



A Vote For State Funding

Relevancy

- ✓ G.S. Paper 2
- ✓ Election expenditures in India
- ✓ Election practices around the world
- ✓ Electoral bonds and transparency

Recently:

- ❖ In his 2017 Budget speech, while emphasizing the absence of transparency in funding, Finance Minister Arun Jaitley noted that even 70 years after Independence the country had not been able to evolve a transparent method of funding political parties which is vital to the system of free and fair elections.
- ❖ But the concern for transparency in political funding is at complete odds with the electoral bonds scheme notified by the government this month to clean the election finance.

Election expenditures in India

- Indian elections are the world's biggest and also the most expensive exercise in democracy.
- India's campaign spend is only rivaled by the American presidential race, the world's most expensive election.
- Parties and candidates need large sums of money for voter mobilization, advertising, consulting, transport, propaganda and printing of campaign materials to reach voters in constituencies.
- Corporate donations constitute the main source of election funding in India which is awash with black money, with business and corporate donations to political parties commonly taking this form.
- The public disclosure system that exists is limited.
- In 2008, using the provisions of the Right to Information (RTI) Act, the Central Information Commission allowed disclosure of income tax returns of political parties, though it is an open secret that actual expenditure is much, much higher than what is disclosed.

Best practices elsewhere

- Many countries have partial or full public funding or transparent regulation and financial accountability of political finance
- The USA is one such example.

Do electoral bonds ensure transparency? Why do we need a transparent method of funding?

- Electoral bonds do not ensure transparency.
- A transparent method of funding political parties is vital to the system of free and fair elections.
- The concern for transparency in political funding is at complete odds with the electoral bonds scheme notified by the government.

Who can buy electoral bonds?

- Anybody can buy electoral bonds in the form of bearer bonds from specified branches of the State Bank of India and donate it anonymously to a political party of their choice.
- All donations given to a party will be accounted for in the balance sheets but without exposing the donor details to the public.
- The Election Commission (EC), the Income Tax department and the voter would remain in the dark about this donation

Why this method of funding is a cause of concern?

- Bonds will allow corporate houses to make anonymous donations through banking channels to the party of their choice which would lead to further opacity in the funding process and further limit oversight and accountability.
- Opacity of election funding is an area of existential concern for democracies.
- Anonymity is the very wellspring of institutionalized corruption.



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- The bonds scheme imposes no restrictions on the quantum of corporate donations.
- Electoral bonds will result in unlimited and undeclared funds going to certain political parties.
- Moreover the maximum limit of 7.5% on the proportion of the profits a company can donate to a political party has also been lifted. This opens up the possibility of shell companies being set up specifically to fund parties.
- Foreign Contribution (Regulation) Act (FCRA) has been amended to allow foreign funding to political parties.
- Political parties have refused to come under the RTI Act in order to conceal their sources of funding.
- All of the above factors together will strengthen the business-politics nexus more.
- Also this funding system is not as per recommendations for electoral reforms. It goes against the position taken by various electoral reform committees that the existing pattern of political funding encourages lobbying and capture of the government by big donors.
- The bond scheme could provide a backdoor to corporate and other lobbies for shaping public policy to benefit their interests.
- Policy decisions of political parties and politicians after being elected may be biased in favor of groups that fund them.

What are the reform proposals to reduce high cost of elections?

- Strong disclosure norms.
- Strict statutory limits on election expenses, and
- Ceiling on corporate donations to political parties.

What is the way forward?

- State funding of elections in various forms is a potential solution to this problem.
- The Indrajit Gupta Committee on State Funding of Elections had endorsed partial state funding of recognized political parties and their candidates in elections way back in 1998.



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Measures To Control Inflation

Relevancy:

- ✓ GS Prelims, GS Mains paper III
- ✓ Economy, measures to control inflation, Economic survey

Recently:

- ❖ Controlling inflation has been a priority area for the Central Government, says the Economic Survey 2017-18 placed in Parliament recently by the Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley . It says that the Government has taken a number of measures for this purpose.

The measures to control inflation include the following:-

- Advisories are being issued, as and when required, to State Governments to take strict action against hoarding & black marketing and effectively enforce the Essential Commodities Act, 1955 & the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980 for commodities in short supply.
- Regular review meeting on price and availability situation is being held at the highest level including at the level of Committee of Secretaries, Inter Ministerial Committee, Price Stabilization Fund Management Committee and other Departmental level review meetings.
- Higher MSP has been announced so as to incentivize production and thereby enhance availability of food items which may help moderate prices.
- A scheme titled Price Stabilization Fund (PSF) is being implemented to control price volatility of agricultural commodities like pulses, onions etc.
- The Government approved enhancement in buffer stock of pulses from 1.5 lakh MT to 20 Lakh MT to enable effective market intervention for moderation of retail prices. Accordingly, a dynamic buffer stock of pulses of upto 20 lakh tones has been built.
- Pulses from the buffer are being provided to States/UTs for PDS distribution, Mid-day Meal scheme etc. The requirement of pulses by Army and Central Para-military Forces.
- The Government has imposed stock holding limits on stockiest/dealers of sugar till April, 2018.
- The Government imposed 20% duty on export of sugar for promoting availability and moderating price rise.
- Permitted import of 5 lakh tones of raw sugar at zero duty; subsequently, import of additional 3 lakh tones was allowed at 25% duty.
- Export of all varieties of onion will be allowed only on letter of credit subject to a minimum export price (MEWP) of \$850 per MT till 31st December, 2017.
- States/UTs have been advised to impose stock limit on onions. States were requested to indicate their requirement of onions so that import of requisite quantity may be undertaken to improve availability and help moderate the prices.



Gender Equality- An Inherently Multidimensional Issue

Relevancy:

- ✓ GS Prelims, GS Mains paper III
- ✓ Economy, Gender Inequality, Economic survey, The pink economic survey

Recently:

- ❖ The Pink-color Economic Survey 2017-18 lays special emphasis on Gender and Son meta-preference, while providing an assessment of India's performance on gender outcomes relative to other economies.

A Multi-dimensional issue:

- The Survey takes into account that Gender equality is an inherently multi-dimensional issue.
- Accordingly, assessments have been made based on three specific dimensions of gender, i.e.
 - Agency (relates to women's ability to make decisions on reproduction, spending on themselves, spending on their households and their own mobility and health),
 - Attitudes (relate to attitudes about violence against women/wives, and the ideal number of daughters preferred relative to the ideal number of sons) and
 - Outcomes (relate to 'son preference' measured by sex ratio of last child, female employment, choice of contraception, education level, age at marriage, age at first birth and physical or sexual violence experienced by women) which aim to reflect the status, role and empowerment of women in the society.

The key findings of the assessment made in the Survey include:

- Over the last 10-15 years, India's performance improved on 14 out of 17 indicators of women's agency, attitudes, and outcomes.
- On seven of them, the improvement has been such that India's situation is comparable to that of a cohort of countries after accounting for levels of development.
- The Survey encouragingly notes that gender outcomes exhibit a convergence pattern, improving with wealth to a greater extent in India than in similar countries so that even where it is lagging, it can expect to catch up over time.
- The Survey, however, cautions that on several other indicators, notably employment, use of reversible contraception, and son preference, India has some distance to traverse because development has not proved to be an antidote.
- There is significant heterogeneity, with the North-Eastern states (a model for the rest of the country) consistently out-performing others and not because they are richer; hinterland states are lagging behind but the surprise is that some southern states do less well than their development levels would suggest.
- The challenge of gender is long-standing, probably going back millennia, so all stakeholders are collectively responsible for its resolution.

Recommendations of the survey:

- India must confront the societal preference, even meta-preference for a son, which appears inoculated to development.
- The skewed sex ratio in favor of males led to the identification of "missing" women.
- But there may be a meta-preference manifesting itself in fertility stopping rules contingent on the sex of the last child, which notionally creates "unwanted" girls, estimated at about 21 million.
- Consigning these odious categories to history soon should be society's objective, opines the Survey.
- Government's Beti Bachao, Beti Padhao and Sukanya Samridhi Yojana schemes, and mandatory maternity leave rules are all steps in the right direction.



- The Survey states that just as India has committed to moving up the ranks in Ease of Doing Business indicators, a similar commitment should be endeavored on the gender front.



Important Developments on Trade Policy Front

Relevancy:

- ✓ GS Prelims, GS Mains paper III
- ✓ Economy, Trade policy review, Economic survey

Recently:

- ❖ As per the latest Economic Survey, two important developments on the trade policy front during the year relate to the mid-term review of Foreign Trade Policy (FTP) and the recent multilateral negotiations of WTO in December 2017.
- ❖ Besides these, there were some developments on the trade logistics front and anti dumping measures.

Details are as under:

- FTP-Mid Term Review and subsequent trade related policies.
 - In the mid-term review of FTP released on 5th December 2017, some additional measures have been taken to help India's trade sector.
 - Besides, on 15th December, 2017, a special package for employment generation in the leather and footwear sector was approved by the Government. This is also likely to help exports from this sector.
- Multilateral Negotiations
 - The Eleventh Ministerial Conference (MCII) of the World Trade Organization (WTO) ended without a Ministerial Declaration or any substantive outcome.
 - During MCII India stood firm on its stand on the fundamental principles of the WTO, including multilateralism, rule-based consensual decision making, an independent and credible dispute resolution and appellate process, the centrality of development which underlies the Doha Development Agenda (DDAQ) and special and differential treatment for all developing countries.
- Foreign Exchange Reserves
 - India's foreign exchange reserves reached US\$ 409.4 billion on end-December 2017.
 - Foreign exchange reserves grew by 14.1 percent on a y-o-y basis from end December 2016 (US\$ 358.9 billion) to end December 2017 (US\$ 409.4 billion) and it grew by 10.7 percent from end- March, 2017 (US\$370.0 billion) to end December 2017.
 - Foreign exchange reserves increased further to US\$ 413.8 billion on January 12, 2018.
 - Within the major economies running current account deficit, India is among the largest foreign exchange reserve holders and sixth largest among all countries of the world.





India's Ailing Handloom Sector

Relevancy

- ✓ G.S. Paper 2
- ✓ Handloom industry in India
- ✓ Few facts about handloom sector and its rescue

Recently:

- ❖ Google Doodle celebrated India's Republic Day with a colorful artwork, inspired by the vibrant colors and patterns of traditional handloom draperies from different states, depicting parade and cultural dance form.

The handloom industry in India:

- The handloom industry in India exhibits a national identity that is admired and appreciated all over the world given its unique, unparalleled, rich heritage.
- It exhibits the spectacular craft of our artisans and nourishes the social fabric of the country.
- However this handloom art is in crisis.
- According to textile ministry's Handlooms Census (2010) –
- There has been a 33 per cent drop in handloom employment since 1995-96.
- Only 4.3 million people are engaged in handloom weaving and allied activities now, against 6.5 million in 1995-96.
- India's handloom exports touched Rs. 2,246 crore in 2014-15.
- However this has been continually declining compared to the previous 4-5 years.
- Since India produces almost 85 per cent of the world's handloom products, we can ill afford to let the handloom sector and handloom art to fall into decline.

Few facts about the Handloom Industry:

- Handloom is the second largest unorganized set of economic activities in the country, after agriculture, that supports rural areas.
- More than three-fourth of all adult weavers are women and members of SC/ST/OBC communities.
- Indian handloom sector has the largest number of weavers in the world.
- There are almost 2.4 million handlooms in India, of which almost 85 per cent are in villages.

Handloom sector in India needs a rescue mission

- Handloom art and weaving centers are clustered all over the country.
- Many of these art genres are popular in local and international markets.
- For example The Chanderi cluster is known for its genre of silk garments and sarees.
- Other clusters include the Varanasi cluster for Banaras silk sarees, and the Chirala cluster for its traditional varieties of zari (golden metal threads) sarees and dhotis.
- The Himachali topis, handbags from Kutch, the Kolhapuri chappals, jute bags and silk sarees from Assam – they create a landscape of unity in diversity and cultural parity.
- These clusters preserve traditional knowledge, which is passed from one generation to another.
- The exclusivity and the rarity of these handloom art forms provide them with the much-needed competitive advantage.



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What are the concerns?

- We are all aware of the farmer suicides, but tragically enough the death of weavers in the last 20 years has gone unnoticed.
- For instance, there have been 615 suicides in Andhra Pradesh from 1997-2010 and about 50 in Varanasi in the last three years.
- As digital India is the call of the hour, technological advancements are increasingly encouraged in the country and rightly so.
- Sadly, technological advancements impact the handloom industry negatively and the cut-throat competition from power looms has put the very existence of the handloom sector in doubt.
- Many weavers are uneducated and rely solely on their skills that have been passed on to them by their previous generations.
- This is traditional knowledge for them and it is the government's responsibility to take their concerns and future into account.

The Chanderi Model

- The Chanderi town is home to one of the biggest concentrations of handloom weavers in central India.
- There they prepare a finely embellished silk and cotton based fabric with woven patterns of zari.
- Chanderi has 30,000 inhabitants and about 4,500 active looms.
- About 60 per cent of the inhabitants are dependent on this centuries-old traditional business either directly or indirectly.
- The textiles ministry had sanctioned a four-year mega cluster project for Chanderi and the department of rural industries of Madhya Pradesh had also been implementing several schemes aimed at improving the production and marketing of Chanderi products.
- Chanderi weavers sell their products across the country at a premium under the brand name of 'Chanderi', which is known for its unique art and designs.
- The demand estimation, order generation, and distribution of finished product from Chanderi to different parts of the country is a complex and unstructured process. Weavers use different methods to reach their consumers.
- They sell directly to their customers (shopkeepers in other cities) by visiting their place with the products, participate in trade fairs, or sell to intermediaries.

What role can the external agencies play?

- The role of NGOs and social enterprises in saving handloom art cannot be over emphasized.
- Non-government entities play a crucial role in developing rural entrepreneurial networks for the ailing handloom sector.
- For instance, NGO Digital Empowerment Foundation (DEF) has fulltime operations in Chanderi.
- DEF created a web portal to help weavers sell their products, going beyond reducing physical market separations and building a bridge to provide market access to their producers.
- The Chanderi model has been able to demonstrate the viability of market-based solutions for alleviating the poverty of 'bottom of the pyramid' producers, while also salvaging dying art forms.
- Such interventions when done in a timely and appropriate manner can create functional ecosystems of partnerships between the social sector, governments, and poor weavers to successfully develop markets for dying art forms.



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Like any other market, handloom is also required to serve three main functions:

1. Matching of demand and supply that involves identification of buyers and sellers, for which matchmaking product offerings with needs [as well as price discovery is important;
2. Facilitating exchanges or transactions, for which logistics, payment mechanisms, and facilitation of credit along with communication between buyers and sellers become important; and
3. Providing institutional infrastructure such as enforcement of legal and regulatory mechanisms.
 - These functions are already well-developed in formal urban markets, but the active intervention of external agencies may be required in poor, rural areas to make the markets work efficiently by reducing market separations.
 - External non-governmental agencies can be of great help in undeveloped informal BOP markets in many parts of India.
 - The budget should aim at improved infrastructure, education and skill-set training to nurture the industry as it looks promising with demands of domestic and export consumption.



Natural partners in the Asian century

Relevancy

- ✓ G.S. Paper 3
- ✓ Continental shift between India and China
- ✓ India's concerns

Recently:

- ❖ As we complete two decades of the 21st century, a paradigm change in the global power structure is taking shape. Technology and size are causing this change.
- ❖ Potential power is shifting to the two large nations of the Asian mainland, China and India, which are fast-growing economies.
- ❖ Together they represent 60% of the Asian mainland.

Continental shift:

- Asia already accounts for almost half of the world's population, half of the world's container traffic, one-third of its bulk cargo and 40% of the world's off-shore oil reserves.
- It is home to several fast-growing new economies with GDP growth rates above 7% per year, i.e. a doubling of the GDP every 10 years.
- Asian defense spending (\$439 billion) is also much more than Europe's (\$386 billion).

India and China:

- Since the late 1990s, China and India have been rapidly emerging as influential power hubs.
- Being two of the three most populous and largest GDP nations, India and China, both culturally akin, are socially structured on family values and associated social attitudes.



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- Potentially both are poised to fill the role of global powers. To achieve that potential, both require hardware, software and the clear mindset for exercising this power.
- As of now, China is ahead of India in reaching that level.

Can India can reach the level of China?

- India's China policy needs a re-structuring based on a fresh perspective that is relevant for the 21st century.
- The global power matrix has undergone a paradigm change from an exclusively Atlantic shores based concerns to emerging Indo-Pacific ocean strategic issues.
- Thus India-China relations matter as never before.
- The diminishing influence of Western powers in the region and as of now the acknowledged rising power of China is the new global reality.

What are India's concerns?

- China has conceptualized and implemented the centrality of befriending all of India's neighbors and has brought them on board in its Belt and Road Initiative (BRI).
- India has been reduced to merely reacting to such proposals without any of her own to canvass as an alternative.
- There is an unfortunate trust deficit that requires frank bilateral discussion at a high political level.

What should be India's policy?

- The key for India today is to bond strategically with China.
- India must deal bilaterally on huge pending issues.
- India is now poised to form a global triangle with the U.S. and China, and therefore the government must seize the opportunity, which requires a serious effort at reconciliation with China in a give-and-take mode without sacrificing our national interest.
- India must restructure its policies to become global player from regional player.
- In terms of hardware capability and mindset, India is at present only a regional power.
- A change in strategic conceptualization is needed, from the present land-focused thinking to Ocean-centric articulation.
- The Indian Ocean has now emerged as the epicenter of global power play in the 21st century.
- We need to recognize the centrality and primacy of the Indian Ocean in India's global economic and military activism: the Indian Ocean is the epicenter of global power play in the 21st century.
- With Indonesian partnership, India can monitor the Malacca Strait through which over 80% of the freight traffic of China and East Asia passes.
- As an important part of its diplomacy, India must develop deeper cultural and civilization linkages with China and the rest of Asia.

Looking beyond Pakistan:

- India needs a new mindset to look beyond Pakistan.
- India's obsession with the problem of Pakistan-trained terrorists entering Indian territory should be done away with at the earliest and it should assert higher priority on global issues.
- This would make it easy for other countries to hyphenate the two regional-minded nations, India with Pakistan.
- India has the capacity and the opportunity to rise as a 'responsible and influential global power' which will easily fix Pakistan and its terrorist propensity.
- India needs to learn to exercise power without being seen as a bully by our neighbors.
- India must acquire the much needed intellectual outlook mature enough to find acceptable accommodation with China for a partnership in Asian peace.

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