

INTERNATIONAL RELATION**Seriousness of Srilankan Crisis and Future Prospects**

CONTEXT: Recently, Sri Lankan parties agreed to form an all-party interim government after President Gotabaya Rajapaksa's anticipated resignation.

Seriousness of Srilankan Crisis

- The government owes \$51 billion and is unable to make interest payments on its loans.
- Political corruption is also a problem; not only did it play a role in the country squandering its wealth, but it also complicates any financial rescue for Sri Lanka.
- Tourism, an important engine of economic growth, has sputtered because of the pandemic and concerns about safety after terror attacks in 2019.
- Its currency has collapsed by 80%, making imports more expensive and worsening inflation that is already out of control, with food costs rising 57%.
- It is crippled by an acute shortage of foreign exchange that has left it struggling to pay for essential imports of fuel, and other essentials.
- Presently, Sri Lanka is struggling with acute food and electricity shortages, forcing the country to seek help from its neighbours.

Major Causes

- The roots of the crisis, the worst in several decades, lie in economic mismanagement by successive governments that created and sustained a twin deficit – a budget shortfall alongside a current account deficit.
- The current crisis was accelerated by deep tax cuts promised by Rajapaksa during a 2019 election campaign that were enacted months before the COVID-19 pandemic, which wiped out parts of Sri Lanka's economy.
- The country's lucrative tourism industry and foreign workers' remittances sapped by the pandemic.
- Credit ratings agencies moved to downgrade Sri Lanka and effectively locked it out of international capital markets.
- The Rajapaksa government's decision to ban all chemical fertilisers in 2021 also hit the country's farm sector and triggered a drop in the critical rice crop.

India's Assistance during Sri Lanka in this Crisis

- The present economic crisis in Sri Lanka has pushed it closer to India for immediate relief.
- The Indian media's regular coverage of the crisis has led to better understanding and even created a sense of empathy in India about the plight of the neighbouring country.
- India, as part of its 'Neighbourhood First' policy, has extended support to the people of Sri Lanka in the form of aid (close to \$3.5 billion) to help secure Sri Lanka's food, health and energy security by supplying it essential items such as food, medicines, fuel and kerosene.
- The latest in the series was the signing of an agreement between the Government of Sri Lanka and the Export-Import Bank of India for a \$55-million short term Line of Credit to facilitate the procurement of urea for paddy crops .
- India has delivered one more consignment of 40,000 metric tonnes of diesel to Sri Lanka to help ease the acute fuel shortage in the debt-ridden island nation which is grappling with its worst economic crisis.
- India extended an additional \$500 million credit line to Sri Lanka last month to help the neighbouring country import fuel as it has been struggling to pay for imports after its foreign exchange reserves plummeted sharply in recent times, causing a devaluation of its currency and spiralling inflation.
- More than 25 tons of drugs and medical supplies which were donated by the Government and people of India during the last two months are valued at close to SLR 370 million.

Concerns/Challenges

- Some sections of the Sinhalese still hold the view that "India has been a threat to us."
 - This perception can be traced to history when Sri Lanka was invaded by rulers of south India who humbled the Sinhala kings.
- The manner in which the Rajapaksa regime unilaterally scrapped in February 2021 a tripartite agreement signed in 2019 with India and Japan for the development of Colombo's East Container Terminal was a reflection of the historical baggage, though the official reason cited was opposition from workers' unions.
- Another project, a collaboration between NTPC Limited and the Ceylon Electricity Board, was cancelled just when bids were to be floated for the coal-fired 500-megawatt project in Sampur in the Eastern Province (after obtaining environmental clearance).

Way Forward

- Sri Lanka should expand its exports baskets and not just rely on handful products that are susceptible to global price shocks.

- Urgency in policy intervention is needed to address the unmanageable levels of debt and debt service, reducing the fiscal deficit, restoring external stability and doing away with the adverse impacts on the vulnerable citizenry.
- There is enormous scope for collaboration between the two countries in the area of infrastructure development.
- The economic crisis has revived talk of linking Sri Lanka's electricity grid with that of India.
 - If this project takes off, the first point of interconnectivity on the Indian side will most likely be in Tamil Nadu.
 - India has cross-border energy trade with Bangladesh, Nepal, Bhutan and Myanmar.
- At an appropriate time, regular movement of people and goods should be allowed again on the traditional sea routes of Thoothukudi-Colombo and Rameshwaram-Talaimannar.
- The apprehension in the minds of sections of the Sinhalese majority about India being a threat can be dispelled only by facilitating greater people-to-people interaction, including pilgrimages by monks and other sections of Sri Lankan society to places of Buddhist importance not only in north India but also in the south (Andhra Pradesh).
- India has responded with urgency to the government of Sri Lanka's request for assistance in overcoming hardships and will enhance economic linkages between the two countries be it through infrastructure connectivity and renewable energy.

PRELIMS

1. IPBES Report on Sustainable use of Wild Species

CONTEXT: A report released by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has stated that about 50,000 wild species globally can meet the needs of billions of people.

Findings of the Report

Billions of people in all regions of the world rely on and benefit from the use of wild species:

- The use of wild species directly contributes to the well-being of billions of people globally on a day-to-day basis and is particularly important to people in vulnerable situations.
- About 50,000 wild species are used for food, energy, medicine, material and other purposes through fishing, gathering, logging and terrestrial animal harvesting globally.
- Gathering wild plants, fungi and algae takes place in both developed and developing countries worldwide.
- Such a practice is closely associated with cultural and subsistence practices and can also supply global markets.

Wild tree species are currently the major source for wood and wood products and will continue to be so in the coming decade.

The potential contributions from sustainable use of wild species to meeting the Sustainable Development Goals are substantial, but largely overlooked.

Sustainable use of wild species is central to the identity and existence of many indigenous peoples and local communities:

- Loss of opportunity to engage in sustainable use of wild species represents an existential threat to indigenous peoples and local communities.
- Knowledge, practices and worldviews guide sustainable uses of wild species by many indigenous peoples and local communities.
- Overexploitation has been identified as the main threat to wild species in marine ecosystems and the second greatest threat to those in terrestrial and freshwater ecosystems

2. Startup Ecosystem in India

CONTEXT: Recently, the startup ecosystem in India has started bracing itself for a long and bitter winter.

- The National Investment and Infrastructure Fund (NIIF) is India's first-ever Sovereign Wealth Fund (SWF).
- It is a state-owned fund set up by the Department of Economic Affairs, Government of India in 2015.
- The NIIF is an alternative for providing long-term capital for the infra-related projects.
- It is registered under the Securities and Exchange Board of India (SEBI) under Category II Alternative Investment Fund.
- It is a collaborative investment platform for both international and Indian investors.
- The NIIF manages over USD 4.3 billion assets under management through its three funds.

About

- **Reason:** With funding starting to dry up due to global macro-economic factors and potential mass layoffs in the next 12-18 months, particularly in sectors such as **ed-tech and gaming** that got a significant

push during the pandemic. One more reason was the lock down in China that has led to risk averseness amongst investors.

- **Funding:** In the April-June quarter (2022), start-up funding fell by about 40% to about 6-7 billion. Prior to this, start-ups were seeing investments of about USD 10-11 billion per quarter.
- The three main areas of costs for start ups where cost-cutting is being looked at are:
 - People,
 - Technology and infra, and
 - Marketing.
- **Result:** As start-ups look to extend the runway with existing funds, job losses across start-ups have been making headlines.
- **Rise in Start- ups was due to:**
 - India's strong digital boom
 - Relative ease of funding
 - An intent to ramp-up growth through new offerings – including products and solutions.
 - Government's intent for the same with Programs like Startup India.

3. **New Drugs, Medical Devices and Cosmetics Bill, 2022**

Recently, the Union government has proposed the New Drugs, Medical Devices and Cosmetics Bill, 2022.

Major provisions of the Bill

1. Regulation:

- a. It seeks to regulate e-pharmacies and medical devices and provides for penalties including imprisonment for failing to pay compensation for injury or death during clinical trials for both drugs and medical devices.

2. Drugs and Cosmetics Act of 1940:

- a. For the first time, regulations for conduct of clinical trials for new drugs and medical devices have been brought under the draft New Drugs, Medical Devices and Cosmetics Bill, 2022 which seeks to replace the existing Drugs and Cosmetics Act of 1940.

3. AYUSH drugs:

- a. The draft bill has a separate chapter for AYUSH drugs which proposes to regulate Sowa Rigpa and Homoeopathy for the first time.
- b. The existing act regulates Ayurveda, Unani and Siddha drugs and cosmetics.

4. Committee:

- a. In light of recommendations of the central government and the felt need to have comprehensive legislation, a committee was constituted for framing the New Drugs, Cosmetics and Medical Devices Bill.

5. New definitions:

- a. The draft bill introduces various new definitions or provisions like bioequivalence study, bioavailability study, clinical trial, clinical investigation, controlling authority, manufacturer, medical device, new drugs, over-the-counter (OTC) drugs, adulterated cosmetics, etc. for more clarity and smooth functioning and implementation.

6. Drugs Technical Advisory Board (DTAB) and Medical Devices Technical Advisory Board (MDTAB):

- a. It proposes the constitution of a separate Drugs Technical Advisory Board (DTAB) and Medical Devices Technical Advisory Board (MDTAB), comprising experts from various associations to advise the central government in technical matters.

7. Penalties:

- a. The penalties for offences related to import of drugs and cosmetics have been enhanced appropriately.
- b. It mentions where any person permitted under sub-section (1) of section 72 fails to provide the required medical management or compensation under section 73, shall be punishable with imprisonment which may extend to one year or with fine which shall not be less than twice the amount of compensation.

8. Central Licensing Authority:

- a. In the interest of public health or extreme urgency of drugs, the central government is empowered to make provisions for Central Licensing Authority to waive the requirement of conducting clinical trials for manufacture or import of new drugs or investigational new drugs in the country.

9. Compensation:

- a. Where a participant during a clinical trial suffers injury or death on account of his participation in such investigation, provision has been made to provide compensation and medical management to such participants.

10. E-pharmacy:

- a. Permission has to be taken to operate an e-pharmacy.
- b. No person shall himself or by any other person on his behalf sell, or stock or exhibit or offer for sale, or distribute, any drug by online mode (e-pharmacy) except under and in accordance with a licence or permission issued in such manner as may be prescribed.

11. Medical device testing centres:

- a. Provisions have been incorporated to designate or establish medical device testing centres by the central government for testing and evaluation of medical devices for regulators and industry.

4. Forex Reserves & Rupee's Exchange Rate

CONTEXT: Recently, India's foreign exchange reserves fell to their lowest level in over 14 months as the central bank sold dollars to prop up the currency.

About the recent data

- The reserves fell \$5.01 billion to \$588.3 billion.
 - The decline in the reserve comes amid the rupee hitting record lows.
- Reasons:
 - The central bank has been selling dollars to curb excessive volatility in the exchange rate and prevent runaway depreciation in the rupee.
 - In 2022 overseas investors had net sold \$30.29 billion worth of Indian assets.
- India's trade deficit too is a record monthly high of \$25.63 billion last month.
- The country which has the highest forex reserves in the world is China.
 - Because it wants its exports to be attractive in the global market.

What are Forex reserves?

- It is regarded as the health meter of a country.
- These reserves are assets like foreign currencies, gold reserves, and treasury bills, among other things, maintained by a country's central bank which checks the balance of payments, deals with the foreign exchange rate of currency and maintains financial market stability.
- RBI Act and the Foreign Exchange Management Act, 1999 govern the foreign exchange reserves.
- It can be broken into four categories:
 - The first and largest component is foreign currency assets; it constitutes about 80% of the total portfolio.
 - Investment in gold.
 - Special drawing rights from the IMF.
 - Reserve Tranche Position.

5. Digital Nomad Visas

CONTEXT: Indonesia has announced "Digital Nomad Visas" for travellers, to attract more foreign tourists.

Who are Digital Nomads ?

- According to the 2020 State of Independence in America Report by MBO Partners, "Digital nomads are defined as people who choose to embrace a location-independent, technology-enabled lifestyle that allows them to travel and work remotely, anywhere in the Internet-connected world.
 - They are people who work remotely while travelling to different places and spending their earned income in the country they are travelling to.
 - As the pandemic took place most of the workspaces were shifted online, while some offices have begun to open, most organisations have declared remote work.

What is the "Digital Nomad Visa" Indonesia has proposed?

- The Digital Nomad Visa would allow remote workers to stay in Indonesia, including Bali, tax-free.
- It aims to boost tourism in the country, the visa will be applicable for five years.
- Through the visa, Indonesia aims to bring in over 3.6 million overseas travellers into the country over the next year to explore spiritual retreats as well as the ecotourism of Indonesia.

Nomad visas issued by other countries

- Italy in March, released a new permit for non-EU nationals, or digital nomads, who can stay in the country for up to 90 days without a visa.
- Antigua and Barbuda offer a digital nomad visa for two years where the travellers will be required to maintain their own health insurance.
- Barbados offers a year-long remote working visa which can be extended further.
- Other countries offering nomad visas are Croatia, Costa Rica, Georgia, Hungary, Iceland, Mauritius, Norway, and Spain among many others.

ANSWER WRITTING

Q. What are the key features of the National Intellectual Property Rights (IPR) Policy 2016? While mentioning achievements under the new IPR policy, also discuss issues related to it.. (150 words)

Introduction

Intellectual property rights are the rights given to persons over the creations of their minds. They allow creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation. If a country wishes to promote innovation and indigenous creativity, it needs to have a strong IPR regime. India was found lacking on this account for many years hence, the government came up with IPR policy 2016.

Body

- The salient features of the National Intellectual Property Rights (IPR) Policy 2016 are as follows:
 - It encompasses and brings all IPRs to a single platform.
 - By aiming to incorporate and adapt global best practices in the Indian scenario, it sets in place an institutional mechanism for implementation, monitoring, and review.
 - It suggested making the department of industrial policy and promotion (DIPP), the nodal agency for all IPR issues.
 - The ‘Cell for IPR Promotion & Management (CIPAM)’, set up under the aegis of DIPP, is to be the single point of reference for the implementation of the objectives of the National IPR Policy.
 - Films, music, industrial drawings will be all covered by copyright.
 - The Policy also seeks to facilitate domestic IPR filings, for the entire value chain from IPR generation to commercialization.
- The policy has many achievements to its credit since it has been implemented, which are as follows:
 - Improvement in Global Innovation Index Ranking from 81st in 2015 to 52nd place in 2019.
 - Strengthened institutional mechanism and Increase in Patent and Trademark Filings, Clearing Backlog/ Reducing Pendency in IP applications. In conjunction with WIPO, TISCs have been established in various institutions across different states.
- Most certainly, the national IPR policy was also intended to create a robust IP regime as a critical step towards a stronger and more competitive economy, however, there are still many issues that need to be resolved. These issues are as follows:
 - Section 3(d) of the Indian Patent Act 1970 (as amended in 2005) does not allow evergreening of patents which have been a cause of concern to the pharma companies. For example- On the basis of this clause patent for Novartis’ drug Glivec was rejected by the Indian Patent Office.
 - Issue of Compulsory licensing (CL): CL is problematic for foreign investors who bring technology as they are concerned about the misuse of CL to replicate their products.
 - Data Exclusivity: Foreign investors and MNCs allege that Indian law does not protect against unfair commercial use of test data or other data submitted to the government during the application for market approval of pharmaceutical or agro-chemical products.

Conclusion

Enforcement of the Copyright act is weak, and piracy of copyrighted materials is widespread. India has made a number of changes in its IPR regime to increase efficiency and the culture of innovation is taking center stage in the country. Still, India needs more reforms and better implementation of existing rules for creating a conducive environment for research and development in the country.

MCQs

- 1) Consider the following statements regarding the Middle-income trap:
 1. Middle-income trap is a situation in middle-income countries where they are not able to move up to higher-income status.
 2. The World Bank classifies countries with \$ 1000 to \$1005 per capita income as middle-income countries.
 Which of the above statement(s) is/are correct?
a. 1 only b. 2 only c. Both 1 and 2 d. Neither 1 nor 2
- 2) Consider the following statements:
 1. A service charge is a direct transaction between the customer and the restaurant staff, specifically the wait staff.
 2. It is collected by the banking, hospitality, and food & beverage industries as a fee for serving customers.
 3. As per the guidelines, restaurants are prohibited from levying extra charges automatically or by default in the bill or by any other name.
 Which of the above statement(s) is/are correct?
a. 1 and 3 only b. 2 only c. 3 only d. 1, 2 and 3
- 3) Consider the following statements:
 1. Azores High is a subtropical low-pressure system that extends over the western subtropical North Atlantic and western America during summer.
 2. Azores High is associated with anti-cyclonic winds in the subtropical North Atlantic.

3. It is formed by dry air aloft descending the subtropics and coincides with the downward branch of the Hadley Circulation.
Which of the above statement(s) is/are correct?
a. 1 and 2 only **b. 2 and 3 only** c. 1 and 3 only d. 1, 2 and 3
- 4) Consider the following statements:
1. As per cross-border trade transactions under Foreign Exchange Management Act, 1999, all exports and imports under this arrangement may be denominated and invoiced in INR.
2. The exchange rate between the currencies of the two trading partner countries may be determined by the apex banks of partner countries.
3. To settle the transactions through this arrangement, Indian importers can pay INR which will be credited into the Special Vostro account of the correspondent bank of the partner country.
Which of the above statement(s) is/are **incorrect**?
a. 1 only **b. 2 only** c. 3 only d. All are correct.
- 5) Consider the following statements:
1. The observable universe is a ball-shaped region of the universe comprising all matter that can be observed from Earth.
2. The comoving distance from Earth to the edge of the observable universe is symmetrical in any direction.
Which of the above statement(s) is/are **incorrect**?
a. 1 only b. 2 only c. Both 1 and 2 **d. Neither 1 nor 2**
- 6) Consider the following statements:
1. The Jiribam-Imphal rail route consists of India's longest railway tunnel and the world's tallest rail bridge pier.
2. India's northeast comprising Manipur and seven other states is the third most earthquake-prone belt in the world.
Which of the above statement(s) is/are correct?
a. 1 only b. 2 only c. Both 1 and 2 d. Neither 1 nor 2
- 7) Consider the following statements:
1. Cloudburst is unexpected precipitation exceeding 100mm per hour over a geographical region of approximately 10 square km.
2. During a cloudburst, the relative humidity and cloud cover will be at the maximum level with low temperatures and high winds.
Which of the above statement(s) is/are correct?
a. 1 only b. 2 only c. Both 1 and 2 **d. Neither 1 nor 2**
- 8) Consider the following statements:
1. Black carbon concentration increases the absorption of solar radiation by decreasing the surface albedo.
2. Black carbon is the second most significant anthropogenic agent of climate change.
Which of the above statement(s) is/are correct?
a. 1 only b. 2 only **c. Both 1 and 2** d. Neither 1 nor 2
- 9) Consider the following statements:
1. Section 69A of the IT Act empowers the government to restrict access to any content.
2. All directions to restrict information or content in circulation must be recorded in writing.
3. Content blocked in social media must follow legislations that should be read under the purview of Article 19 of the Indian Constitution.
Which of the above statement(s) is/are correct?
a. 1 and 2 only b. 1 and 3 only c. 2 and 3 only **d. 1, 2 and 3**
- 10) Consider the following pairs:
- | National Parks | Location |
|-------------------------------|-------------------|
| 1. Padmaja Naidu Park | Andhra Pradesh |
| 2. Singalila National Park | Sikkim |
| 3. Neora Valley National Park | West Bengal |
| 4. Diibru Saikhowa Park | Arunachal Pradesh |
- How many pairs are correctly matched?
a. Only one pair b. Only two pairs c. Only three pairs d. All four pairs