INTERNATIONAL EVENT

Global State of Democracy Report 2021

According to the recently released Global State of Democracy Report, 2021, the number of countries moving towards authoritarianism in 2020 was higher than that of countries becoming more democratic.

Key Points

About:

- The report aims to influence the global debate and analyses current trends and challenges to democracy, exacerbated by the Covid-19 pandemic.
- It offers specific policy recommendations to spark new and innovative thinking for policymakers, governments and civil society organizations supporting democracy.
- It is released by the International Institute for Democracy and Electoral Assistance (International-IDEA).

About International Institute for Democracy and Electoral Assistance:

- International IDEA is an intergovernmental organization that supports sustainable democracy worldwide.
- It was founded in 1995 and currently has 33 member states.
- International IDEA advances democracy worldwide, as a universal human aspiration and an enabler of sustainable development, through support to the building, strengthening and safeguarding of democratic political institutions and processes at all levels.

Highlights of the Report:

- **Democratic Decline:** Democratically elected Governments, including established democracies, are increasingly adopting authoritarian tactics.
- **Effect of Pandemic:** The pandemic placed considerable stress on democracy across the region by imposing inevitable restrictions on movement and—where governments were sensitive to criticism —also restrictions on freedom of expression.
  1. The year 2020 was the worst on record, in terms of the number of countries affected by deepening autocratisation.
  2. The pandemic has thus had a particularly damaging effect on non-democratic countries, further closing their already reduced civic space.
- **Popular Support:** This democratic backsliding has often enjoyed significant popular support.
- **Indian Scenario**: The report highlighted the case of Brazil and India as "some of the most worrying examples of backsliding.However, India remained in the category of a mid-level performing democracy as it has since 2000.

Major Suggestions:

- **New Social Contract**: There is a need to deliver on political or civic reforms or develop a new social contract that closes the gap between what people want and what governments currently deliver.This can be done by designing responsive, inclusive, accountable, and transparent institutions oriented towards achieving sustainable development.
- **Strengthening Institutions**: Rebuilding existing institutions by updating practices in established democracies, building democratic capacity in new democracies, and protecting electoral integrity, fundamental freedoms and rights, and the checks and balances essential to thriving democratic systems.
- **Strengthening Civil Society**: Preventing the rising authoritarianism and democratic backsliding can be done by investing in education and by supporting independent civil society, combatting disinformation and supporting free and independent media that facilitates the growth of democratic cultures, values and practice.

INTERNATIONAL NEWS

India-US Trade Policy Forum

Recently, after a gap of four years, the Trade Policy Forum (TPF) was convened between the United States and India. The Forum resolved to take economic ties between the two countries to the 'next high level' and exchanged views on 'potential targeted tariff reductions'.

Key Points

- **Aim:** To activate working groups of the TPF on agriculture, non-agriculture goods, services, investment, and intellectual property to meet frequently and address issues of mutual concern in a mutually beneficial manner.The idea is to deliver tangible benefits to both countries by resolving outstanding market access issues.

Highlights of the forum:

1

- **Mutual Market Access:** The Forum has decided to forge an agreement to facilitate U.S. market access from India, and reciprocate with similar access in the Indian market to many agriculture and animal products.
- **Restoration of the GSP**: India has sought restoration of the GSP (Generalized System of Preferences) benefits by the U.S.
- **Totalisation Agreement**: The Forum also agreed on the significance of negotiating a Social Security Totalization Agreement in the interest of workers from both sides.
  1. A Totalization Agreement is a convention between two countries preventing duplicate social security contributions for the same income.
  2. It would allow workers from both countries to move their retirement savings, the lack of which particularly affects Indian IT workers in the U.S.
- **Towards Rules-based Global Trading System**: India and the U.S. also discussed engagement in various multilateral trade bodies including the World Trade Organisation (WTO) and the G20 for achieving a shared vision of a transparent, rules-based global trading system among market economies and democracies. The Forum also decided to find mutually agreed solutions on outstanding WTO disputes between the two countries.
- **Ethanol Supply:** The U.S. indicated an interest in supplying ethanol to India for its goal of 20% ethanol blending with petrol by 2025.
- **Pharma Cooperation**: The two sides decided to partner with allies in developing a secure pharmaceutical manufacturing base and de-risk global supply chains in such critical sectors like health.
- **Services Front:** The Forum discussed ways in which legal, nursing and accountancy services can facilitate growth in trade and investment, and sought to work together on electronic payment services and the digital economy.
- **Collaboration in Critical Technologies**: Both countries recognise the importance of critical and emerging technologies like cyberspace, semiconductors, Artificial Intelligence, 5G, and future generation telecommunications technology.
- **Climate Change:** Both countries exchanged views on approaches to increase the utilization of renewable energy to achieve net-zero emissions, as agreed in the India – US Climate and Clean Energy Agenda 2030 Partnership.

Way Forward
- **Initiating Tariff Removal:** The first step towards a potential deal is for India to take the initiative and consider unilaterally removing its retaliatory tariffs. This will represent India as willing to be a constructive player in trade talks. Even though removing the tariffs without a commitment from the US is a leap of faith, it ultimately will be beneficial for the bilateral trade relationship.
- **Together Countering China:** From a strategic point of view, one of the ways that India can counter China is through deepening trade ties with partners who are committed to supporting India's growth.
  1. A deal with the US will be beneficial for India, both strategically and economically.
  2. As the US companies assess whether to shift some of their manufacturing from China, a vibrant trade strategy can complement the Production-Linked Incentive (PLI) schemes, and help to boost both manufacturing and exports.
- **Facilitating Digital Growth**: To promote further growth in the digital sphere, which represents over USD 100 billion of bilateral trade, the two must address several foundational issues; digital service tax, cross-border data flows and common cellular standards. It's important that on the digital services tax, India accords with emerging global agreements that will accelerate trade.

GOVERNANCE

SDG Urban Index: NITI Aayog

Recently, NITI Aayog under the Indo-German Cooperation released the inaugural Sustainable Development Goals (SDGs) Urban Index and Dashboard 2021–22. Earlier in June 2021, the third edition of the Sustainable Development Goals (SDG) India Index and Dashboard 2020–21 was released by NITI Aayog.

Key Points
About:
- The index and dashboard are a result of the NITI Aayog-Germany's International Cooperation Agency (GIZ) and BMZ collaboration focused on driving SDG localization in our cities, under the umbrella of Indo-German Development Cooperation.

2

- It ranks 56 urban areas on 77 SDG indicators across 46 targets of the SDG framework.
- It will further strengthen SDG localization and institute robust SDG monitoring at the city level.

Ranking Scale:
- The urban areas are ranked on a scale of 0-100.
- A score of 100 implies that the urban area has achieved the targets set for 2030; a score of 0 implies that it is the farthest from achieving the targets among the selected urban areas.
- Overall or composite urban area scores are then generated from the Goal-wise scores to measure aggregate performance of the urban area.
- Urban areas have been classified as below based on their composite score:
    1. Aspirant: 0–49
    2. Performer: 50–64
    3. Front-Runner: 65–99
    4. Achiever: 100

Performance of the States:
- **Top Performers:** Shimla, Coimbatore, Chandigarh, Thiruvananthapuram and Kochi.
- **Worst Performers:** Dhanbad, Meerut, Itanagar, Guwahati and Patna.

Significance Of the Index:
- Cities are fast becoming engines of growth. The SDG Urban index and dashboard will go a long way in instituting a robust SDG monitoring system in our cities, and is a milestone step in our SDG localisation journey. The Niti Aayog is of the view that this transformative change is quite essential, given the increasing prominence of our cities and urban areas in charting the future of development in India.
- It highlights the strengths and gaps of Urban Local Body (ULB) level data, monitoring, and reporting systems.

Indo-German Development Cooperation
Background:
- The year 2008 marked 50 years of Indo-German development cooperation. Begun in the 1950s, development cooperation with India grew so rapidly that in a short time it became the largest recipient of German development assistance.
- The construction of the Rourkela Steel Plant in Orissa was a hallmark of this intensive cooperation in the early 1960s.
- Later, both countries set up one of India's premiere educational institutions - the Indian Institute of Technology in Madras.
- In the 1990's, development cooperation dealt with the issues of poverty reduction and social infrastructure.

About:
1. Indo-German development cooperation is a solid pillar of the Indo-German strategic partnership.
2. Both countries are equally committed to achieving the Millennium Development Goals (MDGs); further, they want to tackle global challenges in the fields of climate and environment.
3. It is well integrated in the foreign policy framework of relations between India and Germany.
4. India is viewed by Germany as one of the Global Development Partners that have a key role to play in solving global development issues.
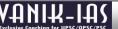
Programme Focus:
- Today, the Indo-German development cooperation programme focuses on the following mutually agreed priority areas:
    1. Energy
    2. Environment and Management of Natural Resources
    3. Sustainable Urban Development

2.PESA Act
Recently, the Chhattisgarh government has formulated draft rules under Panchayat Extension to Scheduled Areas (PESA) Act, 1996, terming it the Chhattisgarh Panchayat Provisions (Extension of the Scheduled) Rules, 2021.
- Tribals in Chhattisgarh have been demanding the enactment of PESA rules for some time, as it would give them more power over their resources. The bill envisages instituting devaluation of power, and strengthening the gram sabhas at the village level.

3

- Six states (Himachal Pradesh, Andhra Pradesh, Telangana, Rajasthan, Gujarat, Maharashtra) have formed the PESA laws, and Chhattisgarh would become the seventh state if the rules are enacted.

Key Points

About PESA Act 1996:

- **Background:** To promote local self-governance in rural India, the 73rd constitutional amendment was made in 1992.
    1. Through this amendment, a three-tier Panchayati Raj Institution was made into a law.
    2. However, its application to the scheduled and tribal areas under Article 243(M) was restricted.
    3. After the Bhuria Committee recommendations in 1995, PESA Act 1996 came into existence for ensuring tribal self-rule for people living in scheduled areas of India.
- **Role of State Government:** PESA, was enacted by the Centre to ensure self-governance through gram sabhas (village assemblies) for people living in scheduled areas. State governments were required to amend their respective Panchayat Raj Acts without making any law that would be inconsistent with the mandate of PESA.
- **Objective:** It legally recognises the right of tribal communities, residents of the scheduled areas, to govern themselves through their own systems of self-government. It acknowledges their traditional rights over natural resources.

Importance of Gram Sabha in PESA Act:

- **Democratic Decentralisation:** PESA empowers gram sabhas to play a key role in approving development plans and controlling all social sectors. This includes management of :
    1. Resources over jal, jangal, zameen (water, forest and land)
    2. Minor forest produce
    3. Human resources: Processes and personnel who implement policies
    4. Managing local markets
    5. Preventing land alienation
    6. Regulating intoxicants among other things
- **Preserving Identity:** The powers of gram sabhas include maintenance of cultural identity and tradition, control over schemes affecting the tribals, and control over natural resources within the area of a village.
- **Conflict Resolution:** The PESA Act thus enables gram sabhas to maintain a safety net over their rights and surroundings against external or internal conflicts.
- **Public Watchdog:** The gram sabha would have the powers to monitor and prohibit the manufacturing, transport, sale and consumption of intoxicants within their village limits.

Issues Related to PESA:

- **Partial Implementation**: The state governments are supposed to enact state laws for their Scheduled Areas in consonance with this national law.
    1. This has resulted in the partially implemented PESA.
    2. The partial implementation has worsened self-governance in Adivasi areas, like in Jharkhand.
- **Administrative Hurdles**: Many experts have asserted that PESA did not deliver due to the lack of clarity, legal infirmity, bureaucratic apathy, absence of a political will, resistance to change in the hierarchy of power, and so on.
- **Followed in Letter Rather than Spirit:** Social audits conducted across the state have also pointed out that in reality different developmental schemes were being approved on paper by Gram Sabha, without actually having any meeting for discussion and decision making.

Way Forward

PESA, if it is implemented in letter and spirit, will rejuvenate the dying self-governance system in the tribal area. This will also give an opportunity to correct the loopholes in the traditional governance system and make it a more gender-inclusive and democratic space.

PRELIMS FACT

Bharat Gaurav Scheme

Recently, the Indian Railways has announced the new scheme 'Bharat Gaurav' to tap the huge potential of tourism.

Key Points

About:

- Under the scheme, now trains have a third segment for tourism. Till now, the Railways had passenger segments and goods segments. These trains are not regular trains that will run as per a timetable but will be more on the lines of the Ramayana Express being run by the IRCTC.

4

- It was announced under the theme-based tourist circuit trains. These trains will be run, by both private players and IRCTC, in theme-based circuitsBy theme-based tourism (circuits), the railways means trains like Guru Kripa that goes to all places related to Guru Nanak or a Ramayan-themed train to touch upon places related to Lord Ram.
- Anyone, from societies, trusts, consortia and even state governments can apply to take these trains and run them on special tourism circuits based on a theme.Service Provider will offer all inclusive packages to tourists including rail travel, hotel accommodation, sightseeing arrangement, visit to historical/heritage sites, tour guides etc.

Benefits of such Scheme:
- These trains will help realise India's rich cultural heritage and magnificent historical places to the people of India and the world. They will also help in tapping the vast tourism potential of India.

Other Related Scheme:
1. Swadesh Darshan Scheme
2. PRASHAD Scheme
3. Buddhist Conclave
4. Dekho Apna Desh' Initiative

Tourism in India
- Tourism in India is important for the country's economy and is growing rapidly.
- According to the World Travel and Tourism Council, the travel & tourism industry's contribution to the Gross Domestic Product (GDP) was USD 121.9 billion in 2020 and this is expected to reach USD 512 billion by 2028.
- In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 10.35% between 2019 and 2028.
- Also, the Travel and Tourism Competitiveness Report 2019 ranked India 34th out of 140 countries overall, showing India's efforts to improve in the field.

2.Gallantry Awards

Recently, group Captain Abhinandan Varthaman was awarded Vir Chakra which is a wartime gallantry award, by the President of India.The gallantry awards are announced twice in a year — first on the occasion of the Republic Day and then on the occasion of the Independence Day.

Key Points

Gallantry Awards in India (History):
- Post-Independence, first three gallantry awards namely Param Vir Chakra, Maha Vir Chakra and Vir Chakra were instituted by the government of India on January 26th 1950 which were deemed to have effect from August 15th,1947.
- Thereafter, other three gallantry awards — the Ashoka Chakra Class-I, the Ashoka Chakra Class-II and the Ashoka Chakra Class-III — were instituted in 1952, which were deemed to have effect from August 15, 1947.
- These awards were renamed as Ashoka Chakra, Kirti Chakra and Shaurya Chakra respectively in January 1967.

People Eligible for the Awards:
- All officers of all ranks of the Army, Navy and the Air Force or of any of the reserve forces, territorial army and any other lawfully constituted armed forces.
- In addition to the above-mentioned personnel, matrons, sisters, nurses, alongside the staff of the nursing services and other services pertaining to hospitals and nursing and civilians, both male and females, serving regularly or temporarily under the orders, directions or supervision of any of the above-mentioned forces.

5

Wartime Highest Gallantry Awards:
- **Param Vir Chakra:** It is India's highest military decoration awarded for displaying distinguished acts of valour during wartime whether on land, at sea or in the air.
- **Maha Vir Chakra:** It is the second highest gallantry award for acts of conspicuous gallantry in the presence of the enemy whether on land, at sea or in the air.
- **Vir Chakra:** It is the country's third-highest wartime gallantry award after Param Vir Chakra and Maha Vir Chakra.

Peacetime Highest Gallantry Awards:
- **Ashoka Chakra:** It is the highest military award during peacetime for valour, courageous action or sacrifice. It is awarded for most conspicuous bravery or some act of daring or pre-eminent act of valour or self-sacrifice otherwise than in the face of the enemy.
- **Kirti Chakra:** It is the second highest peacetime gallantry award and is awarded for valour, courageous action or self-sacrifice away from the field of battle.
- **Shaurya Chakra:** It is awarded to the personnel of the armed forces for instances of extraordinary gallantry.

Other Awards:
- **Sena Medal:** It is awarded for acts of exceptional devotion to duty or courage in the Army.
- **Nao Sena Medal:** It is awarded for individual acts of exceptional devotion to duty or courage in the Navy.
- **Vayu Sena Medal:** It is awarded for individual acts of exceptional devotion to duty or courage in the Air Force.

DAILY ANSWER WRITING PRACTICE

Qns. Given its benefits and recent emphasis on cryptocurrencies, India should take rapid strides towards a 'Digital Rupee'. Comment. (250 words)

Ans:

Introduction

A Central Bank Digital Currency (CBDC), or national digital currency, is simply the digital form of a country's fiat currency. Instead of printing paper currency or minting coins, the central bank issues electronic tokens. This token value is backed by the full faith and credit of the government.

The Reserve Bank of India is likely to soon kick off pilot projects to assess the viability of using digital currency to make wholesale and retail payments to help calibrate its strategy for introducing a full-scale central bank digital currency (CBDC).

Body
- According to the Bank for International Settlements, more than 60 countries are currently experimenting with the CBDC. There are few Countries that already rolled out their national digital currency. Such as,
    1. Sweden is conducting real-world trials of their digital currency (krona)
    2. The Bahamas already issued their digital currency "Sand Dollar" to all citizens
    3. China started a trial run of their digital currency e- RMB amid pandemic. They plan to implement pan-China in 2022. This is the first national digital currency operated by a major economy.
    4. Nigeria launched its non-interest-yielding central bank digital currency (CBDC) — the eNaira,

Need for a CBDC:
- The growth of cryptocurrencies such as Bitcoin, Ethereum etc has raised challenges to fiat currencies.
- Along with their other vulnerabilities made the central bank of each country explore the possibility of introducing their own digital currencies.
- A 2021 BIS survey of central banks, which found that 86% were actively researching the potential for such currencies, 60% were experimenting with the technology, and 14% were deploying pilot projects.
- The need for inter-bank settlement would disappear as it would be a central bank liability handed over from one person to another.

Working of CBDC:
- CBDCs use distributed ledger technology (DLT), which is typically deployed in a hybrid architecture i.e. existing central bank and payment infrastructure + DLT for movement, transparency, workflow and audit trail or tracing of funds (value).

6

- This technology helps in efficiency (speed), security (encryptions) and also other aspects like smart contracts which execute buy and sell transactions based on a pre-defined criteria and opens up the possibility of 'programmable' money.
- CBDC can be in different forms like token or account/ digital wallet form.
- The underlying technology used for CBDCs can vary from DLT or a mix of existing payment rails and systems at one layer and DLT at the second layer. In order to keep track of money, banks need to store financial records, such as how much money a person has and what transactions they've made.
- While digitising the money supply chain from central banks to commercial banks to consumers of wholesale and retail CBDCs, complimenting the existing infrastructure and investment is important.

Potential of a CBDC:
- An official digital currency would reduce the cost of currency management while enabling real-time payments without any inter-bank settlement.
- India's fairly high currency-to-GDP ratio holds out another benefit of CBDC — to the extent large cash usage can be replaced by CBDC, the cost of printing, transporting and storing paper currency can be substantially reduced.
- As the currency in digital form, it can provide an efficient way for financial transaction. Further, digital currency also solves the challenges with Cash and coins. Cash and coins require expenses in storage and have inherent security risks like the recent heist in the RBI currency chest.
- There are about 3,000 privately issued cryptocurrencies in the world. According to IMF, the key reason for considering national digital currency is to counter the growth of private forms of digital money.
- There is a possibility of these companies going bankrupt without any protection. This will create a loss for both investor and creditor. But the National Digital currency has government backing in case of any financial crisis.
- As the state-backed digital currency can provide investor/consumer protection, the private can confidently invest in the associated infrastructure without any doubts over its regulation. This will improve the services to people.
- The national digital currency will be regulated by the RBI. So, there will be less volatility compared to other digital currencies.
- Current RBI's work on inflation targeting can be extended to national digital currency also. Since India is planning to ban other cryptocurrencies, the RBI can better regulate digital and fiat currency. Thus, upgrading to digital currency and balancing the macroeconomic stability.
- With the introduction of CBDC in a nation, its central bank would be able to keep a track of the exact location of every unit of the currency, thereby curbing money laundering.
- Criminal activities can be easily spotted and ended such as terror funding, money laundering, and so forth

Concerns posed:
- India is already facing many cyber security threats. With the advent of digital currency, cyberattacks might increase and threaten digital theft like Mt Gox bankruptcy case.
- According to the Digital Empowerment Foundation in 2018 report, around 90% of India's population is digitally illiterate. So, without creating enough literary awareness introduction of digital currency will create a host of new challenges to the Indian economy.
- Introduction of digital currency also creates various associated challenges in regulation, tracking investment and purchase, taxing individuals, etc.
- The digital currency must collect certain basic information of an individual so that the person can prove that he's the holder of that digital currency. This basic information can be sensitive ones such as the person's identity, fingerprints etc.

Conclusion:
There are crucial decisions to be made about the design of the currency with regards to how it will be issued, the degree of anonymity it will have, the kind of technology that is to be used, and so on. There is no doubt that the introduction of National Digital currency prevents the various threats associated with the private-owned cryptocurrencies and take India the next step as a digital economy. But the government has to create necessary safeguards before rolling out. India needs to move forward on introducing an official digital currency.

7

DAILY QUIZ

Q1. The Digital Atlantic Charter initiative was in news recently, is related to which of the following?
- **a. safeguarding democracies worldwide**
- b. elimination of racial discrimination
- c. climate change mitigation
- **d. none of the above**

Q2. Consider the following statements about National Monuments Authority (NMA):
1. It has been setup as per provisions of The Ancient Monuments and Archaeological Sites and Remains AMASR (Amendment and Validation) Act, 2010.
2. It has been set up under the Ministry of Culture, Govt. of India.
3. Its major function is the management of the prohibited and regulated area around the centrally protected monuments.

Which of the statements given above is/are correct?
- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- **d. 1, 2 and 3**

Q3. With reference to Asia-Pacific Economic Cooperation (APEC), consider the following statements:
1. It is a regional economic forum established in 1997 to leverage the growing interdependence of the Asia-Pacific.
2. Its projects provide digital skills training for rural communities and help indigenous women export their products abroad.

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

Q4. The terms 'Bitcoin', 'Ethereum', sometimes mentioned in the news recently are related to:
- a. Exoplanets
- **b. Crypto currency**
- c. Mini satellites
- d. Emerging unicorns

Q5. Consider the following statements regarding Cord blood banking.
1. Cord blood is the blood from the baby that is left in the umbilical cord and placenta after birth, which is a rich source of stem cells.
2. Indian Council of Medical Research (ICMR) allows commercial stem cell banking.
3. Stem cells in cord blood can be used to strengthen the immune system during cancer treatments.

Which of the above statements is/are correct?
- a. 1 and 2 only
- **b. 1 and 3 only**
- c. 2 and 3 only
- d. 1, 2 and 3

8