



## Informal Economy in India

**For Prelims:** e-Shram Portal, Unorganised Sector, Informal economy

**For Mains:** State of Informal Economy in India, Challenges with Informal Economy and Related Initiatives

### Why in News?

According to the latest data, as many as **27.69 crore** [informal sector](#) workers are registered on the e-shram portal.

### What is an e-Shram Portal?

- **About:**
  - Launched in 2021, e-Shram portal is aimed at building a comprehensive **National Database of Unorganized Workers (NDUW)** in the country.
- **Aim:**
  - To **register unorganised workers** such as construction labourers, migrant workforce, street vendors, and domestic workers, among others.
    - The workers will be **issued an e-Shram card containing a 12-digit unique number**.
    - If a worker is registered on the **eSHRAM portal** and meets with an accident, he will be eligible for Rs 2.0 Lakh on death or permanent disability and Rs 1.0 lakh on partial disability.
    - The aim of the **portal is to boost the last-mile delivery of the welfare schemes** for over unorganised workers in the country.
- **Background:**
  - The formation of e-Shram portal came after the **Supreme Court directed the Government to complete the registration process of unorganized workers** so that they can avail the welfare benefits given under various government schemes.
- **Implementation:**
  - Government in States/UTs will conduct registration of unorganised workers across the country.

### What is the Scenario of Informal Sector Workers in India?

- **Social Category Analysis:**
  - **Over 94% of 27.69 crore informal sector workers registered on the e-Shram portal** have a monthly income of Rs 10,000 or below and over 74% of the enrolled workforce belongs to **Scheduled Castes (SC)**, Scheduled Tribes (ST) and **Other Backward Classes (OBC)**.
    - The proportion of the General Category workers is 25.56%.
  - The data showed that **94.11% of the registered informal workers have a monthly income of Rs 10,000 or below**, while 4.36% have a monthly income between Rs 10,001 and Rs 15,000.
- **Age-wise Analysis:**

- **61.72% of the registered workers** on the portal are of the age from 18 years to 40 years, while 22.12% are of the age from 40 years to 50 years.
- The proportion of the **registered workers aged above 50 years is 13.23%** while 2.93% of workers are aged between 16 and 18 years.
- **Gender Wise Analysis:**
  - 52.81% of registered workers are female and 47.19 % are male.
- **Top-5 States in Terms of Registration:**
  - **Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh and Odisha.**
- **Occupation Wise:**
  - **Agriculture is at the top with 52.11% of enrolments** done by those related to the farm sector followed by domestic and household workers at 9.93% and construction workers at 9.13%.

## What is the State of Informal Economy of India?

- An **informal economy** represents enterprises that are not registered, where employers do not provide social security to employees.
  - In many parts of the developing world, including India, informality has reduced at a very sluggish pace, manifesting itself most visibly in urban squalor, poverty and unemployment.
  - Despite witnessing rapid economic growth over the last two decades, 90% of workers in India have remained informally employed, producing about half of **Gross Domestic Product (GDP)**.
  - Official **Periodic Labor Force Survey (PLFS)** data shows that **75% of informal workers** are self-employed and casual wage workers with average earnings lower than regular salaried workers.
    - Combining the **ILO's** widely agreed upon definition with India's official definition (of formal jobs as those providing at least one social security benefit — such as EPF), the share of formal workers in India stood at only 9.7% (47.5 million).

## What are the Challenges related to Informal Sector Workers?

- **Labour Related Challenges:** On dividing the large number of workforce between the rural and the urban segment, although the **large number is employed in the rural sector, the bigger challenge is in the urban workforce in the informal sector.**
  - Long working hours, low pay & difficult working conditions.
  - Low job security, high turnover and low job satisfaction.
  - Inadequate social security regulation.
  - Difficulty in exercising rights.
  - Child and forced labour and discrimination on basis of various factors.
  - Vulnerable, low-paid and undervalued jobs.
- **Productivity:** The informal sector basically comprises MSMEs and household businesses which are not as big as firms like Reliance. They are unable to take advantage of economies of scale.
- **Inability to Raise Tax Revenue:** As the businesses of the informal economy are not directly regulated, they usually avoid one or more taxes by hiding incomes and expenses from the regulatory framework. This poses a challenge for the government as a major chunk of the economy remains out of the tax net.
- **Lack of Control and Surveillance:** The informal sector **remains unmonitored by the government.**
  - Further, no official statistics are available representing the true state of the economy, which makes it difficult for the government to make policies regarding the informal sector in particular and the whole economy in general.
- **Low-quality Products:** Although the informal sector employs more than **75% of the Indian population, the value-addition per employee is very low.** This means that a major portion of our human resource is under-utilized.

## What are the Related Initiatives?

- **Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM)**

- [Labour Code](#)
- [Pradhan Mantri Rojgar Protsahan Yojana \(PMRPY\)](#)
- [PM SVANidhi: Micro Credit Scheme for Street Vendors](#)
- [Atmanirbhar Bharat Abhiyan](#)
- [Deendayal Antyodaya Yojana National Urban Livelihoods Mission](#)
- [PM Garib Kalyan Ann Yojana \(PMGKAY\)](#)
- [One Nation One Ration Card](#)
- [Atmanirbhar Bharat Rozgar Yojana](#)
- [Pradhan Mantri Kisan Samman Nidhi](#)
- [World Bank Support to India's Informal Working Class](#)

## Way Forward

- **Simpler regulatory framework:** The transition of the informal sector to the formal sector **can only occur when the informal sector is given relief from the burden of regulatory compliance** and is given enough time to adjust with the modern, digitized formal system.
- **Financial Support for Formalisation:** Giving financial support to help small-scale industries stand on their own is a crucial step in bringing them to the organized sector.
  - Schemes like [MUDRA loans](#) and [Start-up India](#) are helping the youth carve a niche in the organized sector.

[Source: BS](#)

## Uniform Civil Code in Uttarakhand

**For Prelims:** Uniform Civil Code, Article 44, Article 25, Article 14

**For Mains:** Implications of Uniform Civil Code on Personal Laws

### Why in News?

Recently, **an expert committee** headed by a retired [Supreme Court \(SC\)](#) judge has been constituted by Uttarakhand to implement [Uniform Civil Code \(UCC\)](#) and for checking all the relevant laws that control personal matters for those living in Uttarakhand.

- A few months ago, the [Allahabad High Court also called upon the Central government to initiate the process for implementation of UCC.](#)

### What is Uniform Civil Code (UCC)?

- **About:**
  - UCC would provide **one law for the entire nation** (including all religious communities) **in their personal matters such as marriage, divorce, inheritance, adoption etc.**
  - [Article 44](#) of the Constitution lays down that the state shall endeavour to secure a UCC for the citizens throughout the Indian territory.
  - [Article 44](#) is one of the [Directive Principles of State Policy \(DPSP\)](#).
    - DPSP as defined in [Article 37](#), are not justiciable (not enforceable by any court). However, the principles laid down therein are fundamental in governance.
- **Status of UCC in India:**

- In most civil matters, India follows UCC such as [Indian Contract Act 1872](#), Civil Procedure Code, Transfer of Property Act 1882, Partnership Act 1932, [Evidence Act, 1872](#) etc.
- In certain matters, however, there is diversity even under these civil laws as states have made hundreds of amendments to these.
  - Several states refused to be governed by the uniform [Motor Vehicles Act, 2019](#).
- At present, **Goa is the only India state that has implemented UCC.**
- **Origin:**
  - UCC's origin dates back to **British India when a report was submitted in 1835.**
    - This report stressed on the **need for uniformity in the codification of Indian law relating to crimes, evidence, and contracts, specifically recommending that personal laws of Hindus and Muslims be kept outside such codification.**
    - **Legislation dealing with personal issues increased.** This forced the government to form the **B N Rau Committee to codify Hindu law in 1941.**
    - **Hindu Succession Act, 1956:**
      - Based on B.N. Rau Committee's recommendations, [the Hindu Succession Act \(1956\)](#) was adopted **to amend and codify the law relating to intestate or unwilled succession, among Hindus, Buddhists, Jains, and Sikhs.**
      - However, there were **separate personal laws for muslim, christian and Parsis.**
  - **SC Judgements:**
    - In order to bring uniformity, the **courts have often said in their judgements that the government should move towards a UCC.**
    - The judgement in the [Shah Bano case](#) (1985) is well known.
    - Another case was the **Sarla Mudgal Case (1995), which dealt with issue of bigamy and conflict between the personal laws existing on matters of marriage.**
    - The Supreme Court in [Shayara Bano case \(2017\)](#) had declared the practice of **Triple Talaq (talaq-e-biddat) as unconstitutional.**
    - By arguing that practices such as [triple talaq](#) and polygamy adversely affect the right of a woman to a life of dignity, the **Centre has raised the question whether constitutional protection given to religious practices should extend even to those that are not in compliance with fundamental rights.**

## What is the need of UCC?

- **All citizens must be treated as equals** and government sponsorship/regulation of religious places/events must be barred in the constitution.
- The enforcement of UCC **would help narrow down the religious divide in a country like India where people** of different religions reside.
- The enforcement of UCC would **provide protection to vulnerable sections, simplify laws and ensure gender justice adhering to the ideal of secularism.**

## What are the Challenges in Adoption of the UCC?

- **Against Indian Concept of Secularism:**
  - It is feared by many that by attempting to implement UCC, the parliament is only duplicating the western model of law which is based on uniformity but Indian concept of Secularism is based on diversity of religion and people.
  - In India, people are having different religious faiths. Diverse religious practices make it to implement a basic platform of practices for every religion.
  - Minorities i.e., Muslims, Sikhs, Christians, Buddhists, Jain, and Zoroastrians have a misconception that UCC will destroy their religious practices and they will be compelled to follow the religious practice of majorities.
- **Unawareness of People:**
  - The most significant issue is the unawareness of people regarding the objects of UCC, and the reason for such unawareness is the lack of education, fake news, irrational religious

beliefs, etc.

- **Communal Politics:**
  - The demand for a uniform civil code has been framed in the context of communal politics.
  - A large section of society sees it as majoritarianism under the garb of social reform.
- **Constitutional Hurdle:**
  - [Article 25](#) of Indian constitution, that seeks to preserve the freedom to practise and propagate any religion gets into conflict with the concepts of equality enshrined under [Article 14](#) of Indian Constitution.

## Way Forward

- The government and society will have to work hard to build trust, but more importantly, make common cause with social reformers rather than religious conservatives.
- Rather than an omnibus approach, the government could bring separate aspects such as marriage, adoption, succession and maintenance into a UCC in stages.
- Need of the hour is the codification of all personal laws so that prejudices and stereotypes in every one of them would come to light and can be tested on the anvil of fundamental rights of the Constitution.
- A balance between protection of fundamental rights and religious dogmas of individuals must be carved out. It should be a code, without any bias with regards to religious or political considerations.

## UPSC Civil Services Examination, Previous Year Question

**Q. Which one of the following categories of Fundamental Rights incorporates protection against untouchability as a form of discrimination? (2020)**

- (a) Right against Exploitation
- (b) Right to Freedom
- (c) Right to Constitutional Remedies
- (d) Right to Equality

**Ans: (d)**

**Exp:**

- There are six categories of Fundamental Rights under the Indian Constitution:
  - **Right to Equality (Articles 14-18)**
  - **Right to Freedom (Articles 19-22)**
  - **Right against Exploitation (Articles 23-24)**
  - **Right to Freedom of Religion (Articles 25-28)**
  - **Cultural and Educational Rights (Articles 29-30)**
  - **Right to Constitutional Remedies (Articles 32)**
- **Article 17, under the Rights to Equality (Articles 14-18), talks about the abolition of untouchability** and prohibition of its practice. It abolishes 'untouchability' and forbids its practice in any form. The enforcement of any disability arising out of untouchability shall be an offence punishable in accordance with law.
- **Therefore, option (d) is the correct answer.**

**Q. Consider the following provisions under the Directive Principles of State Policy as enshrined in the Constitution of India: (2012)**

1. Securing for citizens of India a uniform civil code
2. Organizing village Panchayats
3. Promoting cottage industries in rural areas
4. Securing for all the workers reasonable leisure and cultural opportunities

## Which of the above are the Gandhian Principles that are reflected in the Directive Principles of State Policy?

- (a) 1, 2 and 4 only
- (b) 2 and 3 only
- (c) 1, 3 and 4 only
- (d) 1, 2, 3 and 4

**Ans: (b)**

- The Constitution does not contain any classification of Directive Principles. However, on the basis of their content and direction, they can be classified into three broad categories, viz, Socialistic, Gandhian and Liberal-intellectual.
- In order to fulfil the dreams of Gandhi, some of his ideas were included as Directive Principles. These state policies are as follows:
  - To organise village panchayats and endow them with the necessary powers and authority to enable them to function as units of self-government (Article 40). **Hence, 2 is correct.**
  - To promote cottage industries on an individual or co-operation basis in rural areas (Article 43). **Hence, 3 is correct.**
  - To promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies (Article 43B).
  - To promote the educational and economic interests of SCs, STs, and other weaker sections of the society and to protect them from social injustice and exploitation (Article 46).
  - To prohibit the consumption of intoxicating drinks and drugs which are injurious to health (Article 47).
  - To prohibit the slaughter of cows, calves and other milch and draught cattle and to improve their breeds (Article 48).
- Securing a uniform civil code to all citizens is classified under liberal-intellectual. **Hence, 1 is not correct.**
- Securing for all workers' leisure and cultural opportunities has been classified as socialistic principle. **Hence, 4 is not correct.**

[Source: IE](#)

## Chinese Bridge on Pangong Tso

**For Prelims:** India-China Standoff, Pangong Tso Lake, Line of Actual Control, Kailash Range

**For Mains:** China's Building Bridge across Pangong Tso Lake, its implication for India, Background of India-China Standoff

### Why in News?

Recently, the Ministry of External Affairs has confirmed that China is building a second bridge on the [Pangong Tso lake](#).

- The site of the bridge is **around 20 km east of Finger 8 on the lake's north bank** – where the [Line of Actual Control \(LAC\)](#) passes.

- However, the actual distance by road is more than 35 km between the bridge site and Finger 8.



## What are the Key Points?

- The construction site is just **east of Khurnak Fort**, where **China has major frontier defence bases**.
- China calls it **Rutong Country**.
- It has a frontier defence company at the Khurnak Fort, and further east, a water squadron deployed at Banmozhang.
- Although it is being built in territory that is under China's control since 1958, the exact point is just west of India's claim line.
- The Ministry of External Affairs considers the area as illegally occupied by China.

## How will these Constructions Help China?

- The bridges are at one of the narrowest points on the lake, close to the LAC.
- These constructions will connect both sides of the lake, which would significantly cut down time for the **People's Liberation Army (PLA)** to move troops and armored vehicles.
- The induction of troops from the **G219 highway (Chinese national highway)** would come down by 130 km due to this bridge.

## Pangong Tso

- Pangong Tso is a 135-km long landlocked lake located at an altitude of over 14,000 feet i.e., 4350 m above sea level.
- Indian and China have around one-third and two-thirds of Pangong Tso Lake respectively.
  - India has around 45 km of Pangong Tso under its control while approximately 60% of the lake, in terms of length, lies in China,
  - The eastern end of Pangong Tso lies in Tibet.
- The lake, a glacial melt, has mountain spurs of the Chang Chenmo range jetting down, referred to as **fingers**.
- It is **one of the highest altitude lakes** in the world that is filled with **saline water**.
  - However, even though it is a saline water lake, Pangong Tso freezes completely.
  - The brackish water of this region has very low micro-vegetation.
  - No aquatic life or fish, except crustaceans during winters are found.
- It is a kind of **endorheic basin**, which implies that **it retains its water and does not allow outflow of its water to other external water bodies**, such as oceans and rivers.
- Pangong Tso is **popular for its changing colour** ability.
  - Its colour changes from shades of **blue to green to red**.

## Why does China choose this location?

- The constructions are a direct outcome of the ongoing standoff that began in May 2020.
- The location is the consequence of an operation conducted by the Indian Army in August 2020 where Indian troops outmaneuvered the People's Liberation Army to occupy the heights of **Kailash Range** in the Chushul sub-sector on the south bank of Pangong Tso.
- The positions allowed India to dominate the strategically significant Spanggur Gap, which could be used to launch an offensive as China had done in 1962.
- Also, India got a direct view of **China's Moldo Garrison (China's military base)**. **This was a cause of immense concern for the Chinese.**
- After this operation, the Indian Army also readjusted on the lake's north bank to position themselves above Chinese positions.
- The **north bank** was one of the first friction points to have come up in May 2020.
  - During this jostling, warning shots were fired for the first time by both sides, a first in over four decades.
- New bridge will allow Chinese troops to slash travel time from around 12 hours at the moment to around four hours.

## What is the current situation in the standoff?



- India and China pulled their troops back from Patrolling Point (PP) 14 in Galwan Valley in June 2020, after the fatal clashes.
- Then they disengaged from the north and south banks of Pangong Tso in February 2021, and from PP17A near Gogra Post in August. But negotiations have been stuck since then.
- The Corps Commanders from both sides have met 15 times since the standoff began.
- The dates for the next round of talks are still awaited.

## What has been India's response?

- India is monitoring all Chinese activity closely.
- India has never accepted such illegal occupation and the unjustified Chinese claim or such construction activities in India's territory.
- India is also upgrading and developing infrastructure along the northern border.
- In 2021, over 100 projects were completed by the **Border Roads Organisation (BRO)** in the border areas, most of which were close to the China border.
- India is **also improving surveillance** along the LAC.



## UPSC Civil Services Examination, Previous Year Question

### Q. Siachen Glacier is situated to the (2020)

- (a) East of Aksai Chin
- (b) East of Leh
- (c) North of Gilgit
- (d) North of Nubra Valley

**Ans: (d)**

**Exp:**

- The Siachen Glacier is located in the Eastern Karakoram range in the Himalayas, just northeast of Point NJ9842 where the Line of Control between India and Pakistan ends.
- It has the distinction of being the largest glacier outside the polar and subpolar regions.
- It lies to the west of Aksai Chin, north of Nubra valley and almost east of Gilgit. Therefore, option (d) is the correct answer

[Source:IE](#)

## Role of Media in Promoting Health

**For Prelims:** Asia Media summit, Asia-Pacific Institute for Broadcasting Development (AIBD)

**For mains:** Role of Media during pandemic, Media as fourth pillar of democracy

### Why in the News?

Union Information and Broadcasting at the **17<sup>th</sup> Asia Media Summit** applauded the Indian media for its role during the Covid-19 pandemic.

### What was the role played by the Media during Covid-19?

- **Positive Role:**
  - It ensured that **awareness messages on Covid-19**, important **government guidelines** and **free consultations** with doctors reached everyone in the country.
  - It strongly fought **against the menace of fake news** and misinformation on a real time basis.
  - The media has significantly delivered on their mandate of public service by setting the trend through prompt coverage, ground reports and organising programmes on public health.
- **Negative Role:**
  - **Social media** has played a crucial role in spreading awareness and knowledge about public health, however, it has also been misused for spreading fake news, hatred and creating racism during epidemics.
  - Even before the detection of the first case of Covid-19 in India, the epidemic of social

- media panic hit India, which led to stock out of masks and sanitizers from the market.
- The fake claims about transmission of virus through air and its survival on different surfaces created a panic.
- An unwarranted use of N95 masks by common people during travelling and daily activities resulted in the shortage for frontline healthcare workers who actually needed those.
- Due to existing multiple media houses in India, messages containing fake claims about use of herbal and immunity-booster medicines, religious and spiritual ways for prevention and treatment were widely circulated which added to the confusion.
- The panic was escalated by fake news such as the possibility of extending the lockdown , which resulted in individuals fleeing from quarantine or isolation facilities and unnecessary travel prior to lockdown or even during lockdown for returning to their hometown.

## What is the Role of the Media as the Fourth Pillar of Democracy?

- **Source of Information:** For a democracy and its development, impartial information is critical. The media helps to provide people with important knowledge. For example, data on economics, health, education, etc.
- **Educate:** To educate people on topics of paramount importance to society, the media is vital. An growing number of incidents of rape are a concern to society. It is necessary to disclose the exact number of cases and to help raise society's awareness.
- **Awareness:** The media reminds society of their democratic rights and the media helps in maintaining checks and balances.
- **Ensuring Fairness:** The media plays a vital role in ensuring justice and the benefits of the government policies reaching the weaker sections of the society.
- **Watchdog:** For a stable democracy, Media reporting on public affairs and investigations into wrongdoing in the administration of public affairs is must. This means exposing circumstances of fraud or abuse that favour politicians directly. This makes people vote for the best government to defeat a corrupt and dishonest government.
- **Good Governance:** In auditing government policies and spending, the media plays an important part. An unbiased media is important for transparent reporting.
- **Accountability:** An informed person, based on facts and statistics, can challenge government policies to ensure accountability and answerability.
- **Dissemination of government policies:** In order to propagate and disseminate different government policies and initiatives, the media is relevant. In spreading awareness of [Swachh Bharat](#) and [Beti Bachao Beti Padhao](#) etc the media played an important role.
- As a fourth pillar, the media plays an important part in achieving the true meaning of democracy.

## What is Asia Media Summit?

- **Asia Media Summit** is the **annual conference** organised by **Asia-Pacific Institute for Broadcasting Development (AIBD)** in collaboration with its partners and international organisations.
- The Conference is attended by Decision makers, media professionals, scholars, and stakeholders of news and programming from **Asia, Pacific, Africa, Europe, Middle East, and North America.**
- Asia Media Summit provides a unique opportunity for broadcasters in the region to share their thoughts on **Broadcasting and Information** and is supported by all regional and International Broadcasting Unions.

## What is AIBD?

- **About:**
  - The **Asia-Pacific Institute for Broadcasting Development (AIBD)** was established in 1977 under the auspices of [UNESCO](#).
  - AIBD is a unique regional intergovernmental organisation servicing countries of the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) in the field of electronic media development.
  - Its secretariat is situated in **Kuala Lumpur** and is hosted by the Government of Malaysia.
  - The AIBD is mandated to achieve a vibrant and cohesive electronic media environment in

the **Asia-Pacific region** through **policy and resource development**.

▪ **Founding Members:**

- The International Telecommunication Union (**ITU**), the United Nations Development Programme (**UNDP**), and the United Nations Educational, Scientific Cultural Organisation (**UNESCO**) and The **Asia-Pacific Broadcasting Union** (ABU) are founding organisations of the Institute and they are non-voting members of the General Conference.

[Source: TH](#)

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## India's Startup Ecosystem

**For Prelims:** India's Startup Ecosystem, Startup India Seed Fund Scheme, Startup India Initiative, Industry 4.0, Digital India Initiative

**For Mains:** Startups - growth in India, challenges, schemes launched

### Why in News?

Recently, the number of **unicorns** in India reached the 100-mark.

- One unicorn means a startup of at least Rs 7,500 crore turnover. The total valuation of these unicorns is USD 330 billion, that is over Rs 25 lakh crore.
- The average annual growth rate of Indian unicorns is more than that of the U.S., the U.K. and many other countries.

### What is a Unicorn?

▪ **About:**

- A unicorn is **any privately owned firm with a market capitalization of more than USD 1 billion**.
- It denotes **new entities dedicated to offering creative solutions** and new business models, among other things.
- There are several categories like [fintech](#), [Edtechs](#), B2B (Business-to-Business) companies, etc.

▪ **Features:**

- **Disruptive innovation:** Mostly, all the unicorns have brought a disruption in the field they belong to, for example, Uber transformed commuting.
- **Technology-driven:** The business model is driven by the latest technological innovations and trends.
- **Consumer-focused:** Their goal is to simplify things for consumers and be a part of their day-to-day life.
- **Affordability:** Keeping things affordable is another key highlight of these startups.
- **Privately owned:** Most of the unicorns are privately owned which gets their valuation bigger when an established company invests in it.
- **Software-based:** A recent report suggests that 87% of the unicorns' products are software, 7% are hardware and the rest 6% are other products & services.

## What is the State of Startups and Unicorns in India?

- **Status:**
  - India has become the **3<sup>rd</sup> largest start-up ecosystem in the world** after the US and China.
  - **44 Indian start-ups have achieved unicorn status in 2021** taking the overall tally of unicorns to 83, most of which are in the services sector.
  - India has seen such rapid growth in unicorns due to several strategic as well as conditional reasons.
- **Growth Drivers:**
  - **Government Support:**
    - Government of India is understanding the value of working with disruptive innovators across the value chain and using their innovations to improve public service delivery.
    - Department of Animal Husbandary and Dairying has conducted a grand challenge in association with Startup India to award top startups in 5 categories 10 lakhs INR.
  - **Adoption of Digital Services:**
    - The pandemic accelerated the adoption of digital services by consumers helping start-ups and new-age ventures build tech-focused businesses for customers.
  - **Online Services and Work from Home Culture:**
    - Many Indians moved to online services exploring a host of services ranging from food delivery and Edu-tech to e-grocery.
    - The Work-from-home culture helped increase the number of start-ups' user base and expedited their business expansion plans and attracting investors.
  - **Digital Payments:**
    - The growth of [Digital Payments](#) is another aspect that aided the unicorn the most.
  - **Buyouts from Major Public Corporations:**
    - Many startups become unicorns as a result of buyouts from major public corporations that prefer to focus on acquisitions to grow their business rather than investing in internal growth.
- **Challenges:**
  - **Increasing Investments Do Not Ensure Success of a Startup:** Amid the Covid-19 crisis, when the central banks have released a global glut of liquidity, money is no more a difficult task to raise.
    - The billions of dollars being invested in startups represent the large bets on distant outcomes, and not value generation by way of revenues.
    - Plus, one cannot assume the high rate of survival of these startups with such investments, as it can be assured by profits.
  - **India, still a Marginal Player in the Space Sector:** While India's startups in the fintech and e-commerce sector are doing exceptionally well, the space startup sector remains an outlier
    - Currently, the global space economy is worth USD 440 billion, with India having less than 2% share in the sector.
      - This is despite the fact that India is a leading space-faring country with end-to-end capabilities to make satellites, develop augmented launch vehicles and deploy interplanetary missions.
    - The reason for the lack of independent private participation in space includes the absence of a framework to provide transparency and clarity in laws.
  - **Indian Investors Unwilling to Take Risks:** The big investors in India's startup sector are from overseas, Japan's SoftBank, China's Alibaba, and Sequoia from the US.
    - That's because India does not have a serious venture capital industry with an appetite for risk.
    - The country's established conglomerates have mostly stuck to traditional businesses.

## What are the Related Government Initiatives?

- **Startup Innovation Challenges:** It is a fantastic opportunity for any startup to leverage their

networking and fund-raising efforts.

- **National Startup Awards:** It seeks to recognize and reward outstanding startups and ecosystem enablers that are contributing to economic dynamism by spurring innovation and injecting competition.
- **Ranking of States on Support to Startup Ecosystems:** It is an evolved evaluation tool aimed to strengthen the support of States and UTs to holistically build their startup ecosystems.
- **SCO Startup Forum:** The first-ever [Shanghai Cooperation Organisation \(SCO\)](#) Startup Forum was launched in October 2020 to develop and improve startup ecosystems collectively.
- **Prarambh:** The 'Prarambh' Summit aims to provide a platform to the startups and young minds from around the world to come up with new ideas, innovation and invention.

## Way Forward

- The accelerated development of the start-up ecosystem needs significant funding and therefore the role of venture capital and [Angel Investors](#) are critical.
- Apart from policy-level decisions that promote entrepreneurship, **the onus is also on India's corporate sector to foster entrepreneurialism**, and create synergies to build impactful technology solutions, and sustainable and resource-efficient growth.
- With the recent events creating capital distrust in China, the world's attention is sharpening on the lucrative tech opportunities in India and the value that could be created. For this, India requires decisive policy measures in addition to the [Digital India Initiative](#).

[Source: TH](#)

## India's Trade with the USA

**For Prelims:** India-US Relations, Indo-Pacific Strategy

**For Mains:** Bilateral Groupings & Agreements, Indo-Pacific Region, India US Relations - Challenges and Areas of Cooperation

### Why in News?

Recently, the Ministry of Commerce and Industry has released the data, which showed that the **US has surpassed China** becoming India's **top trading partner in 2021-22**.

- Major export items from India to the US include **petroleum, polished diamonds, pharmaceutical products, jewellery, frozen shrimp**, whereas major **imports** from the US include **petroleum, rough diamonds, liquified natural gas, gold, coal, waste** and scrap, almonds and so on.
- The data showed that China was India's top trading partner from 2013-14 till 2017-18 and also in 2020-21.
  - Before China, the UAE was the country's largest trading partner.

### What are the Key Points?

- **Bilateral Trade with the US:**

- Bilateral trade between the US and India stood at **USD 119.42 billion (2021-2022)** as against USD 80.51 billion in 2020-21.
- Exports to the US increased to USD 76.11 billion in 2021-22 from USD 51.62 billion in the previous fiscal year, while imports rose to USD 43.31 billion as compared to about USD 29 billion in 2020-21.
- America is **one of the few countries with which India has a trade surplus.**
  - In 2021-22, India had a trade surplus of USD 32.8 billion with the US.
- **Bilateral trade with China during the Same Period:**
  - During 2021-22, **India's two-way commerce with China aggregated at USD 115.42 billion** as compared to USD 86.4 billion in 2020-21.
  - Exports to China **marginally increased to USD 21.25 billion last FY 2021-22** from USD 21.18 billion in 2020-21.
  - On the other hand, imports from China jumped to USD 94.16 billion from about USD 65.21 billion in 2020-21.
  - The trade gap (Import - Export) rose to USD 72.91 billion in 2021-22 from USD 44 billion in the previous fiscal year.

## What Factors made the US Largest Trading Partner?

- India is emerging as a trusted trading partner and global firms are reducing their dependence on China for their supplies and are diversifying business into other countries like India.
- India has joined a **US-led initiative to set up an [Indo-Pacific Economic Framework \(IPEF\)](#)** and this move would help boost economic ties further.
- The US has consistently been India's largest market for services exports, but the recent overseas sales of merchandise goods to that country overtook China, making it the largest bilateral trading nation of India.
  - India's total merchandise exports touched a record USD 418 billion in 2021-22, exceeding the Center's target by about 5% and clocking a 40% growth over the previous year.

## How have been India's Relations with the US Lately?

- India-US bilateral partnership today encompasses a whole host of issues including the response to [Covid-19](#), economic recovery post-pandemic, the [climate crisis](#) and [sustainable development](#), **critical and emerging technologies**, [supply chain resilience](#), education, the [diaspora](#), and [defence and security](#).
- The breadth and depth of Indo-US ties remain **unmatched and the drivers of this partnership have been growing** at an unprecedented rate.
  - The relationship remains unique insofar as this is driven at both levels: at the strategic elite as well as at the people-to-people level.
- Although India and the US have **quite contradictory responses towards the [Russia-Ukraine crisis](#)**.
- India and the US have **underscored their commitment to continue to build on the momentum of recent years** and not lose sight of the larger strategic picture.

## What are the Associated Challenges of India-US Ties?

- **Tariff Imposition:** In 2018, the US imposed a 25% tariff on certain steel products and a 10% tariff on certain aluminum products from India.
  - India retaliated in June 2019, by increasing tariffs on 28 products worth about USD 1.2 billion on US imports.
    - However, after the imposition of the Section 232 tariffs, steel exports to the US declined by 46% year-on-year.
- **Misunderstanding Self-Reliance as Protectionism:** The [Atmanirbhar Bharat Campaign](#) has exacerbated the view that India is increasingly becoming a protectionist closed market economy.
- **Exemption from US' [Generalised System of Preferences](#):** Effective since June 2019, the USA decided to withdraw duty-free benefits to Indian exporters under the GSP programme.
  - Consequently, **special duty treatment on USD 5.6 billion worth of exports to the US was removed**, affecting India's export-oriented sectors such as pharmaceuticals, textiles,

agricultural products and automotive parts.

▪ **US' Hostility towards Other Countries:**

- Some of the differences between India and the US are not direct consequences of India-US relationship but due to **US' hostility towards third countries** like Iran and Russia – the traditional allies of India.
- The other issues that are challenging India-US relationship include India' ties with Iran and India's purchase of S-400 from Russia.
- The US' call for India to distance itself from Russia may have a far-reaching consequence to South Asia's status quo.

▪ **US' policy in Afghanistan:**

- India is also concerned over the US' policy in Afghanistan as it is jeopardizing India's security and interest in the region,

## Way Forward

- The unparalleled **Demographic Dividend** provides enormous opportunities for the US and Indian firms for technology transfer, manufacturing, trade and investment.
- India is **emerging as a leading player in an international system** that is undergoing an unprecedented transformation. It shall use **its present situation to explore opportunities** to further its vital interests.
- India and the US are strategic partners today in the true sense of the term - a partnership among mature major powers that is not seeking a complete convergence but managing differences by ensuring a continuous dialogue and channelling these differences into crafting new opportunities.
- Russia's increased alignment with China as a result of the Ukraine crisis only complicates India's ability to rely on Russia as it balances China. Hence, continuing cooperation in other security areas is in both countries' interests.
- Space governance will become central to the US-India bilateral relationship, driven by mutual concern about the increasing space capabilities of the Chinese Army.

[Source: IE](#)

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## Reservation in Promotion

**For Prelims:** SC, ST, reservation in promotions, Indra Sawhney Judgment, Article 16 (4), Article 16 (4A), Article 16(4B)

**For Mains:** Reservation in Public Employment and related Judgements

## Why in News?

Recently, the Centre has informed the Supreme Court, that quashing of reservation in promotion to **Scheduled Caste and Scheduled Tribe (SC/ST)** employees in government jobs may cause employee unrest and lead to multiple litigations.

- Earlier, the **Supreme Court (SC)** refused to lay down the “yardstick” for determining the inadequacy of representation for granting **reservation in promotions** for **Scheduled Caste (SC)/Scheduled Tribe (ST)** candidates in government jobs.

## What are the Pros and Cons of Reservation?

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Pros of Reservation	Cons of Reservation
<ul style="list-style-type: none"> <li>▪ It <b>ensures diversity in advanced education</b>, equality in the workplace and offers protection from hatred.</li> <li>▪ It <b>helps in the emancipation of disadvantaged individuals</b> and thereby promotes equality for all.</li> <li>▪ It <b>breaks stereotypes</b> regarding caste, religion, and ethnicity.</li> <li>▪ It increases social mobility.</li> <li>▪ It is <b>needed to compensate for centuries of oppression and discrimination</b> and provides level-playing fields.</li> <li>▪ It seeks to bring equity in society by addressing 'graded inequalities'.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There are concerns that lead to <b>erosion of meritocracy</b>.</li> <li>▪ It can <b>still reinforce stereotypes</b> as it demeans the achievements of marginalized sections. <ul style="list-style-type: none"> <li>◦ People <b>coming under the ambit of reservation</b>, their success is labelled as a result of Reservation, instead of their capabilities and hard work.</li> </ul> </li> <li>▪ There are concerns that <b>reservation can serve as a medium for reverse discrimination</b>. <ul style="list-style-type: none"> <li>◦ Reverse discrimination is discrimination against members of a dominant or majority group, in favour of members of a minority or historically disadvantaged group.</li> </ul> </li> <li>▪ Due to vote bank politics, even after discrimination issues have been diminishing, it is difficult to withdraw the reservation.</li> </ul>

## What are the Important Related Judgements?

- **Mukesh Kumar and Another vs State of Uttarakhand & Ors. 2020:**
  - In this Case, the Supreme Court held that **there is no fundamental right to reservation or promotion under Article 16(4) or Article 16(4 A)** of the Constitution rather they are enabling provisions for providing reservation, if the circumstances warrant.
    - However, these pronouncements in no way **understate the constitutional directive under Article 46** that mandates that the state shall promote with special care the educational and economic interests of the weaker sections of the people and in particular Scheduled Castes and Scheduled Tribes.
    - In fact, **sensitivity of the welfare state towards the weaker sections over decades resulted in the gradual expansion of canopy of reservation** in the form of increasing classifications under Article 16, a set of actions that created a wave of litigation by which resulted in the ever-evolving jurisprudence of affirmative action in public employment.
- **Indra Sawhney Judgment (1992):**
  - In the judgment, **a nine-judge bench presided by Chief Justice M.H. Kania upheld the constitutionality of the 27% reservation** but put a ceiling of 50% unless exceptional circumstances warranting the breach, so that the constitutionally guaranteed **right to equality under Article 14 would remain secured**.
  - The **Court dwelled on the interrelationship between Articles 16(1) and 16(4)** and declared that **Article 16(4) is not an exception to article 16(1)**, rather an illustration of **classification implicit in article 16(1)**.
    - While Article 16(1) is a fundamental right, Article 16(4) is an enabling provision.
    - Further, the **Court directed the exclusion of creamy layer by way of horizontal division** of every other backward class into creamy layer and non-creamy layer.
- **77<sup>th</sup> Constitutional Amendment Act:**
  - The Parliament responded by enacting the **77<sup>th</sup> Constitutional Amendment Act** which introduced **Article 16(4A)**.
  - Later, two **more amendments were brought**, one to ensure consequential seniority and another to secure carry forward of unfilled vacancies of a year, the former by way of addition to **Article 16(4 A) and the latter by way of adding Article 16(4 B)**.
- **M Nagaraj Case 2006:**
  - In this case applying the creamy layer concept in SC/ST reservation in promotions, the **SC reversed its earlier stance in the Indra Sawhney case (1992)**, in which it had



- excluded the **creamy layer** concept on SCs/STs (that was applicable on OBCs).
- The SC had upheld the **Constitutional amendments by which Articles 16 (4A) and 16 (4B) were inserted**, saying they flow from Article 16 (4) and do not alter its structure.
- It also laid down **three conditions for promotion of SCs and STs in public employment**.
  - The **SC and ST community should be socially and educationally backward**.
  - The **SC and ST communities are not adequately represented** in Public employment.
  - Such a reservation policy **shall not affect the overall efficiency in the administration**.
- The court held that the **government cannot introduce a quota in promotion for its SC/ST employees unless** it proves that the particular community was backward, inadequately represented and providing reservation in promotion would not affect the overall efficiency of public administration.
  - The opinion of the government should be based on quantifiable data.
- **Jarnail Singh Case 2018:**
  - Later in 2018, in the Jarnail Singh case, SC modified the Nagaraj judgement to the extent that **State need not produce quantifiable data** to prove the “backwardness” of a Scheduled Caste/Scheduled Tribe community in order to provide quota in promotion in public employment.
- **The Constitution (103<sup>rd</sup> Amendment) Act, 2019:**
  - The **10% reservation for Economically Weaker Sections (EWS)**, other Scheduled Castes, Scheduled Tribes and backward classes for government jobs and admission in educational institutions is currently under challenge before the Supreme Court which has referred the same to a constitution bench.
  - The adjudication awaited in this regard may also **turn to be a critical milestone in the jurisprudence of reservation as traditional understanding of backwardness is broadened** to specifically include economic backwardness without social backwardness as is traditionally seen.
- **Dr. Jaishri Laxmanrao Patil vs Chief Minister (2021):**
  - Despite the Indra Sawhney ruling, there have **been attempts on the part of many States to breach the rule** by way of expanding the reservation coverage.
  - The **Maharashtra Socially and Educationally Backward Classes Act 2018**, (Maratha reservation law) came under challenge before the Supreme Court which referred the same to a bench of five judges and one question was whether the 1992 judgment needs a relook.
    - Interestingly, the Supreme Court not only affirmed the Indra Sawhney decision, but also **struck down Section 4(1)(a) and Section 4(1)(b) of the Act which provided 12% reservation for Marathas** in educational institutions and 13% reservation in public employment respectively, citing the breach of ceiling.

## What are the Constitutional Provisions for Promotion in Reservation?

- **Article 16 (4):** Provides that the **State can make any provision for the reservation of appointments or posts** in favour of any backward class of citizens who, in the opinion of the state, are not adequately represented in the services under the State.
- **Article 16 (4A):** Provides that the **State can make any provision for reservation in matters of promotion** in favour of the Scheduled Castes and the Scheduled Tribes if they are not adequately represented in the services under the State.
- **Article 16(4B):** Added by the 81st Constitutional Amendment Act, 2000 which enabled the unfilled SC/ST quota of a particular year to be carried forward to the next year.
- **Article 335:** It recognises that special measures need to be adopted for considering the claims of SCs and STs to services and posts, in order to bring them at par.
  - **82<sup>nd</sup> Constitutional Amendment Act, 2000** inserted a condition at the end of Article 335 that enables the state to make any provision in favour of the members of the SC/STs for relaxation in qualifying marks in any examination.

## INS Khanderi

### Why in the news?

Defence Minister undertook a sea sortie on a **Scorpene class submarine 'INS Khanderi'** at Karwar.

- During the trip he witnessed a wide range of operational drills with the submarine demonstrating the advanced sensor suite, combat system and weapon capability which provides it a distinct advantage in the subsurface domain.



### What is a Scorpene Class Submarine?

- The submarines in the [Project-75](#) Scorpene Class are powered by **diesel-electric propulsion systems**.
- Scorpene is one of the most sophisticated submarines, capable of undertaking multifarious missions including anti-surface ship warfare, anti-submarine warfare, intelligence gathering, mine laying, and area surveillance.
- The Scorpene class is the Navy's first modern conventional submarine series in almost two decades since INS Sindhusastra, procured from Russia in July 2000.

### What is Submarine Khanderi?

- Khanderi is a Kalvari class diesel-electric attack submarine.
- It has been named after a deadly sawfish Khanderi which is found in the Indian Ocean.
- Indian Navy had commissioned the first Khanderi submarine on December 6, 1968, and served till its decommissioning in October 1989.
- These submarines other than Khanderi include - [Karanj](#), [Vela](#), [Vagir](#), [Vagsheer](#) and [Kavalari](#) **have already been launched in water.**

### What is the Kavalari Class of Submarine?

- Kalvari class is based on Scorpene-class submarines built for the Indian Navy with diesel-electric attack capacity.
- The Defence Ministry of India approved Project-75 in 1997 that allows the Indian Navy to acquire 24 submarines.

## What is Project-75?

- P-75 is one of two lines of submarines, the other being **P75I**, as part of a plan approved in 1999 for indigenous submarine construction with technology taken from overseas firms.
- The contract for six submarines under P75 was given to Mazgaon dock in October 2005 and delivery was to start from 2012, but the project has faced delays.
- The programme has been undertaken with **transfer of technology from French company** Naval Group (formerly known as DCNS) at the Mazagon Dock Limited (MDL).

[Source: TH](#)

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