

**POLITY AND GOVERNANCE**

❖ **The controversy around the Delhi excise policy**

❖ **CONTEXT:** The New Delhi Excise Policy 2021-22, launched in November 2021, which sought to ensure optimum revenue for the State government, confront the sale of spurious or bootlegged liquor and transform consumer experience, ran into protests and widespread allegations of “procedural lapses”. This has forced the government to scrap it with effect from August 1, 2022. On July 22, Delhi Lieutenant Governor Vinai Kumar Saxena recommended a CBI probe into the new policy, which culminated in raids on the premises of the Delhi Government’s Deputy Chief Minister Manish Sisodia, who holds the excise portfolio. His role is under the scanner for allegedly providing “undue financial favours” to private liquor licenses, a charge denied by the Aam Aadmi Party (AAP) leadership.

❖ **What were some of the changes mooted in the new policy?**

- The new policy marked the exit of the State government from liquor retail in the city. It sought to provide more choice to alcohol consumers by offering more variety of brands — both popular and niche ones — through opening more liquor vendors.
- It sought to provide a “better environment”, especially for female citizens, while shopping for liquor through dedicated alcohol vends.
- In addition to reducing the number of dry days in Delhi from over 20 to just three, it also sought to reduce the age of alcohol consumption in Delhi from 25 to 18 — but did not proceed with the step as it would have required a legislative amendment. The new policy also sought to ensure equitable distribution of alcohol vends in the city by ensuring two liquor shops in each municipal ward to bridge the gap between “overserved” and “underserved” areas.
- Under the new policy, the number of liquor vends in Delhi would have increased from around 630 to 850 — all privately owned and operated.
- One person could hold more than one liquor retail licence and the “heavily regulated” excise regime under the previous policy was simplified for ease of doing business in the overall trade. Another change in the policy was making wholesale licensees (L1) independent of manufacturers; the revamped policy allowed independent entities to set up wholesale stores and get franchisee from various manufacturers. The revamped policy was implemented on November 17, 2021 and remained in force till July 31, 2022.

❖ **Why and how did the revamped policy get mired in controversy?**

- The revamped excise policy ran into controversy as soon as it was implemented with private liquor vends opening up across the capital.
- While protests against the opening of liquor shops in their neighbourhoods were led by citizens in some areas, the Bharatiya Janata Party (BJP) and the Congress led a slew of protests against the opening of liquor vends at locations near schools, religious places and unauthorised areas.
- Many of these were sealed by the BJP-led Municipal Corporation of Delhi (MCD) for various violations related to non-conforming areas, where certain businesses such as liquor retail are not allowed as per the provisions of the Master Plan for Delhi that governs urban planning, and implementation in the city.
- As many as 134 court cases, broadly about retail shops in unauthorised or non-conforming areas, issues related to discounts and schemes such as 1+1, rounding off duty and payment of licence fee were filed after the implementation of the policy.
- Only 468 of the around 850 liquor vends could actually open which led to many vendors surrendering their licences causing revenue losses for the government.
- On the other hand, vendors increasingly exiting the market effectively brought Delhi’s liquor trade back to square one — making windfall gain for existing players in business and cartelisation.

❖ **Why was the new policy abruptly withdrawn?**

- In July 2022, the Delhi Lieutenant Governor recommended a CBI probe into the new policy after receiving a report from the Chief Secretary, also sent to Chief Minister Arvind Kejriwal, stating that the policy was rife with alleged violations and “deliberate and gross procedural lapses.” What began as an assessment of departures from administrative procedures led to bringing Mr. Sisodia, who holds the excise portfolio, under the lens for allegedly providing “undue financial favours” to liquor licensees.
- He has been booked for corruption by the CBI along with 15 others including liquor business owners and event media barons — allegedly involved in shaping the new policy — and extending “undue pecuniary advantage to public servants”, bureaucrats and subordinate government officials.
- On July 31, the LG received a proposal from the Delhi Cabinet to scrap the revamped policy and revert to the old policy for six months till the way forward could be figured out.
- The new policy, according to the proposal, has not been able to achieve its desired objective of “fetching greater revenue” and several issues in it had been flagged and were under detailed examination and investigation by agencies.

❖ **How much revenue does Delhi earn from excise?**

- According to official figures, a little over ₹4,000 crore was generated in excise revenue in 2019-20.
- Between November 2021 and July 2022, it earned approximately ₹5,400 crore, but the controversy led to a fall in sales and revenue.
- With both retail and wholesale licensees abandoning their licences or choosing not to renew them, the Delhi government admitted it had been suffering a loss of over ₹193 crore on a monthly basis.

**INDIAN ECONOMY**

❖ **CONTEXT: India completed 53 years of bank nationalisation recently—amid a policy debate over whether it is now time for a summary reversal of the momentous decision that Prime Minister Indira Gandhi took in July 1969. Is there a case for turning over all public sector banks (PSBs) to the private sector overnight? Or perhaps for an alternative that might involve privatising some while keeping others in the public sector, and stretching out the process of privatisation? That depends on the policy goal insight.**

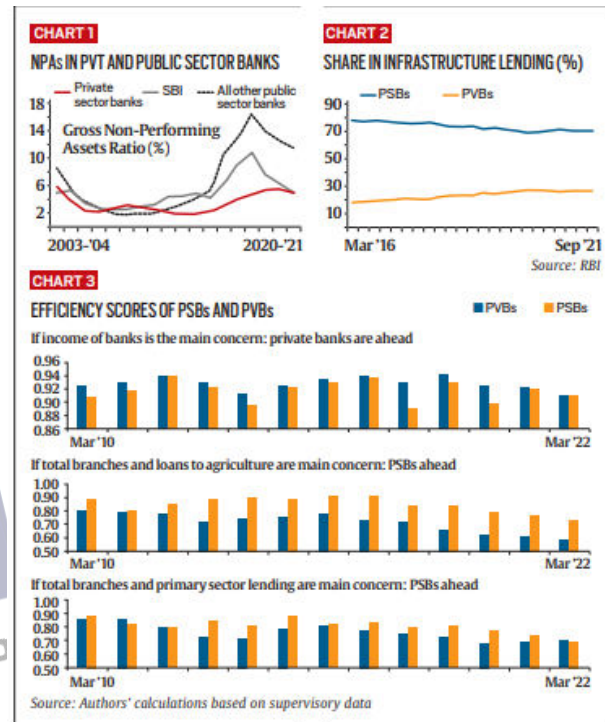
- Context of the debate over the past decade, PSBs have struggled with high levels of non-performing assets (NPAs), which have eroded the banks' profitability and restricted their ability to finance India's growth needs.
- In dire cases, the government had to recapitalise PSBs—triggering demands that instead of wasting taxpayers' money on recapitalisation, the government should simply sell the bank off to the private sector. Doing so would reduce the financial burden on the government, while also ensuring that PSBs become more efficient and profit-making entities under private ownership, it has been argued. By 2021, the government had reached a point that, in the Union Budget 2021-22, it announced its decision to start by privatising two PSBs.

❖ **'Total and rapid privatisation'**

- A recent research paper argued that all PSBs should be privatised, and the government should move as rapidly as politically feasible. However, be politically difficult for any Indian government to do, so it suggested a middle path of privatising all PSBs except the biggest, State Bank of India (SBI). The research paper pointed to several metrics to argue that private sector banks (PVBs) were not only more efficient but also more profitable and far less susceptible to fraud.
- For instance, as Chart 1 below shows, PVBs have lower gross NPAs. The research also found that between 2014-15 and 2020-21, PVBs contributed more towards extending loans, and had a higher share of deposits from savers. In doing so, they added more branches and created new jobs, while the PSBs saw declines on both counts.
- It has been also found that "fraud amounts have concentrated disproportionately in PSBs". Unsurprisingly therefore, there is a stark

difference in the market capitalisation of PSBs and PVBs.

❖ **'Cautious, gradual approach'**



➤ **Argue against rapid privatisation.**

- In a paper titled 'Privatisation of Public Sector Banks: An Alternate Perspective', members of RBI's Banking Research Division warned against viewing privatisation as a panacea for all of the sector's ills. In support of their argument, RBI's researchers compared and contrasted the performance of PSBs and PVBs over different metrics. They looked at data since 2010—the time when PSBs have been at their weakest.
- The findings can be summarised as follows:
- ❖ **PSB are more socially relevant in India:** The point of nationalising private banks in 1969 was to reach out to those sections of society and economy that were typically ignored by private sector banks.
- RBI's researchers found that PSBs are far ahead of PVBs in servicing rural India. They have far more branches and ATMs in rural India. PSBs also do the heavy-lifting when it comes to financial inclusion.
- Private sector banks accounted for just 1.3 crore of the total almost 46 crore beneficiaries of Pradhan Mantri Jan Dhan Yojana (PMJDY)

- ❖ **PSBs are more cost-efficient:** when profit maximisation is the sole motive, efficiency of the PVBs has always surpassed that of their public sector counterparts”.
- However, when the objective function is changed to include financial inclusion — like total branches, agricultural advances and PSL advances — PSBs prove to be more efficient than PVBs.
- Here, cost efficiency is defined as “efficiency that gives a measure of how close a bank’s cost is to what a best-practice bank’s cost would be for producing the same bundle of output under the same conditions”.
- ❖ **PSBs are more useful to the economy:** The RBI’s research shows that PSBs, far more than the PVBs, extend loans when the economy is in a cyclical down turn. This is crucial because a downturn is when new loans are most needed to put the economy back on to a growth trajectory.
- This also shows up in the choice of sectors that PSBs lend to — infrastructure, for instance. “Infrastructure finance has been a bottle neck in the country’s development and growth. PSBs have a lion’s share in these lendings and their role has been especially crucial against the backdrop of the withering away of erstwhile development financial institutions.
- The study also found that PSBs are more effective in monetary policy transmission.
- During the last easing cycle (February 2019 to March 2022), for example, PSBs’ reduction in lending rates was substantially higher than that of PVBs.
- At the same time, PSBs’ deposit rates were relatively stickier than PVBs. While this reduces the incomes of PSBs vis-à-vis PVBs, the researchers argue that this shows that PSBs contribute to larger social goals.
- In line with recent research, which suggests that ‘private ownership alone does not automatically generate economic gains in developing economies’ and ‘a more cautious and nuanced evaluation of privatization is required’.

### PRELIMS

#### 1. Central Bank Digital Currency (CBDC)

- ❖ **CONTEXT:** Reserve Bank of India’s (RBI) digital rupee — the Central Bank Digital Currency (CBDC) — may be introduced in phases beginning with wholesale businesses in the current financial year. In her Budget speech on February 1, Finance Minister Nirmala Sitharaman had said that the central bank would launch the CBDC in the financial year 2022-23. RBI, which has repeatedly voiced its opposition to private digital currencies, had proposed to the government in October 2021 year to widen the scope of the paper rupee to include currency in a digital form.
- ❖ **What is Central Bank Digital Currency (CBDC)?**
  - According to the RBI, “CBDC is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different.” The digital fiat currency or CBDC can be transacted using wallets backed by blockchain.
  - Though the concept of CBDCs was directly inspired by Bitcoin, it is different from decentralised virtual currencies and crypto assets, which are not issued by the state and lack the ‘legal tender’ status. CBDCs enable the user to conduct both domestic and cross-border transactions which do not require a third party or a bank.
- ❖ **How will CBDC help?**
  - According to Ministry Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seignior age due to lower transaction costs, reduced settlement risk. Introduction of CBDC would also possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option.”
  - RBI had proposed amendments to the Reserve Bank of India Act, 1934, which would enable it to launch a CBDC.
  - The government had been planning at the time to introduce a Bill in Parliament that would prohibit “all private cryptocurrencies in India” with “certain exceptions”.
  - “Government has received a proposal from Reserve Bank of India in October 2021 for amendment to the Reserve Bank of India Act, 1934 to enhance the scope of the definition of ‘bank note’ to include currency in digital form.
  - RBI has been examining use cases and working out a phased implementation strategy for introduction of CBDC with little or no disruption
  - RBI has repeatedly flagged concerns over money laundering, terror financing, tax evasion, etc with private cryptocurrencies like Bitcoin, Ether, etc. Introducing its own CBDC has been seen as a way to bridge the advantages and risks of digital currency.
- ❖ **What will the introduction of the digital rupee change for citizens?**



- There are several models proposed by technology experts and evangelists on how the digital rupee could be transacted, and the formal announcement by the RBI will likely provide the details. One chief difference could be that a digital rupee transaction would be instantaneous as opposed to the current digital payment experience.

## 2. **Pandurang Khankhoje**

- ❖ **CONTEXT:** Lok Sabha Speaker Om Birla, who is currently in Canada for the 65th Commonwealth Parliamentary Conference, will travel to Mexico where he will unveil statues of Swami Vivekananda and Maharashtra-born freedom fighter and agriculturalist Pandurang Khankhoje (1883-1967).

- Khankhoje had a close connection with Mexico, the country in which he sought refuge due to his association with the radical pro-Indian independence Ghadar Party.
- The Speaker's visit is part of the government's efforts to honour lesser-known Indian-origin leaders outside India.

### ❖ **Who was Pandurang Khankhoje?**

- Born in Wardha, Maharashtra, in the late 19th century, Pandurang Khankhoje came in contact with other revolutionaries early on.
- His daughter Savitri Sawhney, who wrote his biography, wrote of his early years: "As a student, Khankhoje was an ardent admirer of the French Revolution and of the American War of Independence. Closer to home, the Hindu reformer Swami Dayanand and his Arya Samaj movement, which called for a spirit of reform and social change, became the hero to a young student group led by Khankhoje."
- Khankhoje decided to go abroad for further training in revolutionary methods and militaristic strategy.
- At this time, the British government's suspicions of him were also growing due to his anti-government activities. Before leaving, he visited Bal Gangadhar Tilak, by whom he was inspired. Tilak advised him to go to Japan, which was itself a strong, anti-West Asian imperialistic force then.
- After spending time with nationalists from Japan and China, Khankhoje eventually moved to the US, where he enrolled in college as a student of agriculture. But a year later, he joined the Mount Tamalpais Military Academy in California to fulfil his original purpose of leaving India.

### ❖ **What was his association with the Indian independence movement?**

- Khankhoje was one of the founding members of the Ghadar Party, established by Indians living abroad in 1914, mostly belonging to Punjab. Its aim was to lead a revolutionary fight against the British in India.
- While in the US, Khankhoje met Lala Har Dayal, an Indian intellectual teaching at Stanford University. "Har Dayal had begun a propaganda campaign, publishing a newspaper that featured patriotic songs and articles in the vernacular languages of India. This was the seed from which the Ghadar Party would emerge."

### ❖ **How did Khankhoje reach Mexico?**

- At the military academy, Khankhoje met many people from Mexico. The Mexican Revolution of 1910 had led to the overthrow of the dictatorial regime, and this inspired Khankhoje.
- He also reached out to Indians working on farms in the US with the aim of discussing the idea of Indian independence with them. There, he met with Mexican workers as well.
- Along with the Indian workers, militant action was planned by Khankhoje in India, but the outbreak of the First World War halted these plans.
- He then reached out to Bhikaji Cama in Paris, and met with Vladimir Lenin in Russia among other leaders, seeking support for the Indian cause.
- However, as he was facing possible deportation from Europe and could not go to India, he sought shelter in Mexico.
- Soon, in part due to his prior friendship with Mexican revolutionaries, he was appointed a professor at the National School of Agriculture in Chapingo, near Mexico City. He researched corn, wheat, pulses and rubber, developing frost and drought-resistant varieties, and was part of efforts to bring in the Green Revolution in Mexico.
- Later on, the American agronomist Dr Norman Borlaug, called the Father of the Green Revolution in India, brought the Mexican wheat variety to Punjab.
- Khankhoje was revered as an agricultural scientist in Mexico. The renowned Mexican artist Diego Rivera painted murals that featured Khankhoje, including one titled 'Our Daily Bread' that prominently depicted him breaking bread with people seated around a table.

## 3. **Improving rice yield with an additional gene**

- ❖ **Context:** Adding a second copy of one of its own genes has boosted the yield of a Chinese rice variety by up to 40%

### ❖ **Negative effects of Green Revolution**

- The Green Revolution of the 1960s brought about a marked improvement in the yield of agricultural crops such as rice and wheat.

- It was based on the use of newly developed high-yielding crop varieties in conjunction with the intense use of irrigation, chemical fertilizers and pesticides.
- India saw a three-fold increase in rice yield per hectare.
- Fifty years later, some negative effects of this intense methodology are becoming apparent:
  - Nitrogen fertilizers and agrochemicals pose environmental hazards;
  - Water is often in short supply;
  - Agricultural soil is increasingly fatigued.
- To obtain more food for the world's growing population, forests and grasslands would have to be converted to farms in order to produce food.
- This, in turn, would enormously strain our ecosystems.
- ❖ **40% yield increase**
- A possible way out of this conundrum has been suggested in a recent publication
- This report points out that giving a Chinese rice variety a second copy of one of its own genes has boosted its yield by up to 40%.
- When a second copy of a single gene called OsDREB1C is added to rice, it:
  - Improves photosynthesis and nitrogen use,
  - Speeds up flowering
  - Absorbing nitrogen more efficiently — offering larger and more abundant grains.
- ❖ **Rice exports:** India is the world's largest exporter of rice. It exported 18.75 million metric tons to over 150 countries during the year 2021-22, thereby earning \$6.11 billion. Vietnam turns out to be the second most producer of rice, and it produced 6.5 million tonnes in 2021-2022. It has to be much more than the 18.75 million tons for India to continue and expand its role as the world's largest producer and exporter of rice.
- ❖ **Gene modulation**
- A key point is that the researchers have added the same gene again, and not any foreign one.
- This is best described as genetic modulation.
- It is not a genetic modification (GM) and neither is the result a transgenic plant, carrying elements from another donor.
- This is particularly relevant to India, which must aim to continue its world position in the production of rice and marketing.

India has some excellent rice researchers located in Andhra Pradesh, Karnataka, Punjab and Haryana, and genetic engineers in several laboratories across the country. The Ministry of Agriculture can come together with the Department of Biotechnology (DBT) and nutritionists from the Indian Council of Medical Research (ICMR) can support these researchers to augment India's role as the major rice exporter in the world.

### ANSWER WRITING

**Q. "The CIC (Central Information Commission) is the highest appellate body under the RTI Act, however it has its own limitations." In this context, discuss the powers and functions of the CIC.**

#### Introduction

The Central Information Commission (CIC) is a statutory body which was established by the Central Government in 2005 through an Official Gazette Notification under the provisions of the Right to Information Act (2005). The CIC is a high-powered independent body which inter alia looks into the complaints made to it and decides the appeals. It entertains complaints and appeals pertaining to offices, financial institutions, public sector undertakings, etc., under the Central Government and the Union Territories.

**The Commission acts as the highest appellate body under the RTI Act and has the following powers and functions:**

- It is the duty of the Commission to receive and inquire into a complaint from any person, who has not been able to submit an information request because of non-appointment of a Public Information Officer (PIO) or refused information that was requested; who has not received a response to his information request or who thinks the fees charged are unreasonable or information given is incomplete, misleading or false; and any other matter relating to obtaining information.
- The Commission can order inquiry into any matter if there are reasonable grounds for it (suo-moto power).
- While inquiring, the Commission has the powers of a civil court in respect of such matters like summoning and enforcing the attendance of persons and compelling them to give oral or written evidence on oath and to produce documents or things, etc.
- During the inquiry of a complaint, all public records must be given to the Commission.
- The Commission also has the power to secure compliance of its decisions from the public authority. This includes: directing the public authority to appoint a Public Information Officer where none exists; enhancing training provisions for officials on the Right to Information; seeking an annual report from the public authority on compliance with this Act; imposing penalties under RTI Act etc.

- When a public authority does not conform to the provisions of RTI Act, the Commission may recommend (to the authority) steps which ought to be taken for promoting such conformity.

However, CIC suffers from certain limitations such as:

- Central Government controlling its terms of office, salaries and allowances and other terms and conditions of service
- Non-compliance of CIC orders;
- No centralized database of RTI applicants at the Centre/State level
- Personnel and infrastructural constraints;
- High pendency of cases etc.

### Conclusion

Any changes as brought through RTI Amendment Bill 2019 should not defeat the very purpose of installing this autonomous body that judges the correctness of governmental action in denying access to information.

### MCQs

- With reference to Central Bank Digital Currency (CBDC), consider the following statements
  - It is simply the digital form of a country's fiat currency.
  - It is the legal tender issued by a central bank in a digital form.
  - It is a digital or virtual currency but it is not comparable to the private virtual currencies.
  - It is a sovereign currency in an electronic form, and it would appear as a liability (currency in circulation) on a central bank's balance sheet.
 Select the correct statement.  
 a) 1 and 2 only      b) 2 and 4 only      c) 4 and 3 only      **d) All of the above**
- With reference to rice production in India, consider the following statements
  - In terms of nutritional content, rice is poor in nitrogenous substances.
  - India is the world's largest rice producer.
 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
- Wet rice cultivation technique is an example of a highly evolved traditional agroecosystem is related to which of the following tribe?  
 a) **Apatani tribe**      b) Jamatia      c) Noatia      d) Uchoi
- Recently Lok Sabha speaker Om Birla hold discussions with the Indian-origin President, Chandrikapersad Santokhi, of which of the following country?  
 a) Guyana      b) French Guyana      **c) Suriname**      d) Colombo
- With reference to India, consider the following:
  - Nationalization of Banks
  - Formation of Regional Rural Banks
  - Adoption of villages by Bank Branches
 Which of the above can be considered as steps taken to achieve "financial inclusion" in India?  
 a) 1 only      b) 1 and 3 only      c) 2 and 3 only      **d) All of the above**
- Consider the following statements:
  - Greenfield Privatization or Incremental Privatization denotes encouragement to private sector in areas hitherto reserved for Public Enterprises
  - Cold Privatization refers to measures taken to distance Public Enterprises from the Government
 Which of the above statements is / are correct?  
 a) 1 only      b) 2 only      **c) Both 1 and 2**      d) Neither 1 nor 2
- Which of the following organisation is associated with Farmers Distress Index recently seen in news?  
 a) Ministry of Agriculture      b) NITI Ayog      c) RBI      **d) NABARD**
- Consider the following statements with respect to Minimum Support Price (MSP):
  - MSP is computed on the basis of the recommendations made by the Commission for Agricultural Costs and Prices (CACP).
  - Currently tea is covered under the MSP.
  - MSP for food grains is always kept necessarily higher than the market price of the grains.
 Which of the statements given above is/are correct?  
 a) **1 only**      b) 1 and 2 only      c) 1 and 3 only      d) 3 only
- National Mineral Exploration Trust (NMET) established under which of the following?  
 a) Ministry of Earth Science      **b) Ministry of Mines**  
 c) Geological Survey of India      d) Archeological Survey of India
- Ranganathittu Bird Sanctuary recently reopens for tourists is situated in which of the following state?  
 a) Kerala      b) Tamil Nadu      **c) Karnataka**      d) Telangana