VEDHIK CURRENT AFFAIRS

21/03/2024 Thursday www.vedhikiasacademy.org DAILY NEWS ANALYSIS

POLITY ECONOMICS TECHNOLOGY ECOLOGY

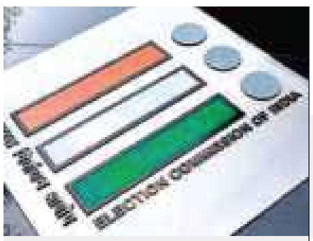
POLITY AND GOVERNANCE

In SC, Centre defends appointment of new ECs

CONTEXT: The Centre rebuffed allegations that it had taken advantage of the two vacancies in the Election Commission to fill the posts of Election Commissioners Sukhbir Singh Sandhu and Gyanesh Kumar, criticised as hasty and opaque citing as a necessity arising from a constitutional duty to conduct the elections on time.

Pick and choose

A timeline of events that led to appointment of the two new Election Commissioners:



February 14: Anup Chandra Pandey retires as EC

March 9: Arun Goel tenders his resignation, resulting in an unexpected second vacancy

March 14: Selection Committee, recommends two names. The President grants approval for the appointment

March 15: Sukhbir Singh Sandhu and Gyanesh Kumar take charge as the new Election Commissioners

The Association for Democratic Reforms petitioned against the Chief Election Commissioner and Election Commissioners Act, 2023, arguing that it favoured the government by giving it a major role in appointing election commissioners. The new law replaced the Chief Justice of India with a cabinet minister on the Selection Committee, overturning a previous Supreme Court judgment. The Centre countered this argument, stating that the presence of a judge did not necessarily ensure the independence of the Election Commission.

The government argued that the independence of the Election Commission, or any similar body, is not dependent on having a judicial member in the selection committee. Similarly, the presence of senior government officials on the committee does not automatically imply bias.

Stop-gap arrangement

The government argued that the inclusion of the Chief Justice as a member of the selection panel was a temporary measure until Parliament made a law on EC appointments. It dismissed accusations of bias in recent EC appointments as "malicious," stating that the appointments were necessary to announce the Lok Sabha election schedule on time. The government emphasized that Chief Election Commissioner Rajiv Kumar could not have managed the electoral process alone, given the scale of the upcoming election.

'To stir controversy'

The government stated that there were no allegations against Mr. Sandhu or Mr. Kumar regarding their appointments to the Election Commission. It accused certain parties of trying to create a political controversy by making unfounded statements about the motives behind these appointments. The government also refuted claims by Adhir Ranjan Chowdhury, a member of the selection committee, that he was not informed about the candidates under consideration. It clarified that the profiles of eligible candidates were shared with him on March 13 and that the selection process was collaborative, with discussions occurring during the meeting.

The government highlighted that the Chief Election Commissioner and Election Commissioners Act, 2023, introduced a more democratic and inclusive appointment process compared to the previous 73 years, where appointments were solely an executive action.

POLITY & GOVERNANCE

Lok Sabha election procedure kicks off as EC notifies first phase nomination window

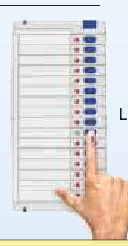
CONTEXT: T The nomination process for the first phase of the Lok Sabha election began on Wednesday, with the issuance of a notification by the Election Commission.

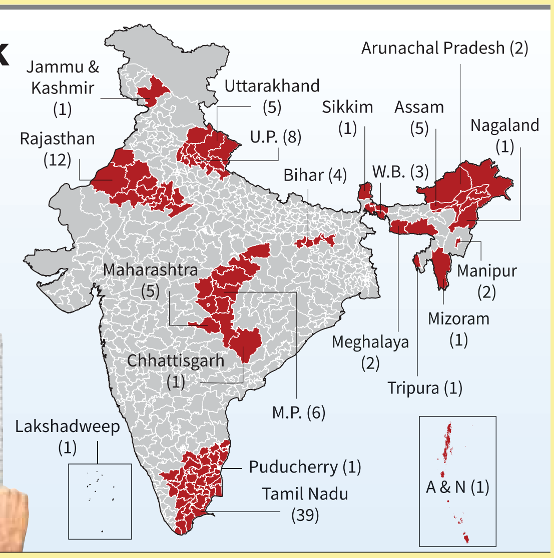
On your **mark**

On Wednesday, the process to elect India's next government began, with the Election Commission issuing a notification for the first phase of the Lok Sabha election

- The map shows **102** constituencies spread across **21 States and UTs** going to the polls on April 19

- The election for the subsequent phases are on April 26, May 7, May 13, May 20, May 25 and June 1. The counting of votes is on June 4





Source: PTI

A total of 102 seats in 21 States and Union Territories will go to the polls in the first phase on April 19.

"Education is the ability to listen to almost anything without losing your temper or your self-confidence." - Robert Frost

POLITY & GOVERNANCE

CCI rejects pleas against Google Play Store's billing policy

CONTEXT: The Commission of India (CCI) dismissed four petitions of Indian app companies filed against Google's new Play Store billing policy to levy an 11 % to 26 % charge on in-app payments.

Indian-origin app firms have accused Google's Play Store payment policies of being anti-competitive. However, the Competition Commission of India (CCI) clarified that its recent order should not be seen as a final opinion on the case. The CCI stated that the informants did not meet the criteria for interim relief as outlined by the Supreme Court. The CCI emphasized that the investigation would proceed without being influenced by its observations in the order.

Anupam Mittal's People Interactive India Pvt Ltd., Mebigo Labs, the Indian Broadcasting and Digital Foundation, and the Indian Digital Media Industry Foundation filed complaints against Google's Play Store payment policies. They requested the regulator to stop Google from collecting fees for transactions involving paid downloads or in-app purchases on apps offering digital products or services. This order followed a CCI probe initiated on March 15 into Google's alleged discriminatory practices related to its Play Store pricing policy, which was found to potentially violate competition law. This investigation comes less than two years after the CCI penalized Google and issued various directives regarding its Play Store policies.

The CCI acknowledged concerns about the fairness of Google's fee structure, as highlighted in its initial order dated March 15. However, the CCI emphasized the costs and responsibilities involved in maintaining and operating app stores. The regulator stated that the complainants did not present enough evidence to support their request for interim relief to completely restrain Google from collecting its fees. The CCI concluded that the complainants had not made a case that justified granting them interim relief, and therefore, their applications were dismissed.

High commission

The Alliance of Digital India Foundation (ADIF) expressed concern over the high commission rates imposed by Google for in-app purchases, stating that they are not in the best interest of Indian digital entrepreneurs. ADIF called for reconsideration of these rates to ensure mutual benefit. They trust the judicial process and hope that the Indian judiciary will prioritize the interests of the Indian app development community. The regulator's decision to investigate Google's updated payment policies follows complaints alleging violations of competition law. This order also comes after Google removed and later reinstated some apps from the Play Store due to payment issues.

POLITY & GOVERNANCE

Centre notifies fact check unit to screen online content

CONTEXT: The Union Ministry of Electronics and Information Technology notified the Press Information Bureau's Fact Check Unit as the designated body to flag misinformation about Central government departments to social media platforms.

Under the IT Rules, 2021, social media platforms could lose their legal liability protections for user-generated content if they fail to address notified misinformation. The government had delayed formally notifying the Fact Check Unit due to ongoing litigation at the Bombay High Court challenging this provision. However, the court recently declined to extend an interim stay, allowing the government to enforce the rules. The PIB Fact Check Unit has faced criticism in the past for disputing journalists' work based on denials from the Ministries they have reported on.

'Threat to free press'

The Editors' Guild of India and comedian Kunal Kamra, among others, have challenged the IT Rules, particularly the provision empowering the Fact Check Unit to determine the accuracy of information related to the Union government. Critics argue that this provision could threaten the independence of the free press on the Indian internet. The Fact Check Unit, which is run by senior officers of the Indian Information Service under the PIB, has been criticized for disputing news reporting and misrepresenting articles' claims. The Unit's reporting structure links it to the Principal Director General of the PIB, who serves as the Principal Spokesperson of the Government of India.

SCIENCE & TECHNOLOGY

BEML conducts test-firing of indigenous 1,500 HP engine for main battle tanks

The Bharat Earth Movers Limited (BEML) engine division in Mysuru complex successfully conducted the maiden test-firing of India's first indigenously-made 1,500 horsepower (HP) engine for Main Battle Tanks on Wednesday in the presence of Union Defence Secretary Giridhar Aramane.

Advanced technology

The Defence Ministry announced the development of a 1,500 HP engine for military use, highlighting its cutting-edge features such as high power-to-weight ratio and operability in extreme conditions. The engine, equipped with advanced technologies, is said to be on par with the most advanced engines globally. The Defence Secretary described this achievement as transformative, enhancing the armed forces' capabilities. The project, initiated in August 2020, has been structured into five major milestones to ensure timely completion and adherence to quality standards.

POLITY & GOVERNANCE

Why has Karnataka banned certain colouring agents?

CONTEXT: Karnataka became the third State in South India after Tamil Nadu and Goa to ban the use of certain colouring agents in cotton candy and gobi manchurian found to be harmful.

What did the survey results show?

Samples in the State were collected starting from February 12 and sent for laboratory testing, which revealed the presence of harmful chemicals in many samples. Out of 25 cotton candy samples, 15 were found to be unsafe as they contained colours, while the remaining 10 were safe as they were made without added colours. Similarly, out of 171 samples of gobi manchurian, 107 were declared unsafe due to added colours, while 64 were deemed safe as they did not contain added colours.

What were the harmful chemicals?

Unsafe samples of cotton candy and gobi manchurian were found to contain harmful chemicals such as sunset yellow, tartrazine, and rhodamine-b. Rhodamine-b, a suspected carcinogen, is already banned. Tartrazine, while an approved food colour, has restrictions on its usage, particularly for packed food items with prescribed amounts. It cannot be used in freshly prepared food items. The Food Safety Commissioner warned that prolonged consumption of snacks containing artificial colours could lead to serious diseases like cancer.

What are the penalties?

Rule 16 of the Food Safety and Standards Act, 2006 prohibits the use of artificial colours in gobi manchurian preparation. The rules allow certain food colours within approved limits but prohibit non-permitted colours like rhodamine-b in cotton candy. Offenders face license cancellation, hefty fines, and jail terms, with the Act stipulating a minimum fine of ₹10 lakh and a minimum jail term of seven years, extendable to life imprisonment, for using banned chemical substances in food products.

What next?

The ban on harmful chemicals in food products is now in effect, with immediate action being taken. The government plans to raise awareness among manufacturers and consumers about the ban. Consumers are advised to avoid or minimize consumption of food items with artificial colours. Random checks will be conducted to ensure compliance with the ban. Other popular food products like kebabs, which also use colouring agents, are likely to be scrutinized as well.

ECONOMICS & DEVELOPMENT

'Consumption unequal, not as weak'

CONTEXT: India's investment upturn is being led by private real estate outlays rather than public capex, while consumption growth, which has been weak, may be revised upwards in the forthcoming official GDP numbers, questioning the "dominant narrative" about the economy's growth drivers.

Inequitable consumption

Top-of-the-pyramid household spending is rising faster than for those at the bottom of the pyramid: HSBC Global Research

- **Consumer goods imports, personal services, non-housing personal loans rising quickly, says HSBC's Bhandari**
- **Narrative on investment-led growth does not pass 'smell test'**
- **Higher consumption needs to kick in to spur confidence for private sector to invest: Bhandari**

India's current investment upturn is primarily driven by private real estate investments rather than public expenditure. Consumption growth, which has been sluggish, may see an upward revision in the upcoming official GDP numbers, challenging the prevailing notion about the economy's growth drivers. Although there are disparities in consumption growth, with wealthier households experiencing faster growth compared to lower-income households, argues that there are reasons to believe that consumption growth is not as sluggish as national income estimates indicate.

Consumer goods imports, personal services, and non-housing personal loans have been increasing rapidly, leading to the belief that private consumption data will be revised upwards in future GDP revisions. However, even consumer staples showed weakness, and a broad revival in private investments remained elusive. Despite the government increasing capital expenditure, public sector firms were reducing investments, with overall public investment ratio below pre-pandemic levels. Private investment, particularly in dwellings and structures, has been rising, coinciding with increased house sales and housing loan growth. The narrative of robust GDP driven by public investment and early signs of private sector investment rather than consumption does not seem to align with the current economic trends.

INTERNATIONAL RELATIONS

At WTO, India tries to lower cost of cross border remittances

CONTEXT: India is actively pursuing its proposal to reduce the cost of cross-border remittances, which was put forward at the WTO's 13th Ministerial Conference in Abu Dhabi. The country has requested the WTO's General Council to start a work program to make recommendations for lowering these costs.

The National Payments Corporation of India is working on a presentation for a session on 'cost of remittances' being held by the WTO's committee on trade in financial services' in Geneva on March 25, drawing from its experience of putting in place a robust physical as well as electronic payment and settlements systems in the country.

The fall in costs of remittances would primarily benefit low and middle-income countries, which accounted for 78 % of remittance flows in 2023. India highlighted at the WTO's 13th Ministerial Conference that the global average cost for sending remittances is high, at 6.18 %, which is more than twice the Sustainable Development Goal (SDG) target.

Promoting interlinkage

India's representative emphasized the importance of promoting interoperability and interlinkages of digital payment infrastructures to achieve cheaper, faster, and more transparent cross-border payments, including remittances. They noted that the global average cost for digital remittances, at 4.84 %, is significantly lower than the cost for non-digital remittances.

Proposal at WTO MC13

India's proposal to lower the cost of cross-border remittances received support from countries like Sri Lanka, Nepal, and Bangladesh at the WTO's 13th Ministerial Conference. The EU also showed interest. As the conference did not produce significant outcomes, India is now pursuing the matter at the WTO through various bodies, including the General Council. India proposed that the General Council should request the Council for Trade in Services and Committee on Trade in Financial Services to undertake a work program on remittances. This program would focus on understanding the development impact of cross-border remittances, reviewing costs, trends, and developments, and examining how technology, new market players, providers, channels, and consumer behaviour are affecting cross-border remittance services.

INTERNATIONAL RELATIONS

Australia's iron ore miners face falling Chinese demand

CONTEXT: Australia's vast iron ore mining sector is facing stark choices as its biggest customer China has likely hit a peak in its steel production and global pressures mount to decarbonise one the world's most polluting industries.

Australia is the world's largest exporter of iron ore, shipping about 930 million metric tons in 2023, valued at approximately $93 billion. It is also the top exporter of metallurgical coal, ranks second in thermal coal and liquefied natural gas exports, and is the biggest exporter of lithium and largest net exporter of gold. However, the

combined exports of these commodities do not surpass the value of iron ore shipments, highlighting the significant role of iron ore, mainly produced in Western Australia.

More than 80% of Australia's iron ore exports are to China, which buys 70% of the global seaborne volumes and produces about half of the world's total steel. These dynamic paints a picture of a dominant producer and buyer in the iron ore market. China's economic growth since the late 1990s has allowed Australian iron ore miners to significantly increase output, benefit from economies of scale, and become highly profitable. However, changes in China's demand and the steelmaking process are likely to occur soon, potentially disrupting the current model where Australia produces large quantities of iron ore for use in blast furnaces and basic oxygen furnaces, which require coking coal.

China steel output

China's steel output has remained around 1 billion tonnes per year for the past five years, with most analysts predicting a gradual decline in production over the next few years. This decline is attributed to easing infrastructure and housing construction in China, as well as an increasing use of scrap steel in electric arc furnaces to produce new steel products. While Australia's iron ore miners may find new markets in Southeast Asia, the overall market for iron ore is expected to decline. Additionally, there will likely be a shift towards higher grades of iron ore, which can be more easily used alongside scrap in electric arc furnaces.

Higher grades of iron ore can be upgraded into direct reduction iron (DRI), which can then be used to make steel without the need for coal. Using DRI produced with green hydrogen and renewable energy is seen as a way to reduce carbon emissions in the steel industry. Even using natural gas to make DRI can significantly cut emissions. However, exporting DRI can be challenging due to its volatility, so it is often produced near steel furnaces. If Australian miners want to move up the steel value chain, they would need to find ways to produce DRI and convert it into steel in Australia, using renewable energy sources.

INTERNATIONAL RELATIONS

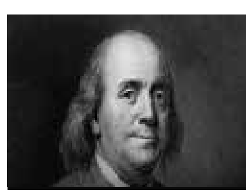
IMF to release $1.1 bn from bailout fund to Pakistan

CONTEXT: Pakistan and the International Monetary Fund (IMF) reached a preliminary agreement for the release of $1.1 billion from a $3 billion bailout following days long talks in Islamabad.

Pakistan has reached a staff-level agreement with the IMF, securing the final tranche of a bailout approved in July to prevent default on debt repayments. The agreement, which is expected to be formally approved by the IMF's executive board, follows talks between the IMF and the new government led by Prime Minister Shehbaz Sharif in Islamabad. Pakistan's Finance Minister Muhammad Aurangzeb and the IMF's mission chief to Pakistan, Nathan Porter, led their teams in the negotiations, which began last week.

Pakistan signed a $3 billion short-term agreement last year to address a severe economic crisis that raised concerns about the country defaulting on foreign debts. The bailout was signed by Prime Minister Shehbaz Sharif, who took office after former Prime Minister Imran Khan was ousted following a no-confidence vote in Parliament. Sharif was re-elected as prime minister in February 2024 parliamentary elections. This development follows a request from Khan to the IMF to link talks with Pakistan to an audit of the recent elections, which his party alleges were rigged. Authorities have denied these allegations.

Pakistani authorities have criticized former Prime Minister Imran Khan for writing a letter to the IMF, alleging it was an attempt to harm the country's already struggling economy. The IMF stated that Pakistan's economic and financial position has improved in recent months, but growth is expected to be modest this year, and inflation remains high. The IMF emphasized the need for ongoing policy and reform efforts to address Pakistan's economic vulnerabilities. Pakistan has also expressed interest in receiving a new bailout of up to $8 billion when the current one expires this month.



"If you invest more in your education, then you are likely to get more interest in it."
–Benjamin Franklin