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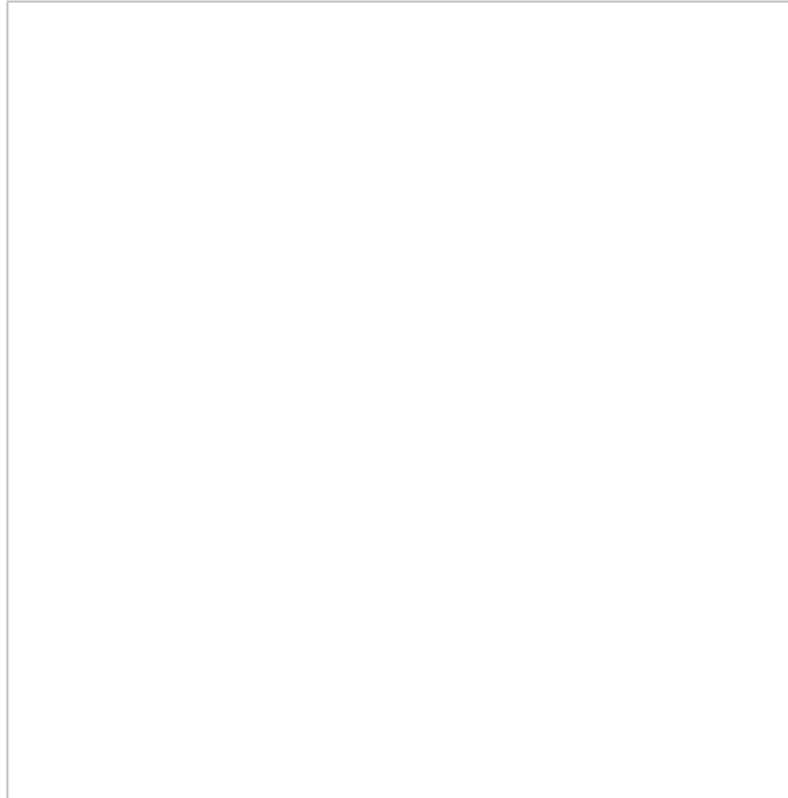
News Analysis (05 Jul, 2019)

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Highlights of Economic Survey 2018-19

The **Union Minister for Finance and Corporate Affairs** tabled the Economic Survey 2018-19 in the Parliament.

- This is the **first survey** by the **new chief economic advisor Krishnamurthy V Subramanian**.
- The **theme** of Economic Survey, 2018-19 is "**Shifting Gears towards a \$5 trillion Indian economy by 2024-25**".



Economic Survey

- The Economic Survey is prepared by the **Economic Division** of the **Department of Economic Affairs** in the Finance Ministry under the overall guidance of the **Chief Economic Adviser**.
- The survey was **de-linked** from the **Budget in the year 1964** and is circulated in advance to provide the context of the Budget.
- India's **first** Economic Survey was **presented in the year 1950-51**.

GDP Growth

A sustained real GDP growth rate of 8% is needed for India to become a \$5 trillion economy by 2024-25.

- The survey suggests that this can be achieved by a **"Virtuous Cycle"** of savings, investment, and exports. The **private investment** being the key driver.
- This cycle will be catalyzed and supported by a **favorable demographic phase**.
- This virtuous cycle should be **sustained** and in **equilibrium**. A **departure from traditional Anglo-Saxon thinking** by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in equilibrium.

Behavioural Economics for Social Change

The survey has drawn on **Nobel Laureate Richard Thaler's Behavioural Economics Theory** to lay out an "ambitious agenda" for behavior change that will bring in social change, which in turn, will help India transit to a \$5 trillion economy by 2024-25.

- Decisions by real people deviate from impractical robots theorized in classical economics. Behavioral economics provides insights to 'nudge' people towards desirable behavior.
- It pitches for behavioral change by applying the principles of behavioral economics to several issues including gender equality, a healthy and beautiful India, savings, tax compliance, and credit quality.
- This includes a transition from **'Beti Bachao Beti Padhao'** to **'BADLAV' (Beti Aapki Dhan Lakshmi Aur Vijay Lakshmi)**, from **'Swachh Bharat'** to **'Sundar Bharat'**, from **'Give it up'** for the LPG subsidy to **'Think about the Subsidy'** and from **'Tax evasion'** to **'Tax compliance'**.

Nudge Theory

- According to Nudge theory, people, rather than being forced, can be **encouraged and influenced** to pursue or desist from certain actions through nudges.
- It **does not talk about penalizing people** if they do not behave in a particular manner, rather it **encourages** them to make desirable decisions.
- It believes that **Humans are not-so-rational** and often **need encouragement** or intervention — a nudge — to get going and do what's best for the country or society at

large.

- American economist **Richard Thaler has won the 2017 Nobel Prize in economics** for his contributions to behavioural economics.

Policies for MSME Growth

- The survey highlights the importance of intervention in the case of **“Dwarfs”**.
 - Dwarfs are the firms with **less than 100 workers despite being more than 10 years old**.
 - They account for **more than 50%** of all organized firms in manufacturing by number.
 - Contribution of dwarfs to **employment is only 14%** and to the **productivity is a mere 8%**.
- **Large firms (more than 100 employees)** account for 75% employment and close to 90% of productivity despite accounting for about 15% by number.
- The interventions are:
 - A **sunset clause of less than 10 years**, with necessary grand-fathering, for all size-based incentives.
 - Deregulating labor law restrictions to create significantly more jobs.
 - Re-calibrating **Priority Sector Lending (PSL)** guidelines for direct credit flow to young firms in high employment elastic sectors.

Sunset Clause & Size Based Incentives

- Sunset clause is a provision of a law that it will **automatically be terminated** after a fixed period unless it is extended by law.
- The Economic Survey **slammed the practice of perpetual support** to small and medium-sized enterprises on the grounds that they are mega job creators. Such a **continuous hand-holding merely encourages** these entities to keep a check on their scale of operations, i.e. **they deliberately stay small**.
- The governments should shift their focus to **nurturing “infant” firms only**.
- Policymakers must ensure that **support to small units is withdrawn** after a specified time, forcing them to expand their operations and not live off government relief forever.
- The survey also cites **“size-based incentives”** irrespective of the firm’s age.

Minimum Wage System & Inclusive Growth

- Survey **proposes a well-designed minimum wage system** as a potent tool for protecting workers and alleviating poverty.
- The survey **supports rationalization of minimum wages** as proposed under the Code on Wages Bill. Minimum wages to all employments/workers.

- **Current Scenario:**
 - Present minimum wage system in India has 1,915 minimum wages for various scheduled job categories across states.
 - 1 in every 3 wage worker in India is not protected by the minimum wage law.
- **'National Floor Minimum Wage'** should be notified by the Central Government, varying across five geographical regions.
 - Minimum wages by states should be **fixed at levels not lower than the 'floor wage'**.
 - Minimum wages can be **notified based either on the skills** or on **geographical region** or on **both grounds**.
- **'National level dashboard'** under the Ministry of Labour & Employment for regular notifications on minimum wages, proposed by the survey.
- **Toll-free number** to register grievance on non-payment of the statutory minimum wages.

Minimum Wage

According to the **International Labour Organization (ILO)**, minimum wages have been defined as the **minimum amount** of remuneration that an employer is required to pay wage earners for the work performed during a given period, **which cannot be reduced by collective agreement or an individual contract**.

India's Demography

- A sharp slowdown in population growth is expected in the next 2 decades. National **Total Fertility Rate** is expected to be below the replacement rate by 2021.
- Significant **decline is to be witnessed in elementary school-going children (5-14 age group)** over the next two decades.
 - **States need to consolidate/merge schools** to make them viable rather than build new ones.
- Policy makers need to **prepare for aging** by investing in health care and by **increasing the retirement age** in a phased manner.

Reforms in the Lower Judiciary

- The section on ways to ramp up capacity in the lower judiciary is titled **'Ending Matsyanyaya' (the law of the fish/jungle)**.
- Delays in contract enforcement and disposal resolution are now the single biggest hurdle to the ease of doing business and higher GDP growth in India.

Data "Of the People, By the People, For the People"

- As data is generated by the people, data can be created as a public good within the

legal framework of data privacy.

- The government must intervene in **creating data as a public good, especially of the poor and in social sectors.**
 - Merging the distinct datasets held by the Government already would generate multiple benefits.
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Indian Medical Council (Amendment) Bill

Parliament has passed the Indian Medical Council (Amendment) Bill, 2019. The Bill replaces the Indian Medical Council (Amendment) Second Ordinance, 2019 which was promulgated on 21st February, 2019.

- The Bill seeks to **reduce the time period for supersession** of the Medical Council of India (MCI) from three years **to two years**, with effect from 26th September, 2018, during which the government-constituted **Board of Governors** will exercise the powers and **functions of MCI** as assigned **under the Indian Medical Council (IMC) Act, 1956.**

The 1956 Act provides for supersession of the MCI and its **reconstitution within a period of three years** from the date of its supersession. In the interim period, the Act requires the central government to constitute a Board of Governors, to exercise the powers of the MCI.

- The Bill also increases the strength of the Board appointed by the central government, from seven members to 12 members.
- The government will soon come up with the **National Medical Commission (NMC) Bill** that seeks to replace MCI with a National Medical Commission and overhaul the medical education system in India.

Background

- The Medical Council of India (**MCI**) was **set up under the Medical Council Act 1956**, for setting standards for medical professionals, new medical colleges and revision of curriculum, among others.
- Amid **allegations of corruption** against MCI office bearers and probe into opaque accreditation to medical colleges, the Supreme Court in May 2016 directed the government to set up an oversight committee with the authority to oversee all statutory functions of MCI until the new legislation comes in.
- In 2017, after the expiry of the one year term of the first committee, another oversight panel was set up with the approval of the apex court. However, the committee resigned in July 2018 citing non-compliance of their instructions by MCI.
- In view of these developments and to put an alternative mechanism in place of MCI so as to bring transparency, accountability and quality in the governance of medical

education in the country, it was **decided to supersede the MCI** through the **Indian Medical Council (Amendment) Ordinance, 2018**, promulgated on 26th September, 2018 and entrust its affairs to a Board of Governors consisting of eminent doctors.

Till now, **the Board of Governors** has granted **accreditation to more number of medical colleges**, increased number of seats and reduced procedural hurdles.

Hydrogen-Enriched Compressed Natural Gas (HCNG)

- Delhi will be the first city in the country to roll out hydrogen-enriched compressed natural gas (HCNG) buses for public transport from November 2020.
- It will start as a pilot project with 50 CNG buses retrofitted with HCNG.
- Since Air pollution is fast becoming a serious global problem with increasing population and its subsequent demands. This has resulted in increased usage of hydrogen as a fuel for internal combustion engines.
- Also, the Delhi government along with Indian Oil Corporation Limited (IOCL) and Indraprastha Gas Limited (IGL) began work to set up India's first semi-commercial HCNG station.

What is HCNG

- The blending of hydrogen with CNG provides a blended gas termed as HCNG.
 - HCNG stands for hydrogen-enriched compressed natural gas and it combines the advantages of both hydrogen and methane.
 - HCNG allows customers early hydrogen deployment with nearly commercial technology. It is being treated as the first step towards future hydrogen economy.
 - Hydrogen has been regarded as a future secondary fuel for power system due to carbon-free operation.
 - The rapid increase in the emission of greenhouse gases and very strict environmental legislation are major motivating factors for the usage of hydrogen in fuel cells and internal combustion engines.
 - Hydrogen is an excellent additive to improve the combustion of hydrocarbon fuel due to its low ignition energy, high reactivity, diffusivity and burning velocity.
 - Since hydrogen infrastructure and refuelling stations are not meeting the demand, the widespread introduction of hydrogen vehicles is not possible in the near future. One of the solutions for this hurdle is to blend hydrogen with methane
 - However, Hydrogen-Enriched Compressed Natural Gas (HCNG) is still under research as though it increases fuel efficiency and reduce carbon emission but it has also led to increased NOx emissions.
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NMEICT

The **Ministry of Human Resource Development** administers the programme, **National Mission on Education through Information and Communication Technology (NMEICT)**, to leverage the potential of ICT to make the best quality content accessible to all learners in the country free of cost.

Initiatives under the Program

- **SWAYAM:** The Study Webs of Active Learning for Young Aspiring Minds' (SWAYAM) is an integrated platform for offering **online courses**, covering school (9th to 12th) to Postgraduate Level. The online courses are being used not only by the students but also by the teachers and non-student learners, in the form of lifelong learning.
- **SWAYAM Prabha:** It is an initiative to provide **32 High Quality Educational Channels through DTH** (Direct to Home) across the length and breadth of the country on a 24X7 basis.
- **National Digital Library of India (NDL):** It is a project to develop a framework of **virtual repository of learning resources** with a single-window search facility. Presently, there are more than 3 crore digital resources available through the NDL.
- **Spoken Tutorial:** They are 10-minute long, audio-video tutorial, on open source software, to **improve employment potential of students**. It is created for self learning, audio dubbed into 22 languages and with the availability of online version.
- **Free and Open Source Software for Education (FOSSEE):** It is a project promoting the use of **open source software** in educational institutions. It does that through instructional material, such as spoken tutorials, documentation, such as textbook companions, awareness programmes, such as conferences, training workshops, and internships.
- **Virtual Lab:** This is a project to develop a fully **interactive simulation environment** to perform experiments, collect data, and answer questions to assess the understanding of the knowledge acquired. There are about 225 such labs operational, with more than 1800 experiments that benefitted more than 15 lakhs students.
- **E-Yantra:** It is a project for enabling effective education across **engineering colleges** in India on **embedded systems** and robotics. More than 275 colleges across India have benefited with this initiative.

Redesigning Minimum Wage System

As per **Economic Survey 2018-19**, a well designed minimum wage system is required to reduce **wage inequality** in the country.

According to the International Labour Organisation's India wage report one in every

three wage workers in India is not protected by the minimum wage act.

Inadequacies in Minimum Wage System

- **Complex system:** Presently the minimum wage system, under the Minimum Wages Act, 1948, has different minimum wages defined for different job categories across States.
 - 1,915 minimum wages are defined for various scheduled job categories across various states.
- **Lack of a uniform criteria** for fixing the minimum wage rate.
 - Different minimum wages for the same occupation across different states, along with a wide range between the lowest and highest minimum wages, trigger migration of industries towards low wage regions.
 - This can also cause **distress migration** of labour to better paying states.
- **Gender Bias:** Analysis of minimum wage data also shows a systemic gender bias. For example – **male-dominated** job of security guards pays better than being a domestic worker, most of whom are women.
- **National Floor Level Minimum Wage:** Some states have minimum wages even below the non-statutory National Floor Level Minimum Wage (NFLMW) of Rs 176 per day.

Redesigning Minimum Wage System

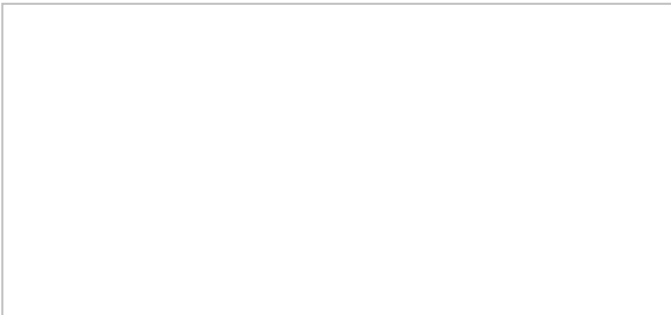
- **Simplification:** Survey states that rationalisation of minimum wages as proposed under the **Code on Wages Bill** needs to be supported.
 - Code on wage bill amalgamates the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976 into a **single piece of legislation**.
 - The definition of wages in the new legislation should subsume the 12 different definitions of wages in different Labour Acts.
- **Setting National Floor Level Minimum Wage:** Survey suggests that the Central Government should notify a national floor minimum wage that can vary across five geographical regions.
 - Thereafter, states can fix minimum wages, which shall not be less than the 'floor wage'.
 - This would bring **uniformity** in the minimum wages across the country and would make all states almost equally attractive from the point of view of labour cost for investment as well as reduce **distress migration**.
- **Criteria for Setting Minimum Wage:** Survey suggests that the Code on wages bill should consider **fixing minimum wages** based on either of **two factors**:
 - **Skill category** i.e. unskilled, semi-skilled, skilled and highly skilled.
 - **Geographical region**, or else both.

- **Regular adjustment:** The **minimum salary** needs to be adjusted regularly to keep pace with **inflation**.
 - A mechanism should be developed to adjust minimum wages regularly and more frequently.
 - **Role of Technology:** Technology will play an important role in both the processing of information around wages as well as **tracking compliance**.
 - As per survey a mix of **online, mobile phone** and **networking technologies** could facilitate the collection and analysis of labour statistics, assist with the dissemination of information about labour laws and policies, reduce costs and improve transparency.
 - **A national level dashboard** can be created at the centre with access to state governments whereby states can regularly update notifications regarding minimum wages and the portal must be made available at Common Service Centres and rural haats.
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US Drags India to WTO

The United States has dragged India to the World Trade Organisation, requesting dispute consultations on the 'retaliatory duties' imposed by India on 28 US goods in June, 2019.

- India has imposed the duties as a tit-for-tat move against the US decision to impose unilateral additional tariffs on steel and aluminium imported from India.
- The US claims that the additional duties are inconsistent with the provisions of the **WTO's General Agreement on Tariffs and Trade**.
- India's argument in support of its duties is that retaliation is permitted under the WTO's Agreement on Safeguards.
- To this, the US maintains that its tariffs are not a safeguard measure but were taken under Section 232 of the US Trade Expansion Act of 1962 on grounds of national security.
- If the dispute consultations between the two countries fail to resolve the matter then the US can ask the WTO to set up a panel to decide on the matter.
- This mini-tariff war between the US and India sparked from USA's decision to withdraw **GSP** status from India and other economic issues.



- Also, it is not the first time the **USA and India had there trade issues** settled at WTO.

Recently India has won a major trade dispute against the US at the World Trade Organization (WTO) regarding **domestic content requirements and subsidies**.

Schizophrenia

Indian and Australian scientists have identified a **new gene directly linked to Schizophrenia**.

- Their study found a gene called **NAPRT1**, that encodes an enzyme involved in vitamin B3 metabolism, in a large genomic dataset of schizophrenia patients.
- The study has predominantly been done in populations with European ancestry.

Schizophrenia

- **A mental disorder:** It is a severe **mental disorder**, characterized by profound disruptions in thinking, affecting language, perception, and the sense of self. It affects more than 21 million people worldwide.
 - **Cause:** Researchers believe that **genetic as well as environmental factors** such as exposure to viruses contribute to causation, and also **life stressors** may play a role in the disorder's onset and course.
 - **Onset:** It typically begins in late adolescence or early adulthood.
 - **Impact:** Hallucinations, delusions, reduced speaking, reduced ability to understand information and decision making, trouble in focusing or paying attention etc.
 - **Schizophrenia is a treatable disorder.** Therapy and support can help people learn social skills, cope with stress, identify early warning signs of relapse and prolong periods of remission.
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Shrinking Sea Ice Extent

As per the study of **National Aeronautics and Space Administration (NASA)**, after decades of gradual increases, Antarctic sea ice is now decreasing, faster than that in the Arctic.

- **The sea ice extent** is a measure of the surface area of the ocean covered by ice.
- The Arctic and Antarctic both are experiencing shrinking of the sea ice extent which proves the effect of global warming on Frigid Zones.
- The satellite observations of Antarctic sea ice coverage since the late 1970s show that after a gradual increase in the Antarctic sea ice over decades until 2014, the trend suddenly reversed completely in the 2014- 2017 period.
During 2014-2017, the rate of sea ice loss in the Antarctic far exceeded those recorded for the Arctic.

- Climate scientists have been warning of an increase in the frequency of extreme weather events, increased variability and instability of climatic patterns because of global warming. The findings of the study indicate that the Earth has the potential for significant and rapid change.
- The sea surface temperatures in the open waters of the Arctic have been unusually high, up to 5 degrees Celsius above average in the Chukchi Sea, a marginal area of the Arctic Ocean.

The sea surface temperature is a measure of the energy due to the motion of molecules at the top layer of the sea.



The World Meteorological Organization (WMO) has stated that 2015 to 2019 were the warmest five years on record.

Possible Causes

Antarctica is largely protected from atmospheric warming by the westerly winds which surround the continent and Antarctic sea ice does not respond directly to global warming averaged over the whole planet.

- Apart from the climate change, the ozone hole and short-term cycles like El Nino also affect the westerly winds.
- The sea ice also responds to the level of ocean mixing, which is affected by meltwater from the Antarctic Ice Sheet.

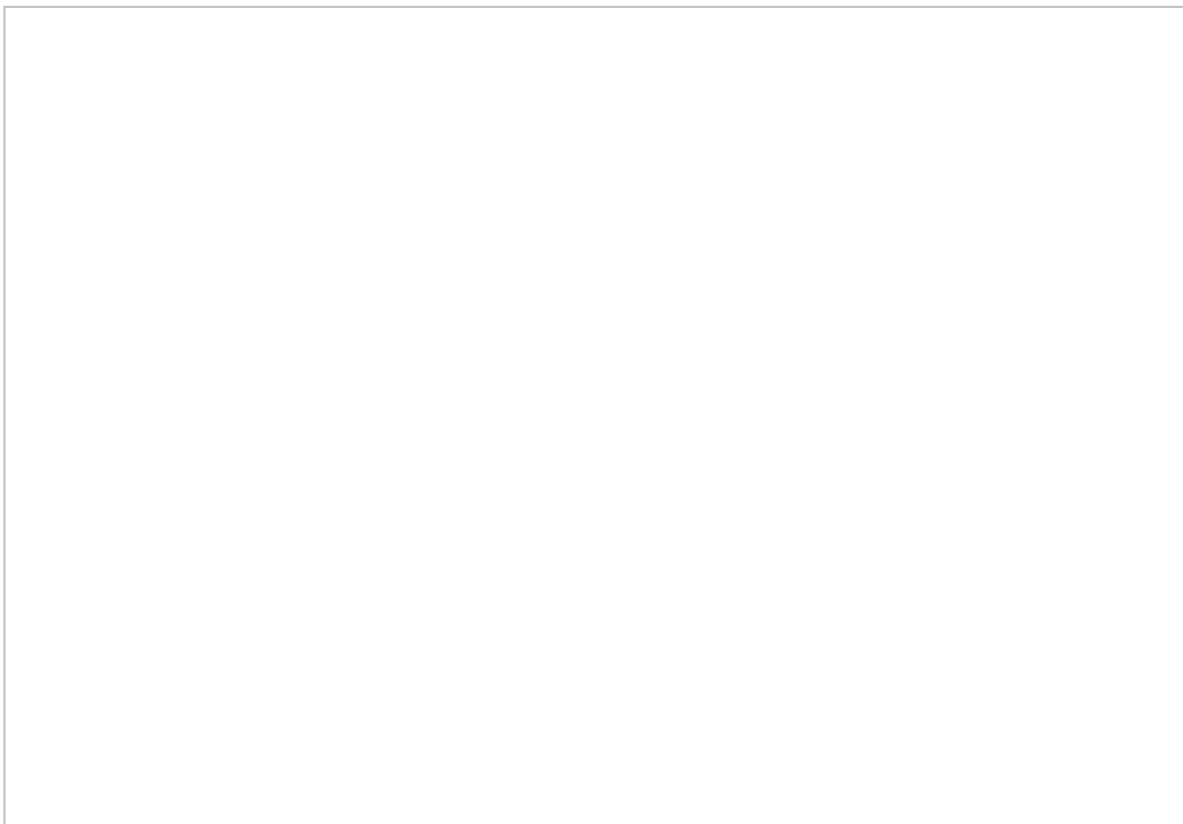
Impact of Decreasing Sea Ice

- **Increased Global Warming:** The bright surface of sea ice reflects 50% to 70% of sunlight back into space. But when sea ice melts, it turns into dark ocean surface, which absorbs 90% of the sunlight. The more light is absorbed, the warmer global systems become.
 - **Effect on ecosystem:** Sea ice also affects the polar ecosystem, including penguins and whales and seals, petrels and albatrosses, krill, and a whole range of additional animals and marine plant life.
 - Warming of the poles can lead to greater persistence in seasonal patterns and an increased frequency of extreme events resulting in increased variability and instability in climate.
 - The sea ice situation, a clear demonstration of greenhouse gas warming, is a warning of likely future disasters.
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Miyawaki Method

Telangana government has introduced the **Japanese “Miyawaki”** method of **afforestation** to grow urban forests and expand the green cover as well as to meet the stipulated plantation target under the Telanganaku Haritha Haaram (TKHH).

Miyawaki is a technique pioneered by Japanese botanist Akira Miyawaki, that helps build **dense, native forests** in a **short time**.



- It has revolutionised the concept of **urban afforestation** by turning backyards into mini-forests.
 - This method includes planting trees (**only native species**) as close as possible in the same area which not only **saves space**, but the planted saplings also support each other in growth and block sunlight reaching the ground, thereby preventing the **growth of weed**.
 - **The saplings** become **maintenance-free** (self sustainable) after the first three years.
- The approach is supposed to ensure that **plant growth** is 10 times faster and the resulting plantation is **30 times denser** than usual.
- Miyawaki method helps to create a forest in just 20 to 30 years, while through conventional methods it takes anywhere between 200 to 300 years.

Miyawaki Process

- The native trees of the region are identified and divided into four layers — shrub, sub-tree, tree, and canopy.
- The quality of soil is analysed and biomass which would help enhance the perforation capacity, water retention capacity, and nutrients in it, is mixed with it.
- A mound is built with the soil and **the seeds are planted** at a very high density — three to five sapling per square meter.
- The ground is covered with a thick **layer of mulch**.

Concerns

- Such forests lack some qualities of natural forests, such as **medicinal properties** and the ability to **bring rain**.
 - Such fast-growing plantations are actually **wood lots** (a parcel of a woodland or forest capable of small-scale production of forest products (such as **wood** fuel, sap for maple syrup, sawlogs, and pulpwood) as well as recreational uses like bird watching, bushwalking, and wildflower appreciation) and cannot be termed as forests.
 - Several environmentalists have questioned the efficacy of the method that accelerates the growth of trees and claims to match a forest's complex ecosystem (as it is not a good idea to force plants to **photosynthesize fast**).
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Privilege Motion

Recently, a member of the Indian parliament has **moved a privilege motion** against a TV channel.

- The breach of privilege motion is moved against a private Hindi news channel and its Editor for **reporting that members' first speech in the Lok Sabha was plagiarised**.

Plagiarism is a practice of taking someone else's work or ideas and passing them off as one's own.

- Parliamentary privileges are **certain rights** and **immunities** enjoyed by members of Parliament, individually and collectively, so that they can **effectively discharge their functions**.
- The **Constitution (Article 105)** mentions two privileges, i.e. **freedom of speech in Parliament** and **right of publication of its proceedings**.
- **Rule No 222 in Chapter 20 of the Lok Sabha Rule Book** and correspondingly **Rule 187 in Chapter 16 of the Rajya Sabha rulebook** governs **privilege**.
- The **Speaker of Lok Sabha** and **Rajya Sabha Chairperson** is the **first level of scrutiny** of a privilege motion.
 - The **Speaker/Chairperson can decide on the privilege motion himself or herself** or **refer it to the privileges committee** of Parliament.
 - If the Speaker/Chairperson gives consent under respective rules, the member concerned is given an opportunity to make a short statement.

Privilege Committee

- **Lok Sabha:** The **Speaker nominates** a committee of privileges **consisting of 15 members** as per respective party strengths.
 - **Rajya Sabha:** The **deputy chairperson** heads the committee of privileges, that **consists of 10 members**.
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