

**GOVERNANCE****Unified Payments Interface (UPI)**

The Unified Payments Interface (UPI) payments system has cut across the Indian socio-economic digital divide amazingly fast. Even though UPI is indeed a groundbreaking innovation in the digital payments landscape, reliability and security are still considered to be at stake, keeping many individuals and businesses apprehensive about the payment system.

**Key Points****Unified Payments Interface (UPI):**

- It is an advanced version of Immediate Payment Service (IMPS)- round-the-clock funds transfer service to make cashless payments faster, easier and smoother.
- UPI is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
- UPI is currently the biggest among the National Payments Corporation of India (NPCI) operated systems including National Automated Clearing House (NACH), Immediate Payment Service (IMPS), Aadhaar enabled Payment System (AePS), Bharat Bill Payment System (BBPS), RuPay etc.
- The top UPI apps today include PhonePe, Paytm, Google Pay, Amazon Pay and BHIM, the latter being the Government offering.
- As part of an agreement, India's UPI will be linked to Singapore's PayNow.
- NPCI launched UPI with 21 member banks in 2016.

**Achievements:**

- Digital transactions through UPI recorded phenomenal growth during the pandemic year 2020-21 and several countries have evinced interest to learn from Indian experience so that they could replicate the model.
- The value of transactions made using the UPI crossed USD100 billion in a month for the first time in October, 2021 according to data from the NPCI, further cementing its position as India's most popular digital payments system.
  1. India's digital payments industry is likely to grow from Rs. 2,153 trillion at 27% Compounded Annual Growth Rate (CAGR) to Rs. 7,092 trillion by 2025.
  2. The growth is likely to come on the back of strong use cases of merchant payments, government policies including Jan Dhan Yojana, personal data protection bill along with the growth of MSMEs, growth of millennials and high smartphone penetration.

**Challenges:**

- The threat of cybercrime in the global banking and financial services industry has increased amid the coronavirus pandemic. E.g. Malicious Software Cerberus
- Fraudulent claims, chargebacks, fake buyer accounts, promotion/coupon abuse, account takeover, identity theft, card detail theft and triangulation frauds are emerging as challenges.

**National Payments Corporation of India**

- NPCI, an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007.
- It is a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems.

**Way Forward**

A properly designed Public-Private Partnership (PPP) policy may provide a 21st century engine to harness the power of market players for greater digital infrastructure, access, and literacy for the Indian population.

In a vibrant Indian democracy, a public policy-driven digital empowerment of the Indian electorate can help ensure responsible digital conduct in the interest of consumers and the larger public interest.

**ECONOMICS****Regulating Cryptocurrency**

Recently, the Prime Minister of India chaired a meeting regarding the management of the cryptocurrency sector. Citing the unregulated nature of the crypto market, he called for taking

progressive and forward-looking steps. At the moment, there is no legislature that covers cryptocurrencies in India. In India, owning cryptocurrencies is still not illegal. In 2020, the Supreme Court had struck down a ban on trading of crypto currency in India, which was imposed by the Reserve Bank of India (RBI).

China has declared all cryptocurrency transactions illegal, effectively imposing a complete ban, whereas El Salvador has permitted Bitcoin as legal tender.

### Key Points

#### Benefits Associated with Cryptocurrency:

- **Fast and Cheap Transactions:** Cryptocurrencies are way cheaper to use to execute international transactions because the transactions don't have to be handled by a series of intermediaries before they reach their destinations.
- **Investment Destination:** There is a limited supply of cryptocurrency – partially like gold. Moreover, the last few years have seen the price of cryptocurrencies rising faster than other financial instruments. Due to this, cryptocurrencies can become a preferred investment destination.
- **Anti-Inflationary Currency:** Due to high demand of cryptocurrency its prices have largely remained on a growing trajectory. In this scenario, people tend to hold more cryptocurrency than spending it. This will cause a deflationary effect on currency.

#### Associated Concerns with Cryptocurrencies:

- **Bombardment of Advertisement:** The crypto market is seen as a way to earn quick profits. Due to this, there is bombardment of advertising, both online and offline, to lure people into speculating in this market. However, there are concerns that these are attempts to mislead the youth through “over-promising” and “non-transparent advertising”.
- **Counterproductive Utility:** Unregulated crypto markets can become avenues for money laundering and terror financing.
- **Cryptocurrencies are Extremely Volatile:** Bitcoin skyrocketed from USD 40,000 to reach an all-time high of USD 65,000 (between January to April 2021). Then in May 2021, it plunged and throughout June it remained below USD 30,000.
- **Macroeconomic and Financial Stability:** According to a Group of Crypto exchanges, crores of Indians have invested over Rs 6,00,000 crore in crypto assets. The extent of investment exposure of Indian retail investors in this unregulated asset class, poses a risk to Macroeconomic and Financial Stability.
- **Stock Market Issues:** Securities and Exchange Board of India (SEBI) has flagged the issue that it has no control over the “clearing and settlement” of crypto currencies, and it cannot offer counterparty guarantee as is being done for stocks. Further, whether cryptocurrency is a currency, commodity, or security has not been defined.

### Way Forward

**Legislative Framework:** India is yet to table the Crypto currency and Regulation of Official Digital Currency Bill, 2021, which will lay down the regulatory framework for the launch of an “official digital currency”. Thus, there is a need to expedite passing of the bill and design a regulatory framework to deal with crypto currencies.

**Global Cooperation:** The framework on crypto currencies will require global partnerships and collective strategies.

## SOCIAL ISSUE

### Internal Displacement

According to a report (Mid-Year Trends 2021 Report) by the United Nations High Commissioner for Refugees (UNHCR), nearly 51 million people were internally displaced across 33 countries due to conflict and violence in the first six months of 2021. The combination of conflict, Covid-19, Poverty, Food insecurity and the Climate emergency has compounded the humanitarian plight of the displaced, most of whom are hosted in developing regions.

Africa is the region that is most vulnerable in terms of the numbers of displaced persons.

### Key Points

#### Internal Displacement (Meaning):

- Internal displacement describes the situation of people who have been forced to leave their homes but have not left their country.

- **Factors of Displacement:** Millions of people are uprooted from their homes or places of habitual residence each year in the context of conflict, violence, development projects, disasters and climate change and remain displaced within their countries' borders.
- **Components:** Internal displacement is based on two components:
  1. The person's movement is coerced or involuntary (to distinguish them from economic and other voluntary migrants);
  2. The person stays within internationally recognised state borders (to distinguish them from refugees).
- **Difference from Refugee:** According to the 1951 Refugee Convention, a "refugee" is a person who has been persecuted and forced to leave his native country.
  1. A precondition of being considered a refugee is that a person crosses an international border.
  2. Unlike refugees, internally displaced people are not the subject of any international convention.
  3. At the international level, no single agency or organisation has been designated as the global lead on protection and assistance of internally displaced persons.
  4. However, there are United Nations Guiding Principles on Internal Displacement.
- **Challenges Faced by Internally Displacement Persons (IDPs):** IDPs can live under threat of physical attack, sexual- or gender-based violence, and run the risk of being separated from family members.
  1. They are frequently deprived of adequate shelter, food and health services, and often lose their property, land or their access to livelihoods.

#### **Internal Displacement in India:**

- **Extent:** Estimating the number of IDPs in India is problematic, as regular monitoring is not possible in such a huge country which lacks a central authority responsible for coordinating data from central and state governments. Nearly five million people were displaced in India in 2019 - the highest in the world so far - according to 'The Global Report on Internal Displacement (GRID 2020)'.
- **Policy Framework:** India has no national policy and legal institutional framework to deal with either refugees or IDPs.
  1. India has not ratified the 1951 Convention and 1967 Protocol and does not permit UNHCR access to most refugee groups.
  2. In the absence of a permanent institutional structure to oversee refugee issues, the granting of refugee status has been at the discretion of the political authorities.
- **Factors of Internal Displacement in India:**
  1. **Secessionist Movements:** Since independence, north-east India has witnessed two major armed conflicts – the Naga movement and Assam movement. Jammu & Kashmir's war between state forces and militants, had led to mass exodus of the Kashmiri Pandits.
  2. **Identity-based Autonomy Movements:** Identity-based autonomy movements, such as in Bodoland, Punjab, Gorkhaland and Ladakh, have also led to violence and displacement.
  3. **Localized Violence:** Internal displacement has also arisen from caste disputes (as in Bihar and Uttar Pradesh), religious fundamentalism and the 'son-of-the soil policy (aggressive denial of residency and employment rights to non-indigenous groups).
  4. **Environmental and Development-induced Displacement:** In order to achieve rapid economic growth, India has invested in industrial projects, dams, roads, mines, power plants and new cities which have been made possible only through massive acquisition of land and subsequent displacement of people.

#### **Way Forward**

**Need for Policy Framework:** India needs to formulate migration centric policies, strategies, and institutional mechanisms in order to ensure inclusive growth and development and reduce distress induced migration.

**Providing Justice:** The government at Centre needs to provide amenities and social securities for Internally displaced population, which is riddled with the issues of inadequate housing; low-paid, insecure or hazardous work; extreme vulnerability of women and children to trafficking and sex exploitation etc.

### **IMPORTANT FACTS FOR PRELIM**

#### **Reopening Kartarpur Corridor**

The government is considering reopening the Kartarpur Sahib Gurudwara corridor to Pakistan to allow Sikh pilgrims to cross over, more than 20 months after it was shut down due to the Covid-19 pandemic. Government is considering opening the route by 19th November (2021), the birth anniversary of the Sikh founder Guru Nanak, known as Gurburab or "Prakash Parv".

**Key Points****About:**

- The corridor is one of the rare new initiatives between India and Pakistan amidst ties that have been in a downward spiral in 2019 after the Pulwama attack, Balakot strikes and the decision to amend Article 370 on Jammu and Kashmir, which led to the recall of diplomats on both sides and cancellation of all trade relations.
- The project is also unique as visa-free "Human corridors" of this sort are normally used for emergency situations: refugees fleeing violence or humanitarian disasters, not for pilgrimages.

**Kartarpur Corridor:**

- The Kartarpur corridor connects the Darbar Sahib Gurdwara in Narowal district of Pakistan with the Dera Baba Nanak shrine in Gurdaspur district in India's Punjab province.
- The corridor was built to commemorate 550th birth anniversary celebrations of Guru Nanak Dev, founder of Sikhism on 12th November 2019.

**Guru Nanak**

- Guru Nanak Dev Jayanti is observed on the full-moon day in the month of Katak to celebrate the birth of Guru Nanak Dev (1469-1539).
- He advocated the 'Nirguna' form of bhakti. He rejected sacrifices, ritual baths, image worship, austerities and the scriptures of both Hindus and Muslims.
- He set up rules for congregational worship (sangat) involving collective recitation.
- He appointed one of his disciples, Angad, to succeed him as the preceptor (guru), and this practice was followed for nearly 200 years.
- The fifth preceptor, Guru Arjan, compiled Baba Guru Nanak's hymns along with those of his four successors and also other religious poets, like Baba Farid, Ravidas (also known as Raidas) and Kabir, in the Adi Granth Sahib. These hymns, called 'Gurbani', are composed in many languages.
- Kartarpur gurudwara is the revered shrine about 4km across the border where Guru Nanak Dev spent the last 18 years of his life.

**2. SITMEX-2021**

Recently, the third edition of the trilateral naval exercise Singapore-India-Thailand Maritime Exercise (SITMEX) has been conducted in the Andaman Sea of the Indian Ocean.

**Key Points****About:**

- It is conducted annually, and was announced by India at Shangri-La Dialogue in June 2018. The International Institute for Strategic Studies (IISS) Shangri-La Dialogue is Asia's premier defence summit. It was launched in 2002.
- The first edition of SITMEX was hosted by the Indian Navy, and was conducted off Port Blair in September 2019.
- Singapore hosted the second edition of the exercise in November 2020. The 2021 edition of the exercise is being hosted by Thailand.
- It includes a number of tactical training drills such as naval manoeuvres and surface warfare exercises.
- It aims to strengthen mutual confidence and develop common understanding and procedures towards enhancing the overall maritime security in the Indo-Pacific region. The exercise is in line with India's SAGAR (Security and Growth for All in the Region) vision.

**Other Military Exercises between India and Thailand:**

1. MAITREE (Army)
2. SIAM BHARAT (Air Force)
3. Indo-Thai CORPAT (Navy), which was conducted recently.

**Other Military Exercises between India and Singapore:**

1. Bold Kurukshetra (Army)
2. Joint Military Training (Air Force)
3. SIMBEX (Navy)



**DAILY ANSWER WRITING PRACTICE**

**Qns. Mangrove swamps protect coastal areas from erosion, storm surge, and tsunamis. Mangroves in India are getting ecologically fragile and climatically vulnerable. Comment. (250 words)**

**Ans:**

**Introduction**

Mangroves are the characteristic littoral plant formation of tropical and subtropical sheltered coastlines. They exhibit remarkable capacity for salt water tolerance, strong wind velocity, varying tides and high temperature (FAO-1952). E.g.: Rhizophora, Avicenia, Bruguiera etc. Total cover of Mangroves in India is about 4,975 sq km as per latest State of Forest Report 2019.

**Body**

**Ecological Services by Mangroves:**

- Mangrove plants have (additional) special roots such as prop roots, pneumatophores which help to impede water flow and thereby enhance the deposition of sediment in areas (where it is already occurring), stabilize the coastal shores, provide breeding ground for fishes.
- Mangroves moderate monsoonal tidal floods and reduce inundation of coastal lowlands.
- They prevent coastal soil erosion.
- They protect coastal lands from tsunami, hurricanes and floods.
- Mangroves enhance natural recycling of nutrients.
- Mangrove supports numerous flora, avifauna and wild life.
- Provide a safe and favourable environment for breeding, spawning, rearing of several fishes.
- They supply woods, fire wood, medicinal plants and edible plants to local people.
- They provide numerous employment opportunities to local communities and augments their livelihood.

**Threats to Mangroves:**

A scientific study reported that 100 per cent of mangrove species, 92 per cent of mangrove associates, 60.8 per cent of algae, 23.8 per cent of invertebrates and 21.1 per cent of fish are under threat.

- **Natural forces due to climate change:**
  1. **Sea-level rise:** Mangrove systems do not keep pace with changing sea-level and fall
  2. **Extreme high-water events:** affect the position and health including through altered sediment elevation and sulphide soil toxicity
  3. **Storms:** increase damage to mangroves through defoliation and tree mortality and they collapse
  4. **Precipitation:** decreased rainfall and increased evaporation will increase salinity, decreasing net primary productivity, growth
  5. **Temperature:** Changing species composition, Changing phenological patterns (e.g., timing of flowering and fruiting)
  6. **Ocean circulation patterns:** affect mangrove propagule dispersal and the genetic structure of mangrove populations, with concomitant effects on mangrove community structure.
- **Anthropogenic activities:**
  1. Mangroves are being destroyed and facing severe threats due to urbanization, industrialization, and discharge of domestic sewage, industrial effluents and pesticides.
  2. Saltpans and aquaculture also pose major threat to the mangroves.
  3. 40 per cent of mangrove forests in West Coast of India have been converted into farmlands and housing colonies over the last three decades.
  4. Some of the mangrove species like *Bruguiera cylindrica* and *Sonneratia acida* are at the verge of extinction.
  5. Due to shrimp farming, about 35,000 ha of mangroves have been lost in India.

**Scientific Management of Mangroves**

1. Nationwide mapping of the mangrove areas, by remote sensing techniques coupled with land surveys, and time series to assess the rate of degradation of the ecosystems.
2. Quantitative surveys of area, climatic regime, rate of growth of forest trees and seasonal variations of environmental parameters.
3. Inclusion of mangrove species under threat in the IUCN (International Union for Conservation of Nature) Red list. E.g. *Sonneratia griffithii* in India

4. Assessment of suitable sites for reserve forests. E.g.: Artificial regeneration through mangrove nurseries or aerial seeding.
5. Joint management of mangroves with local community participation.
6. Disease and pest control. E.g.: Crab cuts are prevented by painting hypocotyls in yellow or Placing seedlings inside bamboo containers.
7. Afforestation of degraded mangrove areas; Study of management methods, the ecology of mangroves, their flora and fauna, their microbiology and the biochemistry of organic matter and sediments.
8. Mangroves for Future is a unique partner-led initiative for coastal ecosystem conservation. This project is being coordinated by the International Union for Conservation of Nature (IUCN) covering, initially, eight countries (including India) in South Asia, South East Asia and Western Indian Ocean, for the protection of the mangroves.
9. The mangroves have been afforded protection under Category I (ecologically sensitive) of the CRZ.

**Conclusion:**

An increase of 54 sq. km in mangrove cover has been observed as notes in SFR 2019. There is a need to build on this progress for stabilization of low-lying coastal lands. Mangroves being natural filters of pollutants from water, it becomes even more necessary to conserve them.

**DAILY QUIZ**

Q1. Consider the following statements about the Chitradurga Fort:

1. It is a UNESCO World Heritage Site.
2. The fort was the capital of Hoysalas.

Which of the statements given above is/are correct?

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

Q2. If a meteor makes it to Earth it's known as a:

- a. Meteorite**
- b. Meteoroids
- c. shooting stars
- d. Comet

Q3. Consider the following statements with reference to Members of Parliament Local Area Development Scheme (MPLADS):

1. It is an ongoing Central Sector Scheme which was launched in 1993-94.
2. The Ministry of Statistics and Programme Implementation has been responsible for the policy formulation and release of funds.
3. The annual MPLADS fund entitlement per MP constituency is Rs. 5 crore.

Which of the given above statements is/are correct?

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

Q4. "Climate Change Performance Index" is released by which of the following?

- a. UN Environment Programme
- b. World Economic Forum
- c. Intergovernmental Panel on Climate Change
- d. None of the above**

Q5. The inaugural Global Drug Policy Index was released recently by the

- a. United Nations Office on Drugs and Crime
- b. Financial Action Task Force
- c. Amnesty International
- d. Harm Reduction Consortium**