

# **The Indian Express**

## **Front Page**

### **Jaishankar meets Chinese Foreign Minister Wang Yi in Bali, calls for early resolution of LAC row (Page no: 3) (GS Paper 2, International Relations)**

Amid the over two-year-long military standoff between India and China, External Affairs Minister S Jaishankar met Chinese Foreign Minister and State Councillor Wang Yi in Bali, on the sidelines of the G-20 foreign ministers' meeting, and called for "early resolution" of all "outstanding issues along the Line of Actual Control (LAC) in Eastern Ladakh". While Jaishankar underlined that the India-China relationship is "best served by observing the three mutuals — mutual respect, mutual sensitivity and mutual interests", the MEA spokesperson in Delhi drew a hard line as he responded to China's criticism of Prime Minister Narendra Modi's phone call to the Dalai Lama, action on Chinese firms, and plans to hold G-20 preparatory meetings in Jammu and Kashmir (J&K) and Ladakh.

The External Affairs Minister called for an early resolution of all the outstanding issues along the LAC in Eastern Ladakh. Recalling the disengagement achieved in some friction areas, he reiterated the need to sustain the momentum to complete disengagement from all the remaining areas to restore peace and tranquility in the border areas.

He reaffirmed the importance of fully abiding by bilateral agreements and protocols, and the understandings reached between the two ministers during their previous conversations.

In this regard, both ministers affirmed that the military and diplomatic officials of the two sides should continue maintaining regular contact and looked forward to the next round of senior commanders' meeting at an early date.

EAM reiterated that India-China relationship is best served by observing the three mutuals – mutual respect, mutual sensitivity and mutual interests.

"Began my day in Bali by meeting FM Wang Yi of China. Discussion lasted one hour. Focused on specific outstanding issues in our bilateral relationship pertaining to the border situation.

## **Govt. and Politics**

### **PM in Varanasi: Era of forcing anything on youth has ended (Page no: 9) (GS Paper 2, Polity and Governance)**

Prime Minister Narendra Modi Thursday said the era of forcing anything on the youth without understanding them and their aspirations has long gone.

He was speaking at the inauguration of the Akhil Bhartiya Shiksha Samagam, a three-day convention of over 400 academic experts and educationists to discuss the implementation of the National Education Policy (NEP-2020), in Varanasi.

Modi's remarks come in the wake of protests against the Centre's Agnipath recruitment scheme for the country's armed forces.

Modi said that earlier schools, colleges and books decided in which direction students need to move ahead. "But with the introduction of the National Education Policy (NEP-2020), our responsibility towards our youths has increased.

Our responsibility too has increased. We need to constantly motivate youths about their dreams and understand their mind and their aspirations. The era of forcing anything on them without understanding them has gone).

Speaking about NEP-2020, the PM said its basic purpose is "to take education out of narrow thinking and connect it with the modern ideas of the 21st century.

There was never a dearth of intellect and talent in our country. However, the education system created by the Britishers was never a part of the Indian ethos.

### **Centre releases child protection scheme guidelines, asks states to not tamper with name (Page no: 9) (GS Paper 2, Polity and Governance)**

In order to access Central funds and benefits under Mission Vatsalya, an umbrella scheme for child protection services in the country, states will have to retain the official name, as given by the Centre, the Women and Child Development (WCD) Ministry mandated in the guidelines it released. The ministry stated that only a "correct translation to local language is permissible".

States will also have to comply with any "guidelines/instructions issued by the Government of India regarding branding of this Scheme," the WD Ministry stated in its guidelines.

Mission Vatsalya guidelines details the process by which funds will be disbursed to states under various heads by defining institutionalised arrangements.

Funds to states will be approved through the Mission Vatsalya Project Approval Board (PAB), which will be chaired by the WCD Secretary, who will scrutinise and approve annual plans and financial proposals received from states and UTs for release of grants.

Secretaries of the departments of Home Affairs, Social Justice and Empowerment, Panchayati Raj, Rural Development, Housing and Urban Affairs, Labour, Youth Affairs and Sports, Department of School Affairs and Literacy, and the Niti Aayog CEO, will be PAB members.

### **HC stays CIC order on releasing info about PM CARES (Page no: 9) (GS Paper 2, Polity and Governance)**

The Delhi High Court on Thursday stayed a Central Information Commission (CIC) order directing the Income Tax Department to provide copies of all documents submitted by PM CARES Fund while applying for exemption under the Income Tax Act, and file notings granting the approval.

Hearing a petition by the department against the CIC order, Justice Yashwant Varma took note of a submission that the question whether PM CARES Fund is a public authority is currently pending before a division bench of the court.

The court also said that directions issued for disclosure of the information contradicts CIC's own findings in the same order, according to which the information on the list of all exemption applications filed before the I-T Department from April 1, 2019 to March 31, 2020 and the list of rejected applications sought by the applicant was held to be exempted under RTI Act.

While his RTI application was rejected by the authorities on the ground that PM CARES Fund is not covered under the RTI Act, the CIC on April 27 said the issue regarding definition of public authority has been unnecessarily dragged into the matter, as Mittal has not filed the RTI application with PM Cares Fund but with the public authority itself.

It directed the I-T Department to disclose copies of documents submitted in the exemption application by PM CARES Fund, and of file notings granting the approval. The CIC held the other information sought by the applicant to be containing personal details of various third-party entities and declared it exempted under Section 8(1)(j) of RTI Act.

In its petition before the court on Thursday, the I-T Department argued that the CIC has failed to consider the statutory bar contained in Section 138(1)(b) of IT Act, which provides the authorities the discretion whether information relating to any assessee should be disclosed in public interest or not.

## **Editorial Page**

### **At the right rate (Page no: 12)**

#### **(GS Paper 2, Economy)**

All emerging markets (EMs), including India, are facing outflows of foreign portfolio investment as the US Fed tightens. These surges and sudden stops, due to changes in global risk, were a major reason EMs had lower growth in the 2010s compared to the previous decade. Excess volatility in financial variables hurts the real sector. The lesson for EM policy is to smoothen volatility as much as possible.

Canonical inflation targeting wants exchange rates to float as the correct response to capital flows. Policy should respond to exchange rate fluctuations only after they affect inflation or output.

Any interest rate defence of the exchange rate would reduce the focus on inflation. But policymakers disagree as most EMs intervene in foreign exchange (FX) markets in order to reduce volatility.

As Edward F Buffie and co-authors point out in a 2018 paper, this is a serious problem for a theory whose position seems to be: So what if floating doesn't work in practice, it works in theory.

Their research finds FX intervention greatly enhances the efficacy of inflation targeting. Two instruments for two targets work better than trying to do everything through the interest rate.

Excess depreciation in thin markets can raise inflation. Markets can get trapped in cumulative one-way movements and panics.

Much other research, including from the IMF, argues for the use of prudential capital flow management techniques and finds reserve accumulation and its use reduces risks and crises in EMs.

India has all these types of policies. Its sequenced approach to capital account convertibility, where, for example, debt inflows are only allowed as a percentage of domestic markets, saved it from the kind of interest rate volatility Indonesia experienced during the taper tantrum and is helping it now.

More liberalisation measures can be taken when needed. The temporary relaxations announced on July 6 are an example. India's large FX reserves have allowed rupee depreciation to be lower than most other countries as the dollar strengthens.

## **Their fare share (Page no: 12)**

### **(GS Paper 2, Governance)**

There seems to be a war with the restaurant industry over a sitting duck. We witnessed fireworks on the Fourth of July when the Central Consumer Protection Authority issued guidelines — this distinction is important because they are still guidelines at the time of writing and not law — with respect to the levy of service charge in hotels and restaurants.

The legality of levying service charge has been considered and addressed by the Supreme Court of India, high courts, the National Consumer Disputes Redressal Commission, the erstwhile Monopolies and Restrictive Trade Practices Commission and the Income Tax Appellate Tribunal and has been upheld in various judicial pronouncements.

The concept of variable fees and variable pay is neither unique nor one that dropped out of the sky. As customers, we encounter them under various aliases in the myriad services that we use every day because different businesses have and should have different pricing models.

The restaurant service charge disproportionately garners hostility presumably because it is believed to be something that a customer should not have to pay.

The front of the house — restaurant-speak for the workers that interact with customers — does not make the restaurant. There are many workers that toil in the background to ensure that you have the meal that you love and yet they are at a distinct disadvantage from an earning perspective, simply because you do not see them or interact with them. Service charge, which is linked to the sales of the restaurant and independent of wages, formalises equitable, fair distribution across the board and discourages inappropriate incentives.

Service charge also serves the important function of price transparency to the customer as well as the restaurant worker. A restaurant usually provides dine-in, takeaway as well as delivery services in tandem, each having its own cost constructs.

Maintaining separate price sets for each of these revenue channels can be a mathematical nightmare and often confusing to the customer, which is why in most cases you see a baseline menu price with service, packaging and delivery charges, respectively, stacked on top of it, transparently and non-interchangeably.

## **Explained**

### **Sub-categorising OBCs (Page no: 15)**

#### **(GS Paper 2, Governance)**

The Centre **extended the tenure** of The Commission to Examine Sub-categorisation of Other Backward Classes (OBCs) headed by Justice G Rohini, former Chief Justice of Delhi High Court.

The Commission, constituted nearly five years ago, has got 10 extensions so far, and now has until January 31 next year to submit its report.

The idea is to create sub-categories within the larger group of OBCs for the purpose of reservation. OBCs are granted 27% reservation in jobs and education under the central government.

This has been a legal debate for other reservation categories too: in September last year, a Constitution Bench of the Supreme Court reopened the debate on sub-categorisation of Scheduled Castes and Scheduled Tribes for reservations.

For OBCs, the debate arises out of the perception that only a few affluent communities among the over 2,600 included in the Central List of OBCs have secured a major part of the 27% reservation.

The argument for creating sub-categories within OBCs is that it would ensure “equitable distribution” of representation among all OBC communities. It was to examine this that the Rohini Commission was constituted on October 2, 2017.

It was originally set up with three terms of reference:

1. To examine the extent of inequitable distribution of benefits of reservation among the castes or communities included in the broad category of OBCs with reference to such classes included in the Central List.
2. To work out the mechanism, criteria, norms and parameters in a scientific approach for sub-categorisation within such OBCs.
3. To take up the exercise of identifying the respective castes or communities or sub-castes or synonyms in the Central List of OBCs and classifying them into their respective sub-categories. A fourth term of reference was added on January 22, 2020.
4. To study the various entries in the Central List of OBCs and recommend correction of any repetitions, ambiguities, inconsistencies and errors of spelling or transcription.

This was added following a letter to the government from the Commission on July 30, 2019, in which it flagged “several ambiguities in the list as it stands now”.

## **Derecho (Page no: 15)**

### **(GS Paper 3, Environment)**

States of Nebraska, Minnesota and Illinois in the US were hit by a storm system called a derecho on Tuesday. As the storm rolled in, winds gusting at around 140 km per hour, snapped power lines and knocked down trees.

As the storm hit, it turned the skies green, with even many experienced storm chasers claiming to have never witnessed such atmospheric optics, according to the Washington Post. What is a derecho, how did it turn the US skies green?

A derecho, according to the US's National Weather Service is "a widespread, long-lived, straight-line windstorm" that is associated with a "band of rapidly moving showers or thunderstorms".

The name comes from the Spanish word 'la derecha' which means 'straight'. Straight-line storms are those in which thunderstorm winds have no rotation unlike a tornado. These storms travel hundreds of miles and cover a vast area.

Being a warm-weather phenomenon, a derecho generally – not always – occurs during summertime beginning May, with most hitting in June and July. However, they are a rare occurrence as compared to other storm systems like tornadoes or hurricanes.

For a storm to be classified as a derecho it must have wind gusts of at least 93 km per hour; wind damage swath extending more than 400 km. According to University of Oklahoma's School of Meteorology, the time gap between successive wind damage events should not be more than three hours.

Severe thunderstorms result in a 'green sky' due to light interacting with the huge amount of water they hold. A report in the Washington Post said that it is believed that the big raindrops and hail scatter away all but the blue wavelengths due to which primarily blue light penetrates below the storm cloud.

This blue then combines with the red-yellow of the afternoon or the evening sun to produce green, the report said.

## **How a cancer drug works in Covid-19 patients (Page no: 15)**

### **(GS Paper 3, Science and Technology)**

A newly published phase-3 study for the drug sabizabulin, initially developed to fight cancer, has shown that it cuts risk of death by about one-fourth in patients hospitalized with moderate to severe Covid-19.

The study – funded and conducted by the drug manufacturing company Veru – was published Wednesday in the New England Journal of Medicine.

The study, as its primary efficacy endpoint, looked at all-cause mortality, that is, proportion of patients who died during the study up to day 60 compared with placebo in the intent-to-treat population.

The key secondary endpoints looked at differences in the trial and placebo arms in the days in the ICU, days on mechanical ventilation, and days in the hospital.

Eligible patients were required to meet the following criteria to be included in the study like being at least 18 years of age with laboratory-confirmed SARS-Cov-2 infection and baseline oxygen saturation (SpO<sub>2</sub>) level of 94% or lower on room air.

Further, they needed to have a WHO-defined 9-point ordinal scale for clinical improvement score of 4, with a documented comorbidity such as asthma, chronic lung disease, diabetes, hypertension, severe obesity, 65 years of age or older, primarily residing in a nursing home or long-term care facility, or immunocompromised status, or WHO 5 status of noninvasive ventilation or high-flow oxygen, or WHO 6 status of intubation and mechanical ventilation.

Among those excluded from the study were pregnant and breast-feeding women, and patients on ventilation plus additional organ support such as long-term pressors, renal replacement therapy, or extracorporeal membrane oxygen.

According to the study, the "cumulative mortality analysis showed that the reduction in deaths with sabizabulin started within the first week of treatment and the relative reduction in deaths reached 51.8% at day 29".

With 204 participants in the study — 134 were administered the drug and 70 others a placebo — sabizabulin treatment resulted in a 24.9 percentage point absolute reduction and a 55.2% relative reduction in deaths compared with placebo, among the subjects who were at high-risk for acute respiratory distress syndrome (ARDS) and death, the study notes.

## **Economy**

### **RBI easing norms may arrest outflows from NRE accounts (Page no: 17)**

#### **(GS Paper 3, Economy)**

Non-resident Indian deposits which showed a decline in the financial year 2021-22 are expected to pick up in the coming months as the Reserve Bank decision to relax the norms governing the Foreign Currency Non-Resident Bank [FCNR(B)] and Non-resident External (NRE) deposits is expected to arrest the outflows from the NRE accounts and bring more inflows.

Interest rates on NRE deposits are expected to rise in the wake of the RBI measures. Total NRI deposits had declined to \$139.02 billion in FY22 from \$141.89 billion in the previous year.

NRE deposits account for a major chunk of NRI deposits with an outstanding at \$100.80 billion, down from \$102.57 billion a year ago, amid expectations of a rate hike by global central banks.

Banks will be able to offer higher returns to NRIs on their deposits. “The removal of CRR, SLR and interest rate capping norms for incremental NRI deposits in FCNR-B and NRE term deposits will help in reduction of cost of funds and allow banks to offer higher yields to customers.

In a scenario where the NRI deposits have declined sharply in the last financial year, this initiative by the RBI will lead to higher forex inflows and bigger deposit growth for the banks.

Weakened rupee will also mean more rupee per dollar for NRI customers and hence this short-term window opened by the RBI will immensely benefit the NRIs in more than one way as this also coincides with the festival period when most of the NRIs visit India.

With lower cash reserve requirements, banks will have the room to raise the landed cost of NRE and FCNR accounts to draw fresh funds. It means banks will have more NRI funds at their disposal for lending activities.

NRIs can open an NRE account – introduced in 1970 — with funds remitted to India through a bank abroad. This is a repatriable account and transfer from another NRE account or FCNR(B) account is also permitted.

An NRE rupee account may be opened as current, savings or term deposit. Local payments can be freely made from NRE accounts.