aligns with recommendations from the Economic Survey, emphasizing the need for private sector job creation. The discussion around sustainable employment with dignity highlights the challenges of low wages, the effectiveness of skill programs, and the role of state intervention.

Current Challenges and Need for Decentralized Action

- ▶ **Wage Concerns:** Evidence shows that a wage earner earning Rs 25,000 a month is among the top 10% of wage earners. This highlights the race to the bottom on wages and the inadequacy of low-paying jobs for a dignified life.
- ▶ **Skill Program Effectiveness:** Short-duration skill programs often lead to low long-term employment rates, primarily due to inadequate wages. Many trained individuals return to rural areas seeking better opportunities.
- ▶ **State and Local Role:** Mass employment with dignity requires increasing productivity and setting floor wage rates. State intervention is crucial for ensuring high-quality public goods and services to support sustainable employment.

Proposed Policy Initiatives

- ▶ **Community-Based Skilling:** Initiatives should start with decentralized community action to identify and address local skilling needs. This involves creating employment registers and partnering with professionals to develop targeted plans.
- ▶ **Integration of Services:** Converge education, health, skills, and employment initiatives at the local level, leveraging women's collectives for accountability and effective outcomes. This approach enhances human development indicators through community-based decision-making.
- ▶ **Vocational Education:** Introduce need-based vocational courses alongside undergraduate programs in colleges. This will improve employability by providing practical skills and certifications relevant to the job market.

Enhancing Skill Development and Support

- **Standardization and Infrastructure:** Standardize vocational courses, particularly in nursing and allied health, to international benchmarks. Invest in upgrading ITIs and polytechnics to serve as hubs for skill development.
- **Enterprise Skills in Schools:** Integrate technology and enterprise skills into high school curricula to prepare students for entrepreneurial ventures and employment. Professional visits can enhance practical understanding and skills.
- **Apprenticeship Models:** Implement co-sharing models for apprenticeships with industries to ensure practical experience and shared costs. This will enhance the effectiveness and sustainability of skill development programs.

Low wages and short-term skill programs hinder long-term sustainability:

- **Low Wages Lead to Economic Insecurity:** Low wages create economic insecurity for workers, making it difficult for them to meet basic needs. For instance, in the garment industry, there is a 48.5% gap between minimum wages and living wages in major garment-producing countries.
- **Short-Term Skill Programs Fail to Enhance Employability:** Many short-term skill programs do not provide the depth of training needed for long-term employability. In India, for example, 75% of technical graduates and 90% of other graduates are considered unemployable, primarily due to a lack of practical skills and experience that employers seek.
- **Stagnation of Workforce Productivity:** When workers are paid low wages, there is little incentive for them to enhance their skills or productivity. This stagnation is detrimental to both individual career growth and overall economic development.
- **Lack of Investment in Long-Term Skill Development:** Low wages often correlate with limited investment in employee training and development. This is evident in the fact that only 15% of those trained under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) found jobs, indicating that short-term training initiatives are not effectively translating into sustainable employment outcomes.
- **Perpetuation of Poverty and Inequality:** The combination of low wages and inadequate skill development contributes to the perpetuation of poverty and inequality. With 42% of the global workforce in vulnerable employment.

12-point policy initiatives for sustainable mass employment:

- **Identify the skill need:** Begin from below through decentralized community action to identify skilling needs. Create a register of those wanting employment/self-employment and a plan for every youth in partnership with professionals at the cluster level.
- **Initiative at the local level:** Converge initiatives for education, health, skills, nutrition, livelihoods, and employment at the local government level with women's collectives to ensure community accountability and effective outcomes.
- **Vocational programmes:** Introduce need-based vocational courses/certificate programmes alongside undergraduate programmes in every college to improve employability.

- **Healthcare at international benchmark:** Standardize nursing and allied health-care professional courses according to international benchmarks to meet the demand for skilled professionals.
- **Women security:** Create community cadres of caregivers to run crèches universally so that women can work without fear.
- **Invest in skill development:** Invest in ITIs, and polytechnics as hubs in skill development for feeder schools with a focus on States/districts with the least institutional structure for vocational education.
- **Startup skills in high school:** Introduce enterprise and start-up skills through professionals in high schools to impart finishing skills to students.
- **Apprenticeship program in Industry:** Have a co-sharing model of apprenticeships (combine practical training in a job with study) with the industry on scale to ensure the industry has a stake in the apprenticeship program.
- **Absorption of youth at the workplace:** Apprenticeships on the scale can facilitate the absorption of youth in the workplace, with the government's condition for employer subsidies being wages of dignity on successful completion of the apprenticeship.
- **Capital oan for women:** Streamline working capital loans for women-led enterprises/first-generation enterprises to enable them to go to scale.
- **Skill accreditation programme:** Start a universal skill accreditation programme for skill-providing institutions, with candidates co-sponsored by the state and employers.
- **Majority of fund in water scares block:** Use 70% funds under MGNREGA in 2,500 water-scarce blocks and blocks with high deprivation, with a thrust on the poorest 20 families and a focus on skills for higher productivity.

African Union

About African Union (AU):

- It is a continental body consisting of the 55 member states that make up the countries of the African Continent.



- It was officially launched in 2002 and replaced its predecessor, the Organization of African Unity (OAU), which was founded in 1963.
- **Primary Objective:** To promote unity, cooperation, and development among African nations while advancing the continent's interests on the global stage.
- The AU is guided by its vision of "An Integrated, Prosperous, and Peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena."
- To ensure the realisation of its objectives and the attainment of the Pan African Vision of an integrated, prosperous and peaceful Africa, Agenda 2063 was developed as a strategic framework for Africa's long term socio-economic and integrative transformation.
- Agenda 2063 calls for greater collaboration and support for African led initiatives to ensure the achievement of the aspirations of African people.

➡ **Headquarters:** Addis Ababa, Ethiopia

Structure:

- ➡ **Assembly:** It is the highest decision-making body, consisting of the heads of state and government of member countries.
 - ➡ **Executive Council:** Made up of foreign affairs ministers, handles policy matters and makes recommendations to the Assembly.
 - ➡ **AU Commission:** Headquartered in Addis Ababa, is the administrative arm responsible for implementing the decisions of the Assembly and the Executive Council.
 - ➡ **The Peace and Security Council:** Responsible for maintaining peace and security on the continent.
 - ➡ The AU structure promotes the participation of African citizens and civil society through the Pan-African Parliament and the Economic, Social & Cultural Council (ECOSOCC).
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