

INDIAN ECONOMY

➤ **The status and proceeds of disinvestment**

➤ **CONTEXT:** In the Union Budget for 2023-24, the government has set a disinvestment target of Rs.51,000 crore, down nearly 21% from the budget estimate for the current year and just Rs.1,000 crore more than the revised estimate. It is also the lowest target in seven years. Moreover, the Centre has not met the disinvestment target for 2022-23 so far, having realised Rs.31,106 crore to date, of which, Rs.20,516 crore or close to a third of the budgeted estimate came from the IPO of the Life Insurance Corporation (LIC).

➤ **Why does the government undertake disinvestment?**

- Disinvestment or divestment, in this context, is when the government sells its assets or a subsidiary, such as a Central or State public sector enterprise.

- Minority disinvestment, majority disinvestment, and complete privatisation are the three main approaches to disinvestment.

- On fruition of minority disinvestment, the government retains a majority in the company, typically greater than 51%, thus ensuring management control.

- In the case of majority divestment, the government hands over control to the acquiring entity but retains some stake whereas in complete privatisation, 100% control of the company is passed on to the buyer.

- ✓ The Union Finance Ministry has a separate department for undertaking disinvestment-related procedures called the Department of Investment and Public Asset Management (DIPAM).

- The government may disinvest in order to reduce the fiscal burden or bridge the revenue shortfall for that year. It also uses disinvestment proceeds to finance the fiscal deficit, to invest in the economy and development or social sector programmes, and to retire government debt.

- Disinvestment also encourages private ownership of assets and trading in the open market. If successful, it also means that the government does not have to fund the losses of a loss-making unit anymore.

- ✓ After the the Atal Bihari Vajpayee-led NDA government's privatisation drive, the stock market saw the listing of shares of a bunch of public sector firms. A bold push for disinvestment of the public sector was expected soon after Prime Minister Narendra Modi assumed office in May 2014, announcing that the government had "no business to be in business".

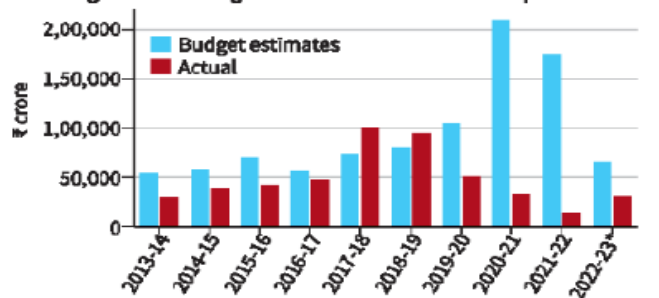
- Different central governments over the last three decades have been able to meet annual disinvestment targets only six times. Since 2014, the BJP-led NDA government has met (and overachieved) its disinvestment targets twice. In 2017-18, the government earned disinvestment receipts of a little over Rs.1 lakh crore as against a target of Rs.72,500 crore, and in 2018-19, it brought in Rs.94,700 crore when the target was set at Rs.80,000 crore.

- Notably, PRS Legislative Research points out that in recent years, in cases of disinvestment where the government sold more than 51% of its shareholding in Central Public Sector Enterprises (CPSEs), along with a transfer of management control, its stake was sold to another public sector enterprise.

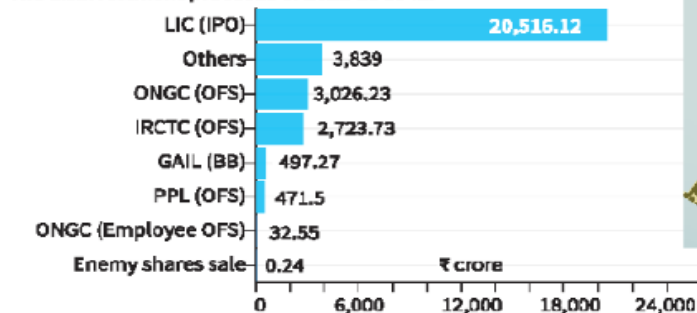
High expectations

The Union Budget 2023-24 has set a disinvestment target of ₹51,000 crore, down nearly 21% from the budget estimate for the current year. With two more months to go in the year, the Centre is yet to meet its disinvestment target

The budget estimates against the actual realisation of proceeds



The disinvestment proceeds of 2022-23 so far



- Case in point, when the Centre exceeded its target in 2017-18, it earned Rs.36,915 crore by selling Hindustan Petroleum Corporation Limited (HPCL) to the state-owned Oil and Natural Gas Corporation (ONGC). In 2018-19, REC Limited was sold to the state-owned Power Finance Corporation Limited, through which the government raised Rs.14,500 crore.
- In 2021-22, when Air India was added to the Tata group, the Centre missed its high disinvestment target of Rs.1.75 lakh crore by a significant margin, raising just Rs.13,534 crore in disinvestment proceeds.
- In the current year, a third of its budget estimate came from the delayed LIC IPO, which would have happened in the previous year if not for market volatility. With Rs.31,106 crore in the exchequer as disinvestment proceeds so far, and less than two months remaining in the current fiscal, the government is likely to miss its target.
- **What are CPSEs likely to be divested in 2023-24?**
- The Centre is not going to add new companies to the list of CPSEs to be divested in 2023-24 and the aspirational divestments of two public sector banks and one general insurance firm, announced in the budget two years ago, will not be a part of the divestment plan either.
- According to DIPAM, the government has decided to stick to the already-announced and planned privatisation of State-owned companies. These include IDBI Bank, the Shipping Corporation of India (SCI), the Container Corporation of India Ltd (Concor), NMDC Steel Ltd, BEML, HLL Lifecare, and so on.
- **What have been the challenges to disinvestment?**
- Observers point out that disinvestment should ideally be driven by the long-term vision of the government on the extent to which it wants to privatise the economy and the sectors where it needs to retain a presence — and not by the need to raise revenues. However, of late, the government's reliance on disinvestment proceeds to bridge the gap in the Budget has been increasing.
- It had introduced a new strategic disinvestment policy in 2021 to maintain 'bare minimum' presence in strategic sectors like atomic energy, defence etc., and exit non-strategic sector enterprises. Besides, disinvestment planning calls for a consistent and long-term rationale. The profitable oil refining and marketing company BPCL, which was put up for divestment, had been paying healthy dividends and made investments in upstream energy resources.

IMPORTANT INTERNATIONAL AFFAIRS / WORLD HISTORY

- **Is there a change in German policy towards Russia?**
- **CONTEXT:** After months of political debate, the German government announced recently that it would send Leopard 2 main battle tanks (MBTs) to Ukraine. The decision marks Germany's shift from its policy of Ostpolitik — an approach followed in an effort to bridge Berlin's divisions and "bring change through trade".
- **How did Germany's policy towards Russia evolve in the 20th century?**
- Germany's relationship with Russia has always been critical to European security and prosperity.
- Soon after the Bolshevik revolution and Germany's defeat in the First World War, the Soviet Union and the newly born German republic signed the Treaty of Rapallo, establishing diplomatic relations.
- In August 1939, as war clouds were hovering around Europe, Nazi Germany and the Soviet Union signed a non-aggression agreement, which eventually collapsed in 1941 when Hitler invaded the latter.
- After the Second World War, Germany was divided between the Soviet backed East Germany and the U.S.-backed West Germany. Gradually in 1971, with the adoption of 'Ostpolitik' by West German Chancellor Willy Brandt, significant economic interaction began between the two sides.
- As a result of this policy, Germany signed an agreement and started importing Russian natural gas for the first time. It was a widely shared belief that economic interdependence could foster better political ties.
- **What about post-Cold War period?**
- In the post-Soviet world, a unified Germany doubled down on its efforts to promote ties with Russia. The efforts to promote political ties through energy trade continued even as Vladimir Putin and Gerhard Schroder rose to leadership in Russia and Germany, respectively.
- The Nord Stream 1 pipeline, transporting gas directly from Russia to Germany, was a result of these changing equations. The energy relationship went hand-in-hand with the political relationship. Regardless of Russia's actions in Georgia (2008) and Crimea (2014), the German political establishment continued enhancing Germany's energy reliance on Russia.
- **How has the war in Ukraine impacted Germany's foreign policy?**
- As Russia invaded Ukraine on February 24, 2022, Germany's policy underwent a fundamental shift. Chancellor Scholz declared the war a Zeitenwende (turning point), and since then, Germany's policy has moved away from an emphasis on dialogue and diplomacy to a more assertive stance, culminating in the decision to send Leopard 2 MBTs to Ukraine.
- In the initial phases of the war, Germany believed that a diplomatic solution was possible to bring an end to the conflict. However, as the war progressed, Germany amended several of its previous policies that shaped its orientation towards Russia.
- **What has been Germany's response since the war?**

- One of the key factors driving this change in policy is Germany's recognition of the need to reduce its dependence on Russian energy. Soon after Russia recognised Ukraine's Donetsk and Luhansk provinces as independent republics, Germany stalled the Nord Stream 2 pipeline, which was ready for operation.
- Subsequently, it announced the construction of four floating terminals and two permanent onshore sites for enhanced LNG imports, struck an energy deal with Qatar, and supported numerous rounds of EU sanctions against Russian entities. Germany also worked with other European capitals to assure swift delivery of arms and aid to Ukraine.
- Germany's gradual shift towards a more robust policy towards Russia is a testament to the changing realities of Europe's security landscape.

PRELIMS

1. Parliamentary speech expunged

➤ **CONTEXT: Portions of Congress leader Rahul Gandhi's speech delivered in Lok Sabha on have been expunged (or removed) from the records of Parliament by the orders of the Speaker.**

➤ **Rules it:**

- Under Article 105(2) of the Constitution no Member of Parliament shall be liable to any proceedings in any court in respect of anything said in Parliament or any committee thereof.
- However, MPs don't enjoy the freedom to say whatever they want inside the House.
- The speech of MPs is subject to:
 - ✓ the discipline of the Rules of Parliament,
 - ✓ good sense of its Members, and
 - ✓ the control of proceedings by the Speaker.
- These checks ensure that MPs cannot use defamatory or indecent or undignified or unparliamentary words inside the House.
- The expunging of certain words, sentences, or portions of a speech from the records is carried out in accordance with laid down rules.
- The decision on which parts of the proceedings are to be expunged lies with the Presiding Officer of the House.
 - ✓ Rule 380 of the Rules of Procedure and Conduct of Business in Lok Sabha says if the Speaker is of opinion that words have been used in debate which is defamatory or indecent or unparliamentary or undignified, the Speaker may, while exercising discretion order that such words be expunged from the proceedings of the House."
- Unparliamentary expressions
 - ✓ Over the years, a very large number of words, both in English and other Indian languages, have been found to be unparliamentary by the Presiding Officers of both houses.
 - ✓ These unparliamentary expressions are kept out of Parliament's records.
 - ✓ The Lok Sabha Secretariat has brought out a bulky book of 'Unparliamentary Expressions'.
 - ✓ This book contains words or expressions that would likely be considered rude or offensive in most cultures.
- How is the decision to expunge a word (or portion of a speech) taken?
 - ✓ If a member uses a word that could be unparliamentary or indecent, the head of the reporting section sends it to the Speaker or the Presiding Officer citing relevant rules and precedence with a recommendation to expunge them.
 - ✓ The Speaker has the discretion under Rule 380 to expunge the word or usage.
 - ✓ Once the Speaker expunges the word or usage, it comes back to the reporting section which removes the word from the records.
- What happens after a word has been expunged?
 - ✓ Expunged portions of the proceedings cease to exist in the records of Parliament, and they can no longer be reported by media houses, even though they may have been heard during the live telecast of the proceedings.

2. Under Pradhan Mantri Matru Vandana Yojana (PMMVY)

➤ **CONTEXT: Under Pradhan Mantri Matru Vandana Yojana (PMMVY), cash incentives of Rs.5,000/- is provided directly to the Bank/Post Office account of the beneficiary in Direct Benefit Transfer (DBT) mode for first child. Information given in loksabha**

➤ **About:**

- It is a maternity benefit programme being implemented in all districts of the country with effect from 1st January, 2017.
- It is a centrally sponsored scheme being executed by the Ministry of Women and Child Development.
- Cash benefits are provided to pregnant women in their bank account directly to meet enhanced nutritional needs and partially compensate for wage loss.
- What makes this Scheme Different ?
- Implementation of the scheme is closely monitored by the central and state governments through the Pradhan Mantri Matru Vandana Yojana - Common Application Software (PMMVY-CAS).

- PMMVY-CAS is a web based software application that enables tracking the status of each beneficiary under the scheme, resulting in expedited, accountable and better grievance redressal.
- Who are the Beneficiaries ?
- All Pregnant Women and Lactating Mothers (PW&LM), excluding those who are in regular employment with the Central Government or the State Governments or PSUs or those who are in receipt of similar benefits under any law for the time being in force.
- All eligible Pregnant Women and Lactating Mothers who have their pregnancy on or after 1st January 2017 for the first child in the family.
- What are the Benefits under the Scheme?
- Beneficiaries receive a cash benefit of Rs. 5,000 in three installments on fulfilling the following conditions:
 - ✓ Early registration of pregnancy
 - ✓ Ante-natal check-up
 - ✓ Registration of the birth of the child and completion of the first cycle of vaccination for the first living child of the family.
- The eligible beneficiaries also receive cash incentive under Janani Suraksha Yojana (JSY). Thus, on an average, a woman gets Rs. 6,000.

3. National Action Plan for Drug Demand Reduction (NAPDDR)

➤ CONTEXT: Minister of State for Social Justice and Empowerment, gave information about the initiative to Lok Sabha

- The Ministry of Social Justice and Empowerment had prepared a National Action Plan for Drug Demand Reduction (NAPDDR) for 2018-2023 so as to focus on preventive education, awareness generation, identification, counselling, treatment and rehabilitation of drug dependent persons and training and capacity building of the service providers through collaborative efforts of the Central and State Governments and Non-Governmental Organizations.

➤ Policy Commitments

- Article 47 of the Constitution provides that "The State shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties and, in particular, the State shall endeavor to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health."
- India is a signatory to the three UN Conventions namely, Single Convention on Narcotic Drugs, 1961, Convention on Psychotropic Substances, 1971 and Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988.
- The Government of India has enacted the Narcotic Drugs and Psychotropic Substances (NDPS) Act in the year 1985 to make stringent provisions for the control and regulation of operations relating to narcotic drugs and psychotropic substances.
- The Government of India has also brought out a National Policy on Narcotic Drugs and Psychotropic Substances (NDPS) in 2012 to serve as a guide to various Ministries/Departments, State Governments, International Organisations, NGOs, etc. and re-assert India's commitment to combat the drug menace in a holistic manner.
- The Ministry of Social Justice and Empowerment has been implementing a Central Sector Scheme of Assistance for Prevention of Alcoholism and Substance (Drugs) Abuse since 1985-86 for identification, counselling, treatment and rehabilitation of addicts through voluntary and other eligible organizations.

➤ Objectives of NAPDDR

- Create awareness and educate people about the ill-effects of drugs abuse on the individual, family, workplace and the society at large and reduce stigmatization of and discrimination against, groups and individuals dependent on drugs in order to integrate them back into the society;
- Develop human resources and build capacity for working towards these objectives;
- Facilitate research, training, documentation, innovation and collection of relevant information to strengthen the above mentioned objectives;
- Provide for a whole range of community based services for the identification, motivation, counselling, de-addiction, after care and rehabilitation for Whole Person Recovery (WPR) of addicts;
- Formulate and implement comprehensive guidelines, schemes, and programmes using a multiagency approach for drug demand reduction;
- Undertake drug demand reduction efforts to address all forms of drug abuse;
- Alleviate the consequences of drug dependence amongst individuals, family and society at large

➤ The following components are admissible for financial assistance under the NAPDDR:

- Preventive Education and Awareness Generation
- Capacity Building
- Treatment and Rehabilitation
- Setting quality standards
- Focussed Intervention in vulnerable areas

- Skill development, vocational training and livelihood support of ex-drug addicts
- Survey, Studies, Evaluation, Research and Innovation on the subjects covered under the Scheme.
- Programmes for Drug Demand Reduction by States/UTs
- Programme Management
- Any other activity or item which will augment/strengthen the implementation of NAPDDR
- **Implementation agency**
- The National Institute of Social Defence (NISD), New Delhi, an autonomous body under the administrative control of the Ministry of Social Justice and Empowerment, is the nodal training and research Institute for interventions in the area of Social Defence.

ANSWER WRITTING

Q. Discuss the impact of rapid expansion and usage of Liquefied Natural Gas (LNG) on climate change.

LNG is a natural gas reduced to a liquid state through intense cooling to around -161 degrees Celsius. The war in Ukraine and potential fuel shortages in countries like Germany this winter have brought the issue of gas into the spotlight. However, ramping up fossil gas production and exporting it as LNG is a threat to the climate.

Impact of LNG on climate change:

- LNG emits about as much greenhouse gas (GHG) as coal: Methane from fossil gas production may make LNG about as bad a greenhouse gas emitter as coal. Large volumes of methane can be released while fracking, the process of extracting gas from shale rock.
 - Methane is an immediate climate threat: Methane constitutes a substantial fraction, 9 to 14 per cent, of the total GHG emissions from exported LNG. Methane persists in the atmosphere for less time than carbon dioxide but traps much more heat. This makes LNG exports and the continued and potentially increased gas use a more immediate climate threat.
 - An energy-intensive process: The cooling, liquefying and transport processes, as well as the post-transport regasification procedures, require a lot of energy. For example, between 10-25% of the energy of the gas is lost during the liquefaction process.
 - Risk of high emission across the supply chain: Methane loss across the supply chain can also contribute to LNG's high emissions. The numerous stages required to take LNG from the wellhead to the market lead to a "very high imported emissions intensity" in comparison to piped gas.
 - LNG exports have high social costs: One way to quantify the economic damages from climate change is to calculate the social cost of carbon (SCC). The process of exporting this gas overseas is a substantial contributor to LNG's social cost.
 - LNG projects violate indigenous rights: For example, Canadian fossil gas and LNG export infrastructure is being built in violation of Indigenous rights. Fracking operations cut people off from their lands, and pollute the water.
- According to climate experts focusing on LNG for energy needs is a short-sighted measure. Promoting energy efficiency and renewable power is a sustainable solution for the longer term, which will have better cost, financial and environmental implications.

MCQs

1. With reference to National Action Plan for Drug Demand Reduction (NAPDDR), consider the following statements
 1. The Ministry of Social Justice and Empowerment has been mandated to reduce drug demand.
 2. Under the NAPDDR the Government had proposal to establish De-addiction Centres at Village Panchayat level in the country.

Which of the above statement/s is/are correct?

 - a) **1 only**
 - b) 2 only
 - c) Both 1 and 2
 - d) Neither 1 nor 2
2. With reference to Pradhan Mantri Matru Vandana Yojana (PMMVY), consider the following statements:
 1. The scheme is for pregnant women and Lactating Mothers only.
 2. It is a central Sector scheme.
 3. It is eligible only for the first child of the family.

Which of the statements given above are correct?

 - a) 1 and 2 only
 - b) 2 and 3 only
 - c) **1 and 3 only**
 - d) 1, 2 and 3
3. With reference to Unparliamentary Words, consider the following statements;
 1. There are phrases and words both in English and in Indian languages, that are considered "unparliamentary".
 2. Under the rule of Lok Sabha Speaker can exercising discretion order that such words be expunged from the proceedings of the House.

3. In 2022, India has listed these words for the first time since independence.
Which of the statement/s given above is/are correct?
- 1 and 2 only
 - 2 and 3 only
 - 1 and 3 only
 - 1,2 and 3
4. "Ostpolitik" policy often mentioned in news is talked in relation with which of the following country?
- Mexico
 - Argentina
 - Turkey
 - Germany**
5. Consider the following statements.
- Disinvestment involves selling minority shares of Public Enterprises, to a public or private entity.
 - When the government sells majority shares in a public sector entity that is strategic disinvestment.
 - Under strategic disinvestment, the government transfers the ownership and control of a public sector entity to another public entity and the private sector is not involved here.
- Which of the above statement/s is/are correct?
- 1 and 3 only
 - 1 and 2 only**
 - 2 and 3 only
 - All of the above
6. With reference to National Commission for Safai Karamcharis consider the following
- National Commission of Safai Karamcharis Act, 1993 defines "Safai Karamchari".
 - National Commission for Safai Karamcharis is a statutory body.
- Which of the above statement/s is/are not correct?
- 1 only
 - 2 only**
 - Both 1 and 2
 - Neither 1 nor 2
7. Mission Antyodaya Survey (MAS) 2022-23 has been launched by which of the following ministry/Organisation/Department?
- Ministry of Rural Development**
 - Ministry of Home Affairs
 - Niti Ayog
 - NSSO
8. Operation "Narcos" and Operation AAHT often mentioned in news are related to which of the following?
- Border Security Forces
 - Assam Rifle
 - Railway Protection Force**
 - Central Bureau of Investigation
9. As part of MISSION LIFE Awareness Programme, which of the following organizing a online Green talk series "GYAN VIGYAAN AUR HUM"?
- Ministry of Earth Science
 - Ministry of Education
 - Ministry of Natural Gas and Petroleum
 - Ministry of Environment, Forest and Climate Change**
10. With reference to PM Poshan Scheme consider the following
- The scheme replaced the national programme for mid-day meal in schools or Mid-day Meal Scheme
 - The Department of School Education and Literacy administers the PM Poshan Scheme
- Which of the above statement/s is/are correct?
- 1 only
 - 2 only
 - Both 1 and 2**
 - Neither 1 nor 2