

**ECONOMY**

**Economic Relief Package after COVID-Second Wave**

Recently, the Ministry of Finance announced a slew of measures to provide relief to diverse sectors affected by the second wave of Covid-19 pandemic. It aims to prepare the health systems for emergency response and provide impetus for growth and employment. However it will increase the Fiscal Deficit by 0.6% as per a report of State Bank of India.

A total of 17 measures amounting to Rs. 6,28,993 crore were announced in the Economic Relief Package.

**Key Points**

• **Economic Relief from Pandemic:**

✓ **Loan Guarantee Scheme for Covid Affected Sectors:**

1. Additional credit of Rs 1.1 lakh crore will flow to the businesses. This includes Rs 50,000 crore for the health sector and Rs 60,000 crore for other sectors, including tourism. The health sector component is aimed at scaling medical infrastructure targeting underserved areas (i.e. non-metropolitan areas).
2. Guarantee Coverage: 50% for expansion & 75% for new projects. For aspirational districts, the guarantee cover of 75% will be available for both new projects and expansion.
3. Maximum loan admissible under the scheme is Rs. 100 crore and guarantee duration is up to 3 years.

✓ **Emergency Credit Line Guarantee Scheme:** Expand the Emergency Credit Line Guarantee Scheme (ECLGS), launched as part of Atmanirbhar Bharat Package in May, 2020, by Rs 1.5 lakh crore.

✓ **Credit Guarantee Scheme for Micro Finance Institutions:**

1. It is a new scheme which aims to benefit the smallest of the borrowers who are served by the network of Micro Finance Institutions (MFIs).
2. Guarantee will be provided to Scheduled Commercial Banks for loans to new or existing Non-Banking Financial Company (NBFC)-MFIs or MFIs for on lending upto Rs 1.25 lakh to approximately 25 lakh small borrowers.

✓ **Extension of Aatmanirbhar Bharat Rozgar Yojana (ANBRY):** ANBRY incentivises employers for creation of new employment, restoration of loss of employment through Employees' Provident Fund Organisation (EPFO).

✓ **Pradhan Mantri Garib Kalyan Ann Yojana:** To the beneficiaries under the National Food Security Act (NFSA), 2013, 5 kg of food grains per month free will be provided during May-November 2021.

**Strengthening Public Health:**

• **New Scheme for Children and Paediatric Care:**

1. A new scheme for strengthening public health infrastructure and human resources with outlay of Rs. 23,220 crore was also announced.
2. It will focus on short term emergency preparedness with special emphasis on children and paediatric care/paediatric beds.

**Growth & Employment:**

- Free one month tourist visa to 5 lakh tourists.
- Additional Subsidy for DAP & P&K fertilizers.
- Climate Resilient Special Traits Varieties:
  1. Indian Council of Agricultural Research (ICAR) has developed biofortified crop varieties having high nutrients like protein, iron, zinc, vitamin-A.
  2. These varieties are tolerant to diseases, insects, pests, drought, salinity, and flooding, early maturing and amenable to mechanical harvesting also developed.
  3. 21 such varieties of rice, peas, millet, maize, soyabean, quinoa, buckwheat, winged bean, pigeon pea & sorghum will be dedicated to the nation.
- Revival of North Eastern Regional Agricultural Marketing Corporation :
  1. A revival package of Rs 77.45 crore will be provided to North Eastern Regional Agricultural Marketing Corporation (NERAMAC).
  2. NERAMAC has facilitated registration of 13 Geographical Indicator (GI) crops of North-East.
  3. It has prepared a plan to give 10-15% higher price to farmers by-passing middlemen/agents.

4. It also proposes to set up North-Eastern Centre for Organic Cultivation, facilitating equity finance to entrepreneurs.
- **Boost for Project Exports:**It has been decided to provide an additional corpus to the National Export Insurance Account (NEIA) over 5 years. This will enable it to underwrite additional Rs. 33,000 crore of project exports.NEIA Trust promotes Medium and Long Term (MLT) project exports by extending risk covers.It provides cover to buyer's credit, given by EXIM (Export-Import) Bank, to less credit-worthy borrowers and supporting project exporters.
- **Boost to Export Insurance Cover:**It has been decided to infuse equity in Export Credit Guarantee Corporation (ECGC) over 5 years to boost export insurance cover by Rs. 88,000 crore.
- **Digital India:**Additional Rs. 19,041 crore will be provided to implement Bharat Net in PPP model in 16 States on viability gap funding basis.This will enable expansion and upgradation of Bharat Net to cover all Gram Panchayats and inhabited villages.
- **Extension of PLI Scheme:**Tenure of Production-Linked Incentive (PLI) scheme for Large Scale Electronics Manufacturing has been decided to be extended by one year i.e. till 2025-26.
- **Reform-Based Result-Linked Power Distribution Scheme:**
  1. Revamped Reforms-Based, Result-Linked power distribution scheme of financial assistance to DISCOMS for infrastructure creation, up-gradation of system, capacity building and process improvement was announced in the Union Budget of 2021-22.It aims at state specific intervention and to provide assistance for installation of 25 crore smart meters, 10,000 feeders, 4 lakh km of LT overhead lines.
  2. The amount available under the scheme is in addition to the allowed additional borrowing of 0.5% of Gross Domestic Product of State which will be available to the States annually for the next four years subject to carrying out specific power sector reforms.
  3. Ongoing works of Integrated Power Development Scheme (IPDS), Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and SAUBHAGYA will also be merged in the scheme.
  - **New streamlined process for PPP Projects and Asset Monetization:**
    1. A new policy will be formulated for appraisal and approval of Public-Private Partnerships (PPP) proposals and monetization of core infrastructure assets, including through Infrastructure Investment Trusts (InvITs).
    2. The policy will aim to ensure speedy clearance of projects to facilitate private sector's efficiencies in financing construction and management of infrastructure.

#### **Significance of the Package**

1. It would usher in much-needed liquidity and help revive the employment-intensive sectors such as tourism.
2. It will help save livelihoods and mitigate further closures and also create new job opportunities.
3. It will bolster efforts for any such healthcare challenges in the future.
4. It will enable the Covid-affected Sectors to rise from the challenges they had faced over the past year and a half.
5. The liquidity for small businesses could indirectly revive the fortunes of larger industries they source from and help repair broken supply chains.

### **GOVERNANCE**

#### **Interest Rates on Small Saving Schemes**

Government may reduce interest rates on small saving schemes for the July - September Quarter.A cut in small savings rates at this point would further hurt households amid a surge in inflation, according to economists.

#### **Key Points**

##### **Background:**

- Small savings rates were slashed between 0.5% and 1.4% on different instruments in April 2020, bringing the PPF (Public Provident Funds) rate to 7.1% from 7.9%.
- The government decided to further slash interest rates for the first quarter of 2021-22 (April-June), but withdrew its decision terming it an "oversight".

##### **Small Saving Schemes/Instruments:**

- **About:**

1. They are the major source of household savings in India and comprises 12 instruments.

2. The depositors get an assured interest on their money.
3. Collections from all small savings instruments are credited to the National Small Savings Fund (NSSF).
4. Small savings have emerged as a key source of financing the government deficit, especially after the Covid-19 pandemic led to a ballooning of the government deficit, necessitating higher need for borrowings.
  - **Classification: Small savings instruments can be classified under three heads:**
    1. Postal Deposits (comprising savings account, recurring deposits, time deposits of varying maturities and monthly income scheme).
    2. Savings Certificates: National Small Savings Certificate (NSC) and Kisan Vikas Patra (KVP).
    3. Social Security Schemes: Sukanya Samridhi Scheme, Public Provident Fund (PPF) and Senior Citizens' Savings Scheme (SCSS).
  - **Determination of Rates:**
    1. Interest rates on small savings schemes are reset on a quarterly basis, in line with the movement in benchmark government bonds of similar maturity. The rates are reviewed periodically by the Ministry of Finance. For the last one year, yields on benchmark government bonds have ranged between 5.7% and 6.2%. This provides the government the leeway to cut rates on small savings schemes in future.
    2. The Shyamala Gopinath panel (2010) constituted on the Small Saving Scheme had suggested a market-linked interest rate system for small savings schemes.

#### **Advantage of the Rate Cut:**

- Since the central government uses the small savings fund to finance its deficit, the lower rates would reduce the cost of deficit financing.
- A cut in rates would mean that the government wants people to spend and provide impetus to the economy.

#### **Disadvantage:**

- Rate cuts would hurt investors, particularly senior citizens and the middle class. Moreover, household savings have been shrinking significantly for two quarters in a row even before the second Covid-19 wave.
- This would lead to further rationalisation of fixed deposit rates by banks going forward, and would reduce returns further.
- A lower rate would mean a negative real rate of return on most debt instruments as inflation is hovering around 5%.

#### **Rate of Return and Inflation**

- The rate of return is the expected or desired amount of money a person receives from an investment in a savings account, mutual fund or bond.
- The real rate of return is the return on investment after adjusting for the rate of inflation. It is calculated by subtracting the inflation rate from the return on investment.
- Inflation has the power to erode a person's annual rate of return. When the annual inflation rate exceeds the rate of return, the consumer loses money when they invest it because of the decline in purchasing power.
- Inflation refers to the rise in the prices of most goods and services of daily or common use, such as food, clothing, housing, recreation, transport, consumer staples, etc. It is indicative of the decrease in the purchasing power of a unit of a country's currency.

### **POLITY**

#### **Attorney General of India**

The central government has extended the term of K.K. Venugopal as Attorney General (AG) for one more year. This is the second time the Centre has extended his tenure. Venugopal received his first extension of term in 2020. Venugopal was appointed the 15th AG of India in 2017. He succeeded Mukul Rohatgi who was AG from 2014-2017.

#### **Key Points**

##### **About:**

- The Attorney General (AG) of India is a part of the Union Executive. AG is the highest law officer in the country.
- Article 76 of the Constitution provides for the office of AG of India.

##### **Appointment and Eligibility:**

- AG is appointed by the President on the advice of the government.
- S/he must be a person who is qualified to be appointed a judge of the Supreme Court, i.e. s/he must be a citizen of India and must have been a judge of some high court for five years or an advocate of some high court for ten years or an eminent jurist, in the opinion of the President.

**Term of the Office:** Not fixed by the Constitution.

**Removal:** Procedures and grounds for the removal of AG are not stated in the Constitution. S/he holds office during the pleasure of the President (may be removed by the President at any time).

**Duties and Functions:**

- To give advice to the Government of India (GoI) upon such legal matters, which are referred to her/him by the President.
  - To perform such other duties of a legal character that are assigned to her/him by the President.
1. To appear on behalf of the GoI in all cases in the Supreme Court or in any case in any High Court in which the GoI is concerned.
  2. To represent the GoI in any reference made by the President to the Supreme Court under Article 143 (Power of the President to consult the Supreme Court) of the Constitution.
- To discharge the functions conferred on her/him by the Constitution or any other law.

**Rights and Limitations:**

- S/he has the right to speak and to take part in the proceedings of both the Houses of Parliament or their joint sitting and any committee of the Parliament of which s/he may be named a member, but without a right to vote.
- S/he enjoys all the privileges and immunities that are available to a member of Parliament.
- S/he does not fall in the category of government servants. S/he is not debarred from private legal practice.
- However, s/he should not advise or hold a brief against the GoI.

**Solicitor General of India** and Additional Solicitor General of India assist the AG in fulfillment of the official responsibilities.

**Corresponding Office in the States:** Advocate General (Article 165).

## GEOGRAPHY

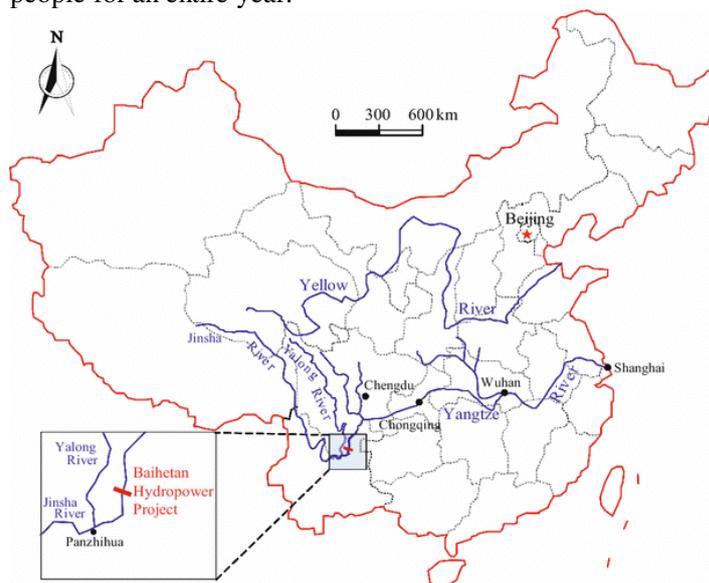
### **Baihetan Dam: World's Second Biggest Hydropower Dam**

Recently, China has put into operation the Baihetan Dam, world's Second Biggest Hydropower Dam. The Three Gorges Dam is the largest hydropower dam in the world and is also along China's Yangtze River. It began operations in 2003.

#### **Key Points**

##### **About the Dam:**

- It is on the Jinsha River, a tributary of the Yangtze (the longest river in Asia).
- It has been built with a total installed capacity of 16,000 megawatts.
- It will eventually be able to generate enough electricity each day once to meet the power needs of 5,00,000 people for an entire year.



**Significance for China:**

- It is part of Chinese efforts to curb surging fossil fuel demand by building more hydropower capacity. This comes at a time when dams have fallen out of favor in other countries due to environmental complaints (such as flooding farmland and disruption of the ecology of rivers, threatening fish and other species).
- China's pledge in 2020 to reach carbon neutrality by 2060 had also added urgency to the construction.

**China's Other Upcoming Projects:**

- China's planned mega-dam in Tibet's Medog County, which is set to surpass the Three Gorges Dam in size, has been described by analysts as a threat to Tibetan cultural heritage and a way for Beijing to effectively control a substantial portion of India's water supply.
  1. The plan is to build a dam on the lower reaches of the Brahmaputra River.
  2. The Brahmaputra (called Yarlung Tsangpo in China) is one of the longest rivers in the world.
  3. Starting in the Himalayas in Tibet, it enters India in Arunachal Pradesh, then passes through Assam, Bangladesh, and empties into the Bay of Bengal.
- The impact of dams on China's portion of the Mekong has also raised fears that irreversible damage is being inflicted upon a waterway which feeds 60 million people downstream as it winds through to the Vietnamese Delta.

**Concerns:**
**• Agriculture:**

1. A huge dam (like on Brahmaputra) could hold back the massive amount of silt carried by the river (Silty soil is more fertile than other types of soil and it is good for growing crops.)
2. This could affect farming in the areas downstream.

**• Water Resources:**

1. India is also worried about the release of water during the monsoons, when north-eastern states such as Assam experience floods.
2. Change in the flow rate during times of standoff between the countries is also a cause of concern. During the 2017 Doklam border standoff between India and China, China stopped communication of water flow levels from its dams.

**• Ecological Impact:**

1. The ecosystem in the Himalayan region is already on the decline. Several species of flora and fauna are endemic to this part of the world and some of them are critically endangered. It could have disastrous consequences in this ecologically sensitive zone.
2. The massive engineering projects have also displaced hundreds of thousands of local communities and prompted concern in neighbouring countries.

**Way Forward**

- India has urged China to ensure that the interests of downstream states are not harmed by any activity in upstream areas. Meanwhile, India is considering building a 10 gigawatts (GW) hydropower project in the Dibang valley in Arunachal Pradesh, to mitigate the adverse impact of the Chinese dam.
- However, the larger point is that too much hydro-power development is not a great idea in a fragile mountainscape.

**BIODIVERSITY & ENVIRONMENT**
**Barnadi Wildlife Sanctuary: Assam**

Recently, the World Wide Fund for Nature-India (WWF) found a few tigers inhabiting the Barnadi Wildlife Sanctuary in Assam. It is one of the smallest WS (Wildlife Sanctuary) of Assam and covers an area of 26.22 sq. km.

**Key Points**
**Location:**

- Barnadi Wildlife Sanctuary (BWS) is located in northern Assam's Baksa and Udalguri districts bordering Bhutan.
- The Sanctuary is bordered by the Barnadi river and Nalapara river to the west and east respectively.

**Legal Status:**

- It was affirmed as the WS in 1980 by the Government of Assam.

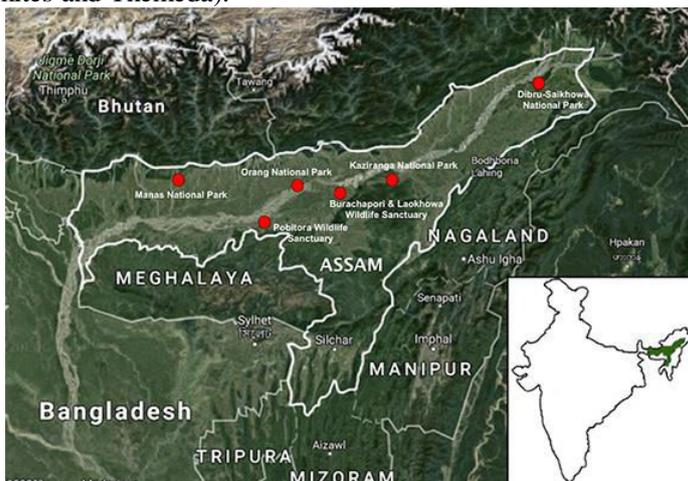
- Barnadi was established specifically to protect the Pygmy Hog (*Sus salvanius*) and Hispid Hare (*Caprolagus hispidus*).

**Biodiversity:**

- This is important for threatened species such as the Asian Elephant (*Elephas maximus*), Tiger (*Panthera tigris*) and Gaur *Bos frontalis*.
- About 60% of the BWS is reported to be grassland, most of it is now grassy woodland.
- The main Forest types are Tropical Moist Deciduous along the northern edge of the Sanctuary, and mixed scrub and grassland in the southern part with few trees.

**Vegetation:**

- The vegetation has been drastically modified by human activity.
- Most of the natural vegetation has been cleared and replaced by commercial plantations of *Bombax ceiba*, *Tectona grandis* and *Eucalyptus* and by thatch grasses (mostly *Saccharum*, with some *Phragmites* and *Themeda*).



**Other Protected Areas in Assam:**

1. Dibru-Saikhowa National Park,
2. Manas National Park,
3. Nameri National Park,
4. Rajiv Gandhi Orang National Park.
5. Kaziranga National Park.

**IMPORTANT FACTS FOR PRELIM**

**Exercise Sea Breeze**

Ukraine and the United States launched joint naval Exercise ‘Sea Breeze’ in the Black Sea in a show of Western cooperation with Ukraine as it faces off with Russia. The drills come just days after the British Royal Navy’s HMS Defender passed near Russian-annexed Crimea in the Black Sea.

**Key Points**

**About the Exercise:**

- The exercise Sea Breeze has been held since 1997, involving NATO states and their allies in the Black Sea region.
- It has taken place 21 times since 1997. This edition (2021) will be the largest in Exercise’s history that will involve some 5,000 military personnel from more than 30 countries.

**Aim of the Exercise:**

- The drill is aimed at improving naval and land operations and improving cooperation among participating countries.
- The exercise is also aimed at sending a powerful message to maintain stability and peace in the region.

**Significance of Black Sea for Russia:**

- The unique geography of the Black Sea region confers several geopolitical advantages to Russia and thus Russia always wanted to control the region.
1. Firstly, it is an important crossroads and strategic intersection for the entire region. Access to the Black Sea is vital for all littoral and neighboring states, and greatly enhances the projection of power into several adjacent regions.

2. Secondly, the region is an important transit corridor for goods and energy.
3. Thirdly, the Black Sea region is rich in cultural and ethnic diversity, and due to geographical proximity, shares close historical ties with Russia.
  - Following such interest, Russia annexed Crimea from Ukraine in 2014 and claims the waters around the peninsula as part of its territory.
1. Most countries do not recognise the takeover and stand behind Ukraine's claims to the waters.

**Black Sea:**

- This marginal sea of the Atlantic Ocean, located between Eastern Europe and Western Asia.
- The bordering countries of Black Sea are: Russia, Ukraine, Georgia, Turkey, Bulgaria and Romania.
- The Black Sea happens to be the largest water body with a meromictic basin, which means the movement of water between the lower and upper layers of the sea is a rare phenomenon which is also responsible for its Anoxic Water (i.e. a significant absence of oxygen in the water).

**2. National Statistics Day**

Every year, the Statistics Day is celebrated on 29th June, the birth anniversary of Prof. Prasanta Chandra Mahalanobis, to recognise his invaluable contribution in establishing the National Statistical System.

**Key Points**

**Aim:** To popularise the use of statistics in everyday life and sensitise the public as to how statistics help in shaping and framing policies.

**Theme for 2021:** Sustainable Development Goal (SDG)- 2 (End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture).

**Related Events:**

- Winners of Prof. P.C. Mahalanobis National Award in Official Statistics, 2021 and Prof C. R. Rao National Award for Young Statistician, 2021 will be announced
- 2. In 2019, the Ministry of Statistics and Programme Implementation instituted Prof. P C Mahalanobis National Award in official statistics for recognizing outstanding achievement of official statisticians in central government, state governments and institutions.
- 3. The Ministry also recognises the outstanding contribution for high-quality research work in the field of applied and theoretical statistics benefitting the official statistical system through the Prof. C R Rao and Prof. P V Sukhatme awards, awarded in alternate years.

**DAILY ANSWER WRITING PRACTICE**

**Qns. "Recent amendments to the Right to Information Act will have a profound impact on the autonomy and independence of the Information Commission". Discuss. (150 words) (UPSC GS-2 Mains 2020)**

**Ans:**

**Introduction**

The Right to Information (Amendment) Act, 2019 has made amendment in the status, salary and tenure of the Central Information Commissioners (CICs) and State Information Commissioners.

On the account of amendments made in the RTI Act, the civil society has raised concerns regarding accountability, autonomy and independence of the Information Commission.

**Body****Amendments Done in the RTI Act**

- The amendment empowers the Central government to unilaterally decide the tenure, salary, allowances and other terms of service of Information Commissioners, both at the Centre and the States. Due to this, civil society asserts that this amendment may affect the autonomy of the information commission and force it to function as a mere department of the Central government.
- Also, the status of the Central Information Commissioners (CICs) has been brought on par with the Election Commissioners and the status of State Information Commissioners with the Chief Secretary in the States. However, the amendment has neglected the recommendation of the parliamentary standing committee that the Information Commissioner and CIC were to be made on par with the Election Commissioner and the Chief Election Commission, respectively.

**Impact of Amendments**

- The amendment allows the interference of the executive in the functioning of Information commissions which are quasi-judicial bodies.

1. This will affect the doctrine of Separation of powers, which underscores this independence and is vital to our democratic checks and balances.
2. Independent structures set up to regulate and monitor the government are vital to a democratic state committed to delivering justice and constitutional guarantees.
  - Apart from this, the amendment also affects the constitutional principles of federalism, as now the central government can change terms of service of state information commission.
  - Unilateral power of the central government will lead to centralisation of power, which is not conducive for the exercise of the freedom of expression and may lead to the decline of participative democracy.

**Conclusion**

The 2nd ARC held that RTI is the master key to governance. The RTI law has been a constant challenge to the misuse of power, a threat to arbitrariness, privilege, and corrupt governance. These amendments may undermine the independence of Information Commissions and affect the transparency & accountability architecture in India. Therefore, in the pursuit of good governance, the RTI Act requires strengthening of the provisions rather weakening.

**DAILY QUIZ**

Q1. Consider the following statements:

1. The Government of India Act, 1935, contained a provision relating to the summoning of the legislature in India.
2. The Constitution that came into force in 1950 required Parliament to be summoned twice in a year, with a gap of no more than six months between its sessions.

Which of the given above statements is/are correct?

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

Q2. Consider the following statements:

1. The United Nations Charter established six main organs of the United Nations, including the United Nations Security Council (UNSC).
2. The UNSC is the only UN body with the authority to issue binding resolutions on member states.

Which of the given above statements is/are correct?

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

Q3. Consider the following statements regarding BRICS grouping.

1. Not all BRICS members are the members of G20.
2. Since 2009, the BRICS nations have met annually at formal summits.
3. New Development Bank (NDB) is a multilateral development bank operated by the BRICS countries with each country contributing equally to its equity.

Which of the above statements is/are correct?

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

Q4. The "Operation Pangea XIV" was in news recently, is conducted by:

- a. Wildlife Crime Control Bureau
- b. National Tiger Conservation Authority
- c. Narcotics Control Bureau
- d. **None of the above**

Q5. "Surakshit Hum Surakshit Tum Abhiyaan" has been launched by

- a. **NITI Aayog**
- b. Ministry of Railways
- c. Ministry of Road Transport and Highways
- d. Ministry of Health and Family Welfare