

Cryptocurrencies and the Regulators Dilemma

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When Satoshi Nakamoto (a pseudonymous person or group) published the pioneering paper *Bitcoin: A Peer-to-Peer Electronic Cash System* in 2008, he/they would have hardly anticipated that the valuation of the cryptocurrency – Bitcoin – founded a year later would surge to 2300 USD¹ a unit in less than a decade. At present, there are around 969 cryptocurrencies in existence across the globe, with a total market capitalisation close to 116 Billion USD.² Founded as a peer-to-peer electronic payment system, cryptocurrencies enable transfer of money between parties, without going through a banking system. These digital payment systems are based on cryptographic proof of the chain of transactions, deriving their name, Cryptocurrency. These employ cryptographic algorithms and functions to ensure anonymity (privacy) of the users (who are identified by an alphanumeric public key), security of the transactions and integrity of the payment systems. “Decentralised Digital Currency” or “Virtual Currency” is also interchangeably used for a cryptocurrency.

Widely seen as a disruption for the traditional banking and financial institutions, cryptocurrencies have gained significant traction over the last half a decade, at the same time creating a regulatory nightmare for banking regulators across the globe. Governments and their regulatory bodies have been brainstorming for measures to either regulate the growth of cryptocurrencies, as against just letting them proliferate without regulation and interference. While the US Senate had a hearing on Bitcoins in 2013, the Canadian Senate's Standing Committee on Banking, Trade and Commerce carried out an extensive study on the use of digital currency in 2014. The acceptability of cryptocurrencies as a legal instrument currently varies from country to country; while some are in the process of formulating laws and measures, others are yet to respond to this disruptive change. The burgeoning use of cryptocurrencies in terror financing, ransomwares, illicit drugs or arms trade and cybercrime has also raised red flags among the security and law enforcement agencies.

The Reserve Bank of India has been keeping a tab on the increasing use of cryptocurrencies and it had issued an advisory in this regard in 2013, cautioning users, holders and traders of virtual currencies to its potential financial, legal and security related risks.³ The Ministry of Finance also held a public consultation on regulating virtual currencies in May 2017. The overarching issues of regulation, monitoring, measures for consumer protection and security pose a dilemma before the regulatory bodies.

Cryptocurrency is fundamentally a decentralised digital currency transferred directly between peers and the transactions are confirmed in a public ledger, accessible to all the users. The process of maintaining this ledger and validating the transactions, better known as *mining*, is carried out in a decentralised manner. The underlying principle of the authenticity of the present to historical transactions is cryptographic proof, instead of trust; different from how it happens in the case of traditional banking systems.

Any exchange of currency, between party A and party B is a transaction. A cryptographic algorithm/function encrypts this transaction using the digital signatures of the parties to establish their authenticity. Once validated, the transaction reflects in the public ledger, maintained by so-called miners. Cryptocurrencies also bring in transparency in transactions, and all transactions, from the day the first unit of currency was rolled out, are stored in this public ledger. As a privacy measure, the transactions do not reveal the identities of the parties, but rather uses their cryptographic signatures or hash to identify them while maintaining their anonymity. The transactions do not disclose any details of the parties, be it the name, gender, location signature, credentials or nationality.

The architecture of cryptocurrencies engrain the concepts of cryptography and protocols which are based upon the principles of advanced mathematics and computer engineering. This makes cryptocurrencies secure and hard to duplicate or counterfeit.

Another aspect that enshrines transparency in the cryptocurrencies is the extensive use of open source software. Mining, the process of ledger keeping and validating transactions, is also a truly decentralised and distributed process, open to everyone. The architecture of the software and system behind cryptocurrencies ensures the integrity of transactions, blocks of the transactions, and the public ledger.

The prominent feature in the design of cryptocurrencies architecture is decentralised control, which means, no single authority, institution, individual or group controls the flow of transactions, supply or valuation of the currency. Rather, the collective computing power of the miners ensures seamless operations while demand-supply dynamics drive the valuation, which is further governed by the protocols built into the software of the cryptocurrency.

The following concepts govern the functioning of most of the cryptocurrencies, however, they all vary in some way or the other in terms of development and implementation of the software or business rules:

Proof-of-work in the case of Bitcoin is finding a number, *nonce*, when added to the block, the block hash begins with a specific number of zero bits. This is more of a random search, and the probability of successful generation is really low, making it unpredictable which node in the network will be able to generate the next block. The required computation increases exponentially as the number of initial zero bits required increases.⁵ At present, SHA-256 is the most widely used hash algorithm for proof-of-work, while others are Scrypt, Blake-256, HEFTY1, Quark, SHA-3 and so on.

A blockchain is a sequence of interconnected blocks of finite transactions over a period of time, which could vary from a minute to a few hours or even a few days, depending upon the volume of the transactions. All the transactions within the finite time frame form a block, whose signature or hash (SHA-256 in the case of Bitcoin) is computed and interlaced with the next block, therefore forming a chain of blocks, which ensures the integrity of a cryptocurrency. In essence, a blockchain is a public ledger, which is distributed, synchronised and secured by cryptography. This digital ledger is maintained in every node of the network by the miners supporting the operations of cryptocurrency.

Blockchain is fundamentally a technology which not just empowers cryptocurrencies, but has found diverse applications as a digital ledger providing a secure way of making and recording transactions, agreements, contracts and land records. Being a digital ledger, a blockchain can be decentralised and distributed, enabling storage of multiple copies across the network.

Like cryptocurrencies, the underlying blockchain technology is also considered to be a disruptive innovation. Blockchain is transparent and can maintain an indisputable record of transactions, and could potentially be used for a variety of purposes, including maintaining land tenure records and property rights.⁷ Exploratory research is going into creating blockchain applications in banking, pharmaceuticals, stock markets and software for supply chain integrity, maintaining contacts, banking transactions and to curb digital piracy.

Cryptocurrencies blend the best of all the above technologies or processes to offer the users an open-source, cryptographically secure platform for transactions and/or making payments which preserves their privacy and has diverse utilities. The transactions on these platforms might be a small fraction as compared to traditional banking systems, but with the growing penetration of

smart phones and internet connectivity, this innovation might seriously challenge this segment of financial sector once it moves up the value chain.

Professor Clayton Christensen had coined and defined the term *Disruptive Innovation* as a “process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors.” There have been numerous instances where disruptive technologies have displaced well-established competitors, WhatsApp displacing Short Messaging Service (SMS) being one such example. Disruptive technologies offer value to the users, in terms of cost-effectiveness, usability and simplicity.⁸ Considering cryptocurrencies in this perspective, they may well have the potential to displace the existing financial systems which enable electronic flow of money across different political boundaries. The success of cryptocurrencies could be attributed to the advantages they have, such as:

Another facet, which brings the cost down considerably low, is inbuilt security and fraud prevention mechanism, which accounts for 40% of the costs of payment processing gateways.¹¹

Despite these numerous advantages and user friendly processes, cryptocurrencies have their own set of associated risks in the form of volatility in valuation, lack of liquidity, security and many more. Cryptocurrencies are being denounced in many countries because of their use in grey and black markets. There are two sets of interconnected risks; one being to the growth and expansion of these platforms in the uncertain policy environment, and the other being the risks these platforms pose to the users and the security of the state.

In 2014, hackers stole about 480 million USD in Bitcoins from Tokyo's Mt. Gox exchange;¹⁴ which, at that time, was one of the biggest Bitcoin exchange in the world. There have been many more such incidents in recent times; attackers moved about 60 million USD worth of the virtual currency Ether from the account of Decentralized Autonomous Organization (DAO) in June 2016;¹⁵ a breach at Bithumb, South Korea's largest Bitcoin and Ethereum exchange, led to a loss of around 1 million USD worth of cryptocurrencies in June 2017¹⁶; and hackers hijacked cryptocurrency trading platform CoinDash in the middle of its initial coin offering and stole 7 million USD from CoinDash on 17 July, 2017.¹⁷ In general, the reported instances of thefts have been from the exchanges or the users' end. Users are prone to the risk of losing their holdings if they lose the private encryption key or forget it or lose the storage device/hardware where the wallet is kept or even lose the key due to a theft or hack.¹⁸

Additionally, cryptocurrency platforms have also been found to be prone to DDoS attacks, targeted at the exchanges might slow down services or render the platform completely inaccessible. Bitfinex, a Bitcoin exchange, faced DDoS attacks in February 2017; Indian exchange Coinsecure had faced similar attacks in 2016, and BTC-E, Krazen, Poloneix have been a victim of DDoS attacks.²⁰ Owing to these threats, cryptocurrency founders/firms have rolled out a Cryptocurrency Security Standard, a set of requirements for all information systems that make use of cryptocurrencies, including exchanges, web applications, and cryptocurrency storage solutions, complementing existing information security standards such as ISO 27001:2013.²¹

Perhaps, unless and until these risks are mitigated, the future of cryptocurrencies as legal instruments for exchange of goods and services or for that matter, payments, will continue to remain uncertain. Some of these are technical challenges, such as dispute settlement and security of platforms, while others are policy issues which are much more difficult to resolve such as regulation, liquidity, price volatility and consumer protection. Moreover, cryptocurrencies are an entirely new payment method, with privacy benefits for users, but at the same time, this poses significant risks to security practices, counter-terrorism, law enforcement and taxation.

The policy response to changes in financial sector is state driven, and the governments take cautious steps especially when it is a case of disruptive technology, having the potential to disrupt existing institutions, policies, strategies and practices. Regulatory agencies are still weighing the issue through the lens of consumer protection and money laundering/terror financing. The government of India and its regulatory body, the Reserve bank of India have been following the developments in this sphere for quite some time. The RBI, in 2013, had issued a warning to individuals dealing with virtual currencies in India on the financial, legal, operational and security-related risks, and warned that this could even subject the users to unintentional breaches of anti-money laundering and combating the financing of terrorism (AML/CFT) laws.³⁷ It further reiterated this stand in 2017, again cautioning users, holders and traders of Virtual Currencies about the potential financial, operational, legal, customer protection and security related risks.³⁸ The RBI clarified that it has not given any licence or authorisation to any entity/company to operate such schemes or deal with Bitcoin or any virtual currency.³⁹ Owing to the rising concerns, the government of India has set up a committee to take stock of the present status of Virtual Currencies both in India and globally; examine the existing global regulatory and legal structures; and suggest measures (related to consumer protection, money laundering, etc). The committee, chaired by the Special Secretary (Economic Affairs) has representation from Department of Economic Affairs, Department of Financial Services, Department of Revenue (CBDT), Ministry of Home Affairs, Ministry of Electronics and Information Technology, Reserve Bank of India, NITI Aayog and State Bank of India.⁴⁰ The committee is expected to roll out its report by the end of July.

In May 2017, based on the deliberations of this committee, the Department of Economic Affairs had invited comments from members of public for wider consultation and solicited inputs through MyGov platform⁴¹, which received 4,000 comments.⁴² Apart from this committee, there is also a Parliamentary Standing Committee on Finance which is looking into these developments. Questions regarding the developments in this sphere have regularly been tabled before the Ministry of Finance in both the houses of Parliament.⁴³ As the legality and legitimacy of cryptocurrencies hangs in the balance, online cryptocurrency exchanges have mushroomed in India, facilitating their sale and purchase. These are self-regulated trading platforms, employing strict customer identification procedures such as Know Your Customer (KYC), and monitoring transactions of suspicious nature to dissuade money laundering, terror financing or other criminal activities.⁴⁴ Going a step forward, these start-ups have even formed their association – the Digital Assets and Blockchain Foundation India, working towards awareness and best industry practices.

There are three probable directions in which the future discourse on cryptocurrencies will advance; that governments will: a) let cryptocurrencies proliferate as per the market dynamics, without any intervention; b) regulate this segment, designate a status such as legal instrument or capital asset with safeguards for protection against the risks like terror financing, illicit trade or tax evasion; c) proscribe them, given the security risks to the state and perils to the users from volatility, liquidity and security of the assets/systems.

Given the arising interest and enthusiasm of wider populace, technology entrepreneurs and legislators, proscribing cryptocurrencies is unlikely to happen in India. Also, the inherent risks to the security and economy of the state, as well as to the users will dissuade the government from letting cryptocurrencies proliferate without regulation. Therefore, it is quite likely that the further growth and development of cryptocurrencies in India, and their integration with the financial system, if at all, will be regulated under close observation and scrutiny, particularly in the initial phase. Nevertheless, the three factors which are going to shape the likely outcomes of policy on cryptocurrencies in India are:

For developing countries like India, disruptive technologies like cryptocurrencies bring their own set of benefits and risks. At one end, traditional banking systems have their constraints regarding

reach and innovation, where private enterprises fill this space up with novel ideas and innovative business solutions. At the other end, developing countries are at the lower end of technology adoption life cycle, as far as design, development or entrepreneurship in disruptive technologies is concerned. These countries are generally caught by surprise, as disruptive innovations suddenly rise up the value chain and rattle their existing policies, processes, strategies, instruments or technologies. Cryptocurrencies could be a great value proposition in this regard for India, but the prominent security threats, in form of terrorism and left wing extremism, might bring in some hesitation in the early phase of adoption or integration of this technology with the financial system.

If authorised as an electronic payment system or designated a legal instrument, cryptocurrencies will fall under the purview of the RBI; capital gains and business transactions will be liable to tax, and foreign payments are also going to fall under the auspices of Foreign Exchange Management Act. Regulated cryptocurrencies will enshrine robust consumer protection provisions. In terms of benefits, this could be a force multiplier in India's quest for financial inclusion, parallel to the electronic payment modalities such as digital wallets and Aadhaar Enabled Payment System. It could further reduce the cost associated with remittances, which brings annual earnings of close to 62 billion USD to India,⁴⁵. It would also attract future business entrepreneurs, leading to innovation, generation of job and wealth creation in the due process of payments processing, e-commerce and taxation.

Cryptocurrencies are a disruptive innovation that have already begun to alter the existing means of electronic payments, money transfers, policies and regulations. India has also moved a step forward in this regard by considering legalising of these currencies. If the further growth of cryptocurrencies is regulated in India, there will be certain requisites such as a registration process (KYC norms), scrutiny of transactions (in the form of mandatory bank transfers for sale of cryptocurrencies or quoting of Permanent Account Number/Aadhaar); reporting/declaration of profits/sales/gains from trading or business activity in cryptocurrencies. The government will have to take considered steps, given the risks from possible use of cryptocurrencies in terror financing, money laundering and tax evasion. Such regulation would still not address the looming risks from price volatility, security breaches and the lack of consumer protection mechanisms, due to prevalent constraints pertaining to the jurisdiction and authority over cryptocurrencies.

Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.

available at <https://www.cryptocoinsnews.com/antonopoulos-answers-inevitable-bitcoin-terrorism-question/>, accessed on July 18, 2017.

b) Question (no. 1142) by Smt. Meenakashi Lekhi in Lok Sabha on Bitcoin Currency, April 29, 2016, available at <http://164.100.47.194/Lok Sabha/Questions/QResult15.aspx?qref=33353&lsno=16>, accessed on July 20, 2017.

c) Question (no. 523) by Shri. Parvesh Sahib Singh in Lok Sabha on Regulation of Bitcoin, November 18, 2016, available at <http://164.100.47.194/Lok Sabha/Questions/QResult15.aspx?qref=41144&lsno=16>, accessed on July 20, 2017.

d) Question (no. 335) by Shri. Jose K. Mani in Lok Sabha on Bitcoin Currency, February 03, 2017, available at <http://164.100.47.194/Lok Sabha/Questions/QResult15.aspx?qref=46362&lsno=16>, accessed on July 20, 2017.

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Justice Krishna to head expert group on Data Protection Framework for India**Justice Krishna to head expert group on Data Protection Framework for India**

Recognising the importance of data protection and keeping personal data of citizens secure and protected, Ministry of Electronics and Information Technology (MeitY), Government of India has, on 31st July 2017, constituted a Committee of Experts under the Chairmanship of Justice B N Srikrishna, Former Judge, Supreme Court of India and comprising of members from Government, Academia and Industry to study and identify key data protection issues and recommend methods for addressing them. The committee will also suggest a draft Data Protection Bill. Protection of Data is expected to provide big boost to Digital economy of the country.

NNK/MD

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ASEAN, China adopt framework for crafting code on South China Sea

4 Min Read

MANILA (Reuters) - Foreign ministers of Southeast Asia and China adopted on Sunday a negotiating framework for a code of conduct in the South China Sea, a move they hailed as progress but seen by critics as tactic to buy China time to consolidate its maritime power.

The framework seeks to advance a 2002 Declaration of Conduct (DOC) of Parties in the South China Sea, which has mostly been ignored by claimant states, particularly China, which has built seven manmade islands in disputed waters, three of which are equipped with runways, surface-to-air missiles and radars.

All parties say the framework is only an outline for how the code will be established but critics say the failure to outline as an initial objective the need to make the code legally binding and enforceable, or have a dispute resolution mechanism, raises doubts about how effective the pact will be.

Chinese Foreign Minister Wang Yi said the adoption of the framework created a solid foundation for negotiations that could start this year, if “the situation in the South China Sea is generally stable and on the premise that there is no major interference from outside parties.”

He told reporters there had been “really tangible progress” so there was “a need to cherish momentum on the South China Sea”.

Signing China up to a legally binding and enforceable code for the strategic waterway has long been a goal for claimant members of the Association of South East Asian Nations (ASEAN), some of which have sparred for years over what they see as China’s disregard for their sovereign rights and its blocking of fishermen and energy exploration efforts.

Beijing insists its activities are for defense purposes, in areas it considers its waters. Malaysia, Taiwan, Brunei, Vietnam and the Philippines, however, all claim some or all of the South China Sea and its myriad shoals, reefs and islands.

Some critics and diplomats believe China’s sudden interest in the code after 15 years of delays is to drag out the negotiating process to buy time to complete its strategic objectives in the South China Sea, through which more than \$3 billion of ship-borne trade passes annually.

Opponents also say it is being pushed through at a time when the United States, long seen as a crucial buffer against China’s maritime assertiveness, is distracted by other issues and providing no real clarity about its security strategy in Asia, thus weakening ASEAN’s bargaining position.

The framework has not been made public but a leaked two-page blueprint seen by Reuters is broad and leaves wide scope for disagreement.

It urges a commitment to the “purposes and principles” of the United Nations Convention on the Law of the Sea (UNCLOS) but does not specify adherence to it, for example.

A separate ASEAN document, dated May and seen by Reuters, shows that Vietnam pushed for stronger, more specific text in the framework, wanting mention of a dispute resolution mechanism and respecting “sovereignty, sovereign rights and jurisdiction”.

Sovereign rights cover entitlements to fish and extraction of natural resources.

Several ASEAN countries, including Vietnam and the Philippines, have said they still favor making the code legally binding, something experts say China is unlikely to agree to.

Wang said he would not try to anticipate what the code will comprise, but said whatever is signed must be adhered to.

Robespierre Bolivar, foreign ministry spokesman of host Philippines, said the adoption of the framework symbolised the commitment to creating a “substantive and effective” code.

Additional reporting by Manolo Serapio Jr; Writing by Martin Petty; Editing by Muralikumar Anantharaman

All quotes delayed a minimum of 15 minutes. See [here for a complete list](#) of exchanges and delays.

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Article 35A: Centre's move for debate stirs hornet's nest

NEW DELHI/SRINAGAR: The Centre's move seeking "larger debate" over Article 35A of the Constitution, which empowers the Jammu and Kashmir legislature to define "permanent residents" of the state and provide special rights and privileges to them, has triggered a political storm with several parties warning against any tinkering of the provision.

National Conference President and [Lok Sabha](#) member Farooq Abdullah on Monday warned of an "uprising" if Article 35A was abrogated. After a meeting of opposition parties at his residence in Srinagar, Abdullah said: "When it will come to that decision, you will see this mass uprising. Don't forget when the Amarnath land row happened in 2008, people rose overnight." His son and former chief minister [Omar Abdullah](#) tweeted: "In order to educate the people of J&K about the implications of striking down 35A, JKNC will organise awareness camps starting August 14."

"Its removal will have grave consequences for people living in Jammu and Ladakh. It's amazing that people who talk about protecting Dogra heritage & culture forget that J&K's state subject laws were Maharaja's decision," he said.

Even at the head of the PDP-BJP alliance government, chief minister [Mehbooba Mufti](#) had recently warned against any tinkering of Article 35A. [Congress](#) warned against any attempt to create new contentious issues in J&K. AICC spokesman Abhishek Singhvi said, "In the current highly fragile deteriorating climate in Jammu & Kashmir where both the state and Central governments appear to be repeatedly failing, it would be most inapposite to initiate a new divisive front. First, let the government do concrete things to restore normalcy and then we can talk of more divisive issues." CPM politburo member [Brinda Karat](#) accused BJP of furthering sectarian politics.

"Rather than settling the prevailing tension in Jammu and Kashmir through political dialogue, BJP is trying to divide the state further by bringing up these issues." A section of BJP has been supportive of the idea as it considers existence of Article 35A a major hurdle in growth of the state. Under the Article, state laws have barred non-residents from purchasing land in the state. The Article came into force through a Presidential order in 1954. It has been challenged in the [Supreme Court](#) by an NGO and Supreme Court lawyer Charu WaliKhanna. Attorney General K K Venugopal told the bench of Chief Justice J S Khehar and Justice D Y Chandrachud last month that the petition involved constitutional issues and required larger debate after which the court referred the matter to a three-judge bench setting six weeks' deadline for final disposal.

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NCRB: NCRB merged with bureau of police research

NEW DELHI: In a debatable move, the government merged the [National Crimes Records Bureau \(NCRB\)](#) - which, over the years, has been the principal source of reference by policy makers, police, criminologists, researchers and media - both in India and abroad, with the [Bureau of Police Research and Development \(BPR&D\)](#).

The [ministry of home affairs](#) issued an order on Friday evening placing NCRB's functions under the Director General of BPR&D, who will now oversee all the data collection related to Crime in India, Accidental Deaths and Suicides, Prison Statistics and Fingerprints.

Sources say that BPR&D has been given charge of NCRB so that there is more research based and methodological data collection in future as data collection by NCRB as of now was that of taken from states and sometimes inaccurate.

It was felt that if the researchers of BPR&D, which conducts its own researches and commissions many to private institutes/bodies to study the crime patterns, policing and other related aspects, and statisticians of NCRB work together, there will be more accurate and research based data collection, said the sources.

The merger means that the Director NCRB and all its staff will now report to Meera C Borwankar, DG of BPR&D but administrative matters of both the bodies will be handled directly by home ministry itself.

Sources say that NCRB officers are not happy with the decision as both bureaus have different functions. Subsequently, an officer said that NCRB was not kept in the loop before government decided to merge it with the BPR&D.

"NCRB's core function is to collect data on crimes related to IPC and other sections, courts, convictions etc which are taken from states and union territories and then analysed. On the other hand, BPRD's research is not related to crime. It focusses more on research and data collection on how police, central paramilitary forces work, manpower problems, pattern of registration of crime, or influences of police on society etc. There is no clarity how both these organisations will work together," said a senior officer in NCRB.

Subsequently, NCRB officials say that they were not kept in loop about the decision.

The NCRB was established in 1986 with a mandate to empower Indian police with information technology solutions and criminal intelligence to enable them to enforce the law effectively.

It also compiles data on crimes, prosecutions, traffic related prosecutions, and prisons, suicides etc and its annual report were extensively globally to present India's crime figures. The primary crime collection bureau also has the database of all the fingerprints in India and also plays a role in capacity building for government's ambitious project - Crime and Criminal Tracking Networks and Systems (CCTNS).

NCRB's data on crimes against women, particularly rapes, has shaped government's policies on safety of women in last few years, especially after December 16, 2012 Nirbhaya gangrape case.

Officials say that BPR&D, which was constituted in 1966 to directly participate in police functions and suggest reforms, and NCRB will now jointly foster partnership with universities, researchers, NGOs and public to have robust data on crime, police, courts and prisons.

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India and Iran reiterate their commitment for early operationalization of Chabahar Port Shri Nitin Gadkari returns from a two day visit to Teheran

India and Iran reiterate their commitment for early operationalization of Chabahar Port Shri Nitin Gadkari returns from a two day visit to Teheran

Shri Nitin Gadkari, Minister for Shipping and Road Transport & Highways returned to India yesterday after a two day visit to Tehran. He was there to represent the Indian Government at the inauguration and oath taking ceremony of HE Dr. Hassan Rouhani as the President of Iran for a second term, on 5th August, 2017.

In an interaction with Dr. Rouhani, Shri Gadkari conveyed the Indian Prime Minister's greetings and best wishes for a successful tenure to him. He also handed over the letter of felicitations from Prime Minister Shri Narendra Modi extending an invitation to the President of Iran to visit India.

Shri Gadkari later held wide ranging discussions on many issues including India's cooperation in the development of Chabahar Port and proposed rail link between Chabahar & Zahedan. In the meetings, both sides positively assessed the progress in implementation of the decisions taken during the Indian Prime Minister's visit to Iran last year, including the progress of Chabahar Port. Both sides reiterated their commitment to complete and operationalize the Port at the earliest.

Shri Gadkari called on the first Vice President Dr. E. Jahangiri and highlighted the issue of activation of contract of Chabahar Port development and conveyed to him that India Ports Global Limited (IPGL) has finalized procurement of critical equipments such as Rail Mounted Gantry Crane (RMGC), and is close to finalizing orders relating to Rubber Tyre Mobile Crane (RTMC), MT Container Handlers(MTCH), Truck and Tractor Trailers Containers and related equipments. He also conveyed India's readiness to aid Iran in taking up operations in Chabahar Port during the interim period between the actual activation of contract. He requested the Iranian side for an early submission of loan application for Chabahar Port Development to EXIM Bank of India so that the contract agreement between the two countries can be activated. It may be recalled that the Iranian side had requested India to provide upto 150 million dollar credit and had made it a condition for activation of the Chabahar Port contract. The application for loan to EXIM Bank of India is still awaited.

Later Shri Gadkari met Dr. Abbas Akhoundi, the Iranian Minister for Roads and Urban Development, and conveyed to him the latest update on procurement of equipment for the two terminals - multipurpose and container - that are covered under Chabahar Port Agreement. He also requested Dr Akhoundi that in the interest of supporting operations of Chabahar Port, the Iranian side should consider waiving off the condition of submission of loan application as it was taking time. The Iranian side assured that the application shall be presented to EXIM Bank of India early.

The Foreign Investment Promotion and Protection Act (FIPPA) application was also presented by the MD, IPGL to the Iranian authorities in the presence of Shri Gadkari and

Dr Akhouni . India has opened an office of IPGL in Teheran.

In his meeting with Dr Abbas Akhouni Shri Gadkari stressed upon the need for marketing of the Chabahar Port to attract cargo. He said, Iran and India should jointly organize a workshop at Chabahar for this purpose at an early date. Shri Gadkari also emphasized the need to develop rail connectivity from Chabahar to Zahedan, and said that the MoU with India in this regard may be extended. The issue of ratification of the trilateral Transit Agreement between India, Iran and Afghanistan was also discussed. While India and Afghanistan have the agreement, Iran is yet to do the same.

Besides the Minister Shri Nitin Gadkari , the Indian delegation comprised of Dr. Alok Srivastava, Special Secretary, Ministry of Shipping, Shri Saurabh Kumar, Indian Ambassador to Iran, Shri Deepak Mittal, Joint Secretary(PAI), MEA and Shri Raj Gopal Sharma, OSD to Shri Gadkari.

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inequality: Startling figures of inequality in India offer an incomplete picture

By Amit Kapoor

The data released by the [Bloomberg Billionaire Index](#) reveals some shocking statistics about the rise of [inequality](#) in India. It showed that the top 20 industrialists in India added a staggering \$50 billion to their combined wealth in the first seven months this year, taking their total valuation to \$200 billion -- roughly 10 percent of India's \$2 trillion economy.

Similarly, an Oxfam report released this year revealed that 57 [billionaires](#) in India own as much as the bottom 70 percent of the population and, more broadly, the richest one percent holds 58 percent of the country's total wealth -- higher than the global average of 50 percent. Therefore, inequality is no longer a first-world phenomenon. It is very much at our shores, but the moot question remains if the trend is undesirable at all.

The general contention is that inequality is inimical to societal development and should be minimised to the fullest extent possible, preferably through redistributive means. However, there is a strong case to make that with rapid growth, rising relative inequalities, more often than not, lead to advancing distributional equity in society. This argument can be rationalised on the basis of insights put forward by US economists Simon Kuznets, Tibor Scitovsky and Albert O. Hirschman.

Kuznets argued that when economic growth takes place, at the disaggregated micro-level, individual economic agents move along the real income scale -- a process which he termed as "income mobility". Now, income mobility can either be upward or downward but it is observed that during phases of rapid economic growth, opportunities for upward mobility far outweigh those for unchanged or downward mobility. Also, in the presence of income mobility, the identity of individuals at different levels of the income scale changes rapidly over time.

In such a scenario, average inequality indicators cannot reflect the true picture on the ground and can, therefore, prove to be misleading predictors of the adverse social outcomes of growing inequality. The tolerance level of inequality for the society in times of rapid economic growth may be much higher than what is reflected in inequality statistics as it fails to take income mobility into account.

Another problem with only looking at inequality statistics is the perception of a simplistic one-to-one correspondence between movements in income inequality and equity. Scitovsky's views offer an interesting take on the matter. He suggested three criteria for social acceptability of rising inequality: Those inequalities arising out of people's merit and contribution to society, those arising in an environment of equality of opportunities, and those that lead to improvement in well-being of individuals at the bottom of the ladder.

In all of these three cases, rising inequality cannot be equated to a one-on-one fall in equity. Therefore, more focus should be kept on the wealth accruing to the people at the bottom of the ladder to understand the real implications of rising inequality. Scitovsky proposed that an egalitarian society should be defined as one where there is equal or near-equal distribution of the necessities of life.

Finally, as Hirschman points out, inequality data fail to take into account the public perception of rising inequality. He pointed out that a stagnant economy leads to a zero-sum game where economic advancement of others provokes a negative signalling effect of a possible deterioration of one's own economic position. However, in times of rapid economic growth, there arises a positive-sum game where economic improvement of others signals an environment where there is hope for a rise in one's own prosperity in the future. Such an exceptional calculus begets

gratification which overcomes envy and discontent.

This scenario would make society's tolerance for rising disparities quite substantial. Such an eventuality can be sustained in a society as long as the economic and social barriers to income mobility are broken down through government policy or rapid growth and prosperity is attributed to hard work and chance. Discord arises in societies where such prosperity arises out of corruption and deception like the one seen in the Occupy Wall Street protests.

Thus, it needs to be understood that contrary to the common perception among individuals and policymakers, rising inequality is not necessarily inequitable, if and when it arises out of rapid economic growth. The startling figures of inequality in India that have been brought about of late, therefore, offer an incomplete picture. Moreover, use of these figures to argue that Indian [economic development](#) has had adverse distributional consequences offers the incorrect diagnosis and skews policymaking.

The focus on wealth accruing at the top needs to be supplemented with the income mobility achieved by those at the bottom of the pyramid and with a focus on elimination the social and economic barriers that they face in achieving upward mobility. A skewed focus on the top hardly serves any purpose other than providing shock value.

(Amit Kapoor is chair, Institute for Competitiveness, India. The views expressed are personal. He can be contacted at amit.kapoor@competitiveness.in and tweets @kautiliya. Chirag Yadav, researcher, Institute for Competitiveness has contributed to the article)

By Amit Kapoor

The data released by the [Bloomberg Billionaire Index](#) reveals some shocking statistics about the rise of [inequality](#) in India. It showed that the top 20 industrialists in India added a staggering \$50 billion to their combined wealth in the first seven months this year, taking their total valuation to \$200 billion -- roughly 10 percent of India's \$2 trillion economy.

Similarly, an Oxfam report released this year revealed that 57 [billionaires](#) in India own as much as the bottom 70 percent of the population and, more broadly, the richest one percent holds 58 percent of the country's total wealth -- higher than the global average of 50 percent. Therefore, inequality is no longer a first-world phenomenon. It is very much at our shores, but the moot question remains if the trend is undesirable at all.

The general contention is that inequality is inimical to societal development and should be minimised to the fullest extent possible, preferably through redistributive means. However, there is a strong case to make that with rapid growth, rising relative inequalities, more often than not, lead to advancing distributional equity in society. This argument can be rationalised on the basis of insights put forward by US economists Simon Kuznets, Tibor Scitovsky and Albert O. Hirschman.

Kuznets argued that when economic growth takes place, at the disaggregated micro-level, individual economic agents move along the real income scale -- a process which he termed as "income mobility". Now, income mobility can either be upward or downward but it is observed that during phases of rapid economic growth, opportunities for upward mobility far outweigh those for unchanged or downward mobility. Also, in the presence of income mobility, the identity of individuals at different levels of the income scale changes rapidly over time.

In such a scenario, average inequality indicators cannot reflect the true picture on the ground and can, therefore, prove to be misleading predictors of the adverse social outcomes of growing inequality. The tolerance level of inequality for the society in times of rapid economic growth may be much higher than what is reflected in inequality statistics as it fails to take income mobility into

account.

Another problem with only looking at inequality statistics is the perception of a simplistic one-to-one correspondence between movements in income inequality and equity. Scitovsky's views offer an interesting take on the matter. He suggested three criteria for social acceptability of rising inequality: Those inequalities arising out of people's merit and contribution to society, those arising in an environment of equality of opportunities, and those that lead to improvement in well-being of individuals at the bottom of the ladder.

In all of these three cases, rising inequality cannot be equated to a one-on-one fall in equity. Therefore, more focus should be kept on the wealth accruing to the people at the bottom of the ladder to understand the real implications of rising inequality. Scitovsky proposed that an egalitarian society should be defined as one where there is equal or near-equal distribution of the necessities of life.

Finally, as Hirschman points out, inequality data fail to take into account the public perception of rising inequality. He pointed out that a stagnant economy leads to a zero-sum game where economic advancement of others provokes a negative signalling effect of a possible deterioration of one's own economic position. However, in times of rapid economic growth, there arises a positive-sum game where economic improvement of others signals an environment where there is hope for a rise in one's own prosperity in the future. Such an exceptional calculus begets gratification which overcomes envy and discontent.

This scenario would make society's tolerance for rising disparities quite substantial. Such an eventuality can be sustained in a society as long as the economic and social barriers to income mobility are broken down through government policy or rapid growth and prosperity is attributed to hard work and chance. Discord arises in societies where such prosperity arises out of corruption and deception like the one seen in the Occupy Wall Street protests.

Thus, it needs to be understood that contrary to the common perception among individuals and policymakers, rising inequality is not necessarily inequitable, if and when it arises out of rapid economic growth. The startling figures of inequality in India that have been brought about of late, therefore, offer an incomplete picture. Moreover, use of these figures to argue that Indian [economic development](#) has had adverse distributional consequences offers the incorrect diagnosis and skews policymaking.

The focus on wealth accruing at the top needs to be supplemented with the income mobility achieved by those at the bottom of the pyramid and with a focus on elimination the social and economic barriers that they face in achieving upward mobility. A skewed focus on the top hardly serves any purpose other than providing shock value.

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Supreme Court seeks Centre's reply on plea against special status to J&K

The Supreme Court on Tuesday asked the Centre to respond to a petition challenging the continuing validity of Article 370 of the Indian Constitution giving special autonomous status to the State of Jammu and Kashmir.

A Bench of Chief Justice of India J.S. Khehar, Justices A.K. Goel and D.Y. Chandrachud issued notice to the Centre on the petition filed by Vijayalakshmi Jha pointing out that Article 370 was a "temporary provision."

The petition, represented by advocate Anil Kumar Jha, asked the Supreme Court to clarify if Article 370 was supposed to have lapsed automatically with the dissolution of the Constituent Assembly of Jammu and Kashmir on January 26, 1957.

Understanding Article 370

It asked whether the J&K Constitution, which neither got the mandatory assent or approval of the President of India was valid at all.

The petition pointed to clause (3) of Article 370, which said it was up to the President to declare whether the Article should cease to exist or continue to be operative. For this, the President would have required the recommendation of the Constituent Assembly of J&K. However the institution had been dissolved.

Besides, the petition contended that the special autonomous status is violative of Article 1 of the Constitution which envisages that "India, that is Bharat, shall be a Union of States."

It argued that the separate "Constitution of Jammu & Kashmir was never ratified by the President or the Parliament or satisfies Article 1 or the Preamble of the Constitution."

It said "the instrument of accession signed between the erstwhile ruler of J&K and the Indian government on October 26, 1947 does not talk, even remotely about forming a Constituent Assembly or about a separate Constitution of J&K." The petition sought the J&K Constitution to be declared "void, inoperative, illegal and ultra vires of the Constitution of India."

The importance of Article 370

The petition asked the court to quash the 'Delhi Agreement' entered into between Sheikh Mohammad Abdullah and Jawaharlal Nehru, representing J&K and the Indian government, respectively.

The 1952 agreement saw the Indian government acquiesce that residuary legislative powers would vest with J&K instead of the Centre, unlike the case with other States. The agreement had also empowered the J&K lawmakers to confer people domiciled there with special rights and privileges.

The Centre has to file its reply in four weeks.

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The process of holding the requisite Board Meetings and Shareholder Meetings has been

completed in phases in September 2017.

Ruben George is staying at Ram Nath Kovind's house at Kalyanpur, near Kanpur

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Cyber Coordination Centre made operational: IT Ministry

The first phase of National Cyber Coordination Centre, set up to scan the country's web traffic to detect cyber security threats, has been made operational now, Parliament was informed on Wednesday. NCCC scans internet traffic coming into the country to detect real-time cyber threat and alert various organisations as well as internet service providers for timely action.

The government has also made operational botnet and malware cleaning centre that will detect malicious software in devices of citizens and clean them. "The Government has proposed to set up National Cyber Coordination Centre (NCCC). Phase-I of NCCC has been made operational," Minister of State for Electronics and Information Technology PP Chaudhary said in a reply to the Lok Sabha on Wednesday.

"The Centre will scan the cyberspace in the country for cyber security threats at metadata level to generate situational awareness," he said. NCCC, a multi-stakeholder body, will be implemented by Indian Computer Emergency Response Team (CERT-In) at Ministry of Electronics and Information Technology.

The Centre derives necessary powers as per provisions of section 69B of the Information Technology Act, 2000 and the Rules notified thereunder, the minister said.

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China: China uses a quantum satellite to transmit potentially unhackable data

In a major step towards building a hack-proof global quantum communication network, [China](#) has sent an unbreakable code from its [quantum satellite](#) to the Earth, marking realization of [quantum key](#) distribution technology for the first time.

The achievement based on experiments conducted with the world's first quantum satellite, Quantum Experiments at Space Scale (QUESS), was published in the journal Nature on Thursday, Xinhua news agency reported.

China launched the world's first quantum satellite, nicknamed "Micius" after a 5th Century Chinese philosopher and scientist, on August 16, 2016.

Quantum key technology is used in quantum communications to make eavesdropping impossible and to perfectly secure the communication.

The satellite sent quantum keys to ground stations in Xinglong, in north China's Hebei province, and Nanshan, near Urumqi, capital of northwest China's Xinjiang Uygur region, said Pan Jianwei, lead scientist of QUESS and an academician of the Chinese Academy of Sciences (CAS).

The communication distance between the satellite and the ground station varies from 645 km to 1,200 km, and the quantum key transmission rate from satellite to ground is up to 20 orders of magnitude more efficient than that expected using an optical fiber of the same length, he said.

When the satellite flies over China, it provides an experiment window of about 10 minutes. During that time, the 300 kbit secure key can be generated and sent by the satellite, according to Pan. "That, for instance, can meet the demand of making an absolute safe phone call or transmitting a large amount of bank data," Pan said.

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It is almost two months since Indian and Chinese soldiers became locked in a standoff at Doklam in the Sikkim Sector. The faceoff was triggered when a team of the People's Liberation Army (PLA) was prevented by Indian troops from extending a class-5 track in the Dolam Plateau area which is part of Bhutanese territory. The Indian Army acted in response to a request from the Royal Bhutan Army under the terms of the 2007 Bilateral Friendship Treaty. Moreover, the PLA's track building is in contravention of the 2012 Agreement between the Special Representatives of India and China, whereby the status quo was required to be maintained in the said area until the resolution of the trijunction in consultation with Bhutan.

Post 1962, there have been numerous border incidences between the Indian and Chinese militaries; Nathu La in 1967 and Sumdorong Chu two decades later. In the recent past too, the Depsang Plateau and the Chumar-Demchok area witnessed face-offs in April 2013 and September 2014, respectively, with the latter intriguingly coinciding with President Xi Jinping's visit to India. Incidentally, the current Chinese incursion in Bhutan happened around the time of Prime Minister Modi's visit to the United States.

Given the opaque Chinese system, deciphering the intent of its Communist leadership poses a real challenge. According to the eminent scholar Derek Bodde, those who deal with China are often bewildered when the actions of its leadership send mixed signals, making clear interpretation extremely difficult. The People's Republic of China (PRC) draws from its ancient thinkers. Its actions are always deliberate, like the moves on a checker board. It is imperative to gain an insight into the Chinese psyche and decode China's strategic calculus in order to effectively cope with its grand designs.

The PRC's assertiveness around its periphery is attributable to its age old belief of a 'subdued neighbourhood' being an essential prerequisite for stability. In his book *On China*, Henry Kissinger has brought out that the PRC perceives itself to be a returning power and does not view exercising influence as unnatural. Alastair Johnson, an expert on Chinese strategic culture, has stated that there is no pacifist bias in the Chinese strategic tradition but only realpolitik. Nations are either friendly or hostile. This is why servile countries such as Pakistan and North Korea are generously rewarded, while those like India or Vietnam which counter China's aggressive behaviour invite its wrath.

Chinese thinking since ancient times advocates mitigating a threat by eliminating it. Thus, during the period 1950-85, the PRC opted to use force eight times. When confronted with a stronger adversary, non-coercive means may be adopted as an interim expedient.

China's grand strategy encompasses three concise objectives: safeguarding sovereignty, maintaining stability, and sustaining economic progress. Any danger to the Communist Party is perceived as an 'existential threat'. Sovereignty implies, besides external non-interference, safeguarding core interests, control of the South China Sea, unification of Taiwan, and integration of claimed territories with the mainland including South Tibet (Arunachal Pradesh). In the pursuit of these vital national interests, the use of force remains an option.

President Xi has emerged as an all-powerful leader. Designated as a 'Core' leader and addressed as 'Chairman' (*Zhuxi*), he is poised to join the league of Mao and Deng. During the forthcoming 19th Party Congress in November, Xi is set to consolidate his grip further. The earlier policy enunciated by Deng that China should "bide time, hide capability and not to claim leadership" has

undergone a visible shift under Xi. Xi's 'China Dream' envisions a 'prosperous and powerful' China restored to its past greatness.

In the Chinese concept of Comprehensive National Power (CNP), hard power is the key component. China's military culture lays immense emphasis on the 'strategic configuration of power', creating a favourable disposition of forces to obviate actual fighting. By exploiting its asymmetric edge to coerce smaller nations, China has effectively pursued the surreptitious strategy of 'fighting and talking concurrently' in order to extend its control over the South China Sea. China's military doctrine of "Local Wars under Informationalised Conditions" envisages short-swift engagements to achieve political objectives. Under President Xi, the PLA is in the process of path breaking transformation to emerge as a modern military in the coming decades.

Internationally, PRC remains a lonely power. It has used diplomacy effectively to exploit differences among the adversaries to its advantage. China's threat assessment perceives the US and Japan to be the prime security concerns, while India is seen as a potential threat. As US and Western countries yield space, China under Xi has pronounced itself as a champion of globalization and sustainable growth to fill the void. Major initiatives like the 'Belt-Road' and 'Maritime Silk Road' have been launched in a quest to shape a Sino-Centric global order.

The PRC's action at Doklam is in consonance with its policy of intimidating smaller neighbours. Apparently, China did not anticipate India to step in. The Communist leadership is infuriated with India for abstaining from its signature projects. New Delhi's growing proximity to Washington and Tokyo has also irked Beijing. Given its focus on the Western Pacific, the mounting tension on the Korean Peninsula, economic imperatives and internal stability concerns in the run-up to the forthcoming Party Congress, China will avoid an armed confrontation with India, despite its rhetoric. However, it will keep up the pressure militarily and pursue aggressive diplomacy to deal with the issue.

The PRC has pursued the policy of delinking complex political issues from economic ones. It enjoys strong trade linkages with the US, Japan and Taiwan, despite serious political differences. Beijing will continue with its policy of marginalising New Delhi politically in international forums, while seeking to avoid a negative economic fallout.

In its efforts to engage China, India has followed a policy of appeasement. And its responses to PRC's misadventures have been in the form of crisis management. To effectively cope with the PRC's hostile attitude, India needs to evolve a pragmatic China policy centred on core national interests. Some essential facets which merit serious consideration are summarised below.

Firstly, given the PRC's policy of asymmetric coercion, India has no option but to narrow the existing CNP gap between the two countries. Developing strategic partnerships, initiatives like 'Indo-Pacific Economic Corridor', 'Act East Policy' and counter balancing strategies are steps in the right direction.

Secondly, national security policy needs clear articulation, based on a realistic threat assessment. Apex organizational structures require streamlining to telescope the decision making process. The current format of military modernization demands a holistic review.

Thirdly, in an era of 'limited wars', a 'joint military doctrine' is a *sine qua non* and 'tri service theatre commands' are prerequisites for synergised application of the war waging potential. In the prevailing scenario, facing the PLA's Western Theatre Command are India's seven Army and Air Force commands, which is a serious lacuna. In short engagements, the timely application of requisite combat power at the point of decision is critical. This calls for creating essential infrastructure on highest priority.

Lastly, the border management mechanism needs to be revamped. A single nodal agency is required to coordinate the functions of the various organs. Operational control astride the Line of Actual Control ought to rest with the Army. A well calibrated response mechanism must be put in place, with disputed vulnerable areas effectively dominated and troops fully prepared to meet any eventuality. Paramilitary Forces deployed for manning the borders require urgent upgrade to match the PLA's Border Regiments.

While many seem to know China, few understand it. In the desperation to engage the PRC, there is a tendency to lose sight of the bigger picture. Given the conflicting interests coupled with unresolved issues, relations between India and China are bound to be marked by contradictions, leading to frequent confrontations. However, through deft diplomacy, differences can be managed. While solutions to vexed problems may not be on the horizon, disputes turning into conflict can be avoided in the larger interest of both nations.

The Chinese are shrewd negotiators with tremendous stamina and penchant to sit across the table, but with equals. India must, therefore, firmly stand its ground and forthrightly safeguard its strategic interests. To deal with China on a level footing, the Indian leadership needs to make pragmatic assessments, possess the courage to accept home truths and display audacity for bold decisions.

The writer has served as Defence Attaché in China, North Korea and Mongolia; commanded a Division in the Eastern Sector; and currently is Professor of International Studies, Aligarh Muslim University.

Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.

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India, China to join Indian Ocean exercise

PLA Navy ships, Zhenghe and Weifang, during their visit to Visakhapatnam in 2014. | Photo Credit: [PTI](#)

Despite growing tensions with China, official sources said the Indian Navy would join the People's Liberation Army (PLA) Navy in a maiden maritime search and rescue exercise to be chaired by Bangladesh at the Indian Ocean Naval Symposium (IONS) in November this year.

"Bangladesh, the current Chair, is scheduling a maiden International Maritime Search and Rescue Exercise (IMMSAREX) in November in the Bay of Bengal to be attended by ships and aircraft of the members and observers of the IONS," an official source said.

The IONS is a regional forum of Indian Ocean littoral states, represented by their Navy chiefs, launched by India in February 2008. It presently has 23 members and nine observers.

Conclave of chiefs

The exercise comes at a time of intensifying competition among regional navies for dominance in the Indian Ocean — navies of China and Japan, presently observers, in addition to member states like India, France, Iran and the U.K.

In addition, Bangladesh is also scheduling an "extraordinary conclave of Chiefs," a meeting of chiefs of Navy before it hands over the Chair to Iran next year, the source added.

Under the charter of business adopted in 2014, the grouping has working groups on Humanitarian Assistance and Disaster Relief (HADR), Information Security and Interoperability (IS&I) and anti-piracy now renamed as maritime security.

India has considerably expanded its engagement with countries to further its own interests as well as to check the rapid expansion of Chinese naval forays in the Indian Ocean. Other countries in the region are also engaged in rapid expansion of their military capabilities.

The working group's conferences are held annually and India had chaired the one on HADR in May this year and Pakistan had chaired the meeting on IS&I in July.

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Indian Coast Guard ship 'Shaurya' commissioned in Goa

Indian Coast Guard ship "Shaurya", the fifth in the series of six 105-metre offshore patrol vessels (OPVs), was on Saturday commissioned in Goa by Union Minister for Petroleum and Natural Gas [Dharmendra Pradhan](#).

The OPV, which draws 2,350 tonne and is propelled by 9100 kilowatt diesel engine, has been designed and built indigenously by Goa Shipyard Ltd and is fitted with state-of-the-art navigation and communication equipment, sensors and machineries.

"The features include 30mm CRN 91 Naval Gun, integrated bridge system, integrated machinery control system, power management system and high-power external fire fighting system," a statement issued from the Indian Coast Guard said.

"The ship is designed to carry one twin engine light helicopter and five high-speed boats, including two quick reaction inflatable boats for swift boarding operations, search and rescue, law enforcement and maritime patrol. The ship is also capable of carrying pollution response equipment to contain oil spill at sea," the statement said.

The ship will be based at Chennai and operate under the operational and administrative control of Commander Coast Guard Region (East) and will be deployed extensively for Exclusive Economic Zone surveillance, apart from safeguarding India's maritime interests.

Presently, the Indian Coast Guard has a fleet of 129 ships and boats, and 72 ships and boats are at various stages of construction at different shipyards in India.

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In South Asia, be the Un-China

As the [stand-off between the Indian and Chinese militaries](#) enters its third month at Doklam, it is not just Bhutan that is keenly anticipating the potential fallout. The entire neighbourhood is watching. There is obvious interest in how the situation plays out and the consequent change in the balance of power between India and China in South Asia. India's other neighbours are likely to take away their own lessons about dealing with their respective "tri-junctions" both real and imagined, on land and in the sea. A Chinese defence official was hoping to press that nerve with India's neighbours when he told a visiting delegation of Indian journalists this week that China could well "enter Kalapani" — an area near Pithoragarh in Uttarakhand that lies along an undefined India-Nepal boundary and a tri-junction with China — or "even Kashmir" with a notional India-China-Pakistan trijunction.

Perhaps, it is for this reason that governments in the region have refused to show their hand in the Doklam conflict. "Nepal will not get dragged into this or that side in the border dispute," Nepal's Deputy Prime Minister Krishna Bahadur Mahara said ahead of a meeting with External Affairs Minister Sushma Swaraj, who had travelled to Kathmandu for the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) regional summit. Chinese Vice Premier Wang Yang will be in Kathmandu next week, and Nepal's Prime Minister Sher Bahadur Deuba in Delhi the week after. Making a similar point while speaking at a conference on public relations this week, a Sri Lankan Minister in Colombo contended that India and China are "both important" to Sri Lanka. Bhutan's Foreign Ministry has stuck to its line, blaming China for violating agreements at Doklam, but not mentioning India. Columnists in the country too are increasingly advocating that Bhutan distance itself from both Indian and Chinese positions.

Is India a good neighbour?

A policy of 'equidistance' for our closest neighbours is a far cry from India's past primacy in the region and something South Block can hardly be sanguine about. Yet, it is a slow path each of the neighbours (minus Bhutan) has taken in the past few years. When the Maldives first turfed private infrastructure group GMR out of its contract to develop Male airport in 2012, few could have imagined the situation today with Chinese companies having bagged contracts to most infrastructure projects. This includes development of a key new island and its link to the capital Male and a 50-year lease to another island for a tourism project.

Similarly, when the then Prime Minister of Nepal K.P. Sharma Oli signed a transit trade treaty and agreement on infrastructure linkages with China in late 2015-2016, Ministry of External Affairs mandarins had brushed it off as a "bluff". Today, China is building a railway to Nepal, opening up Lhasa-Kathmandu road links, and has approved a soft loan of over \$200 million to construct an airport at Pokhara. According to the Investment Board Nepal, at a two-day investment summit in March this year, Chinese investors contributed \$8.2 billion, more than 60% of the foreign direct investment commitments made by the seven countries present.

Sri Lanka's Hambantota port construction project went to the Chinese in 2007 only after India rejected it. Today, China doesn't just own 80% of the port; it has also won practically every infrastructure contract from Hambantota to Colombo. Chinese President Xi Jinping's visit to Bangladesh last October was another such overture, with \$24 billion committed in infrastructure and energy projects. Earlier this year, the largely state-owned Chinese consortium, Himalaya Energy, won a bid for three gas fields in Bangladesh's north-east shoulder from the American company Chevron, which together account for more than half of the country's total gas output.

Even if Pakistan is not counted in this list, it is not hard to see which way India's immediate

neighbours, which are each a part of China's Belt and Road Initiative (BRI), are headed in the next few years. More pointedly, once the investment flows in, it will be that much harder for them to stave off a more strategic presence which China is now more unabashed about.

The crossroads at the Doklam plateau

If one of the aims of the action in Doklam is to save Bhutan from the same fate, then what else must India do to ensure that China doesn't succeed in creating similar space for itself in a country that stood by India in its objections to BRI, and bring its other neighbours back?

To begin with, India must regain its role as a prime mover of the South Asian Association for Regional Cooperation (SAARC), the organisation it abandoned a year ago over its problems with Pakistan. Despite sneers all around, SAARC has survived three decades in spite of its biggest challenge, India-Pakistan tensions. That New Delhi would cancel its attendance at the summit to be held in Pakistan in the wake of the Uri attack, winning support from other countries similarly affected by terrorism such as Bangladesh and Afghanistan, is understandable. But a year later, the fact that there have been no steps taken to restore the SAARC process is unfortunate. This will hurt the South Asian construct and further loosen the bonds that tie all the countries together, thereby making it easier for China to make inroads. It should be remembered that despite China's repeated requests, SAARC was one club it never gained admittance to. For all the Narendra Modi government's promotion of alternate groupings such as South Asia Subregional Economic Cooperation (SASEC), BIMSTEC, the Bangladesh, Bhutan, India, Nepal (BBIN) Initiative and Security and Growth for All in the Region (SAGAR), none will come close to SAARC's comprehensive cogency.

Second, India must recognise that picking sides in the politics of its neighbours makes little difference to China's success there. In Sri Lanka, the Sirisena government hasn't changed course when it comes to China, and despite its protestations that it was saddled with debt by the Rajapaksa regime, it has made no moves to clear that debt while signing up for more. The United Progressive Alliance government made a similar mistake when President Mohamed Nasheed was ousted in the Maldives, only to find that subsequent governments did little to veer away from Chinese influence.

India made its concerns about the then Prime Minister Oli very clear, and was even accused of helping Pushpa Kamal Dahal 'Prachanda' to replace him in 2016, yet Nepal's eager embrace of Chinese infrastructure and trade to develop its difficult terrain has not eased. In Bangladesh too, Prime Minister Sheikh Hasina, who has overseen the closest ties with New Delhi over the past decade, has also forged ahead on ties with China. Should her Awami League lose next year's election, the Bangladesh Nationalist Party will most certainly strengthen the shift towards China. In Bhutan's election, also next year, it is necessary that India picks no side, for nothing could be worse than if the Doklam stand-off becomes an India-versus-China election issue.

Above all, India must recognise that doing better with its neighbours is not about investing more or undue favours. It is about following a policy of mutual interests and of respect, which India is more culturally attuned to than its large rival is. Each of India's neighbours shares more than a geographical context with India. They share history, language, tradition and even cuisine. With the exception of Pakistan, none of them sees itself as a rival to India, or India as inimical to its sovereignty. As an Indian diplomat put it, when dealing with Beijing bilaterally, New Delhi must match China's aggression, and counter its moves with its own. When dealing with China in South Asia, however, India must do exactly the opposite, and not allow itself to be outpaced. In short, India must "be the Un-China".

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Article 35A comes under scrutiny

The question whether Article 35A, relating to special rights and privileges of the citizens of Jammu and Kashmir, is ultra vires of the Constitution or not is likely to head for a decision before a five-judge Constitution Bench.

The indication that the constitutionality of Article 35A will be under scrutiny came from a Bench of Justices Dipak Misra and A.M. Khanwilkar while hearing a petition filed by Charu Wali Khanna, who has challenged the Article as well as Section 6 of the Jammu and Kashmir Constitution, which deal with the permanent residents' status in J&K.

Property rights

The petition said Article 35A protects certain provisions of the J&K Constitution which denies property rights to native women who marry from outside the State. The denial of these rights extend to her children also. "This should ideally go before a Constitution Bench," Justice Misra said.

Article 35A also empowers the State's legislature to frame any law without attracting a challenge on grounds of violating the Right to Equality of people from other States or any other right under the Constitution.

"Section 6 of the Jammu and Kashmir Constitution restricts the basic right of women to marry a man of their choice by not giving the heirs any right to property if the woman marries a man not holding the Permanent Resident Certificate. Her children are denied a permanent resident certificate thereby considering them illegitimate — not given any right to such a woman's property even if she is a permanent resident of Jammu and Kashmir," the petition, filed through advocate Bimal Roy, said.

The court tagged the petition along with another filed by NGO We the Citizens challenging Article 35A.

The NGO's petition contended that the State's special autonomous status under Articles 35A and 370, was discriminatory against non-residents as far as government jobs and real estate purchases are concerned.

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UN: UN chief concerned about India's plans to deport Rohingya refugees

UNITED NATIONS: [UN](#) Secretary General [Antonio Guterres](#) is concerned about India's plans to deport Rohingya refugees from Myanmar, his spokesperson has said, underlining that refugees should not be returned to countries where they fear persecution once they are registered.

Minister of State for Home Affairs Kiren [Rijiju](#) had told Parliament last week that the central government had directed state authorities to identify and deport illegal immigrants, including Rohingyas, who face persecution in the Buddhist-majority Myanmar.

"Obviously, we have our concerns about the treatment of refugees. Once refugees are registered, they are not to be returned back to countries where they fear persecution," Guterres' deputy spokesman Farhan Haq told reporters here yesterday.

Haq was responding to a question on India's plans to deport Rohingyas from Myanmar regardless of whether they are registered as UN refugees or not.

Haq said UN principles of non-refoulement applies in this case. According to these principles, no nation shall expel or return a refugee in any manner to territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion.

When asked which agency would convey this message to India, Haq said the first point of contact will be through the UN High Commissioner for Refugees.

Rijiju had said that according to available data, more than 14,000 Rohingyas, registered with the UNHCR, are presently staying in India.

"However, some inputs indicate that around 40,000 Rohingyas are staying in India illegally and the Rohingyas are largely located in Jammu, Hyderabad, Haryana, Uttar Pradesh, Delhi-NCR and Rajasthan," he had said.

The Home Ministry had said that infiltration of (Rohingyas) from the Rakhine state of Myanmar into Indian territory, especially in recent years, besides being a burden on the limited resources of the country, also aggravates security challenges posed to India.

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Ministry of Defence approves delegation of Powers to Border Roads Organisation**Ministry of Defence approves delegation of Powers to Border Roads Organisation**

The Ministry of Defence has decided to delegate administrative and financial powers to the Border Roads Organisation (BRO) right upto the level of Chief Engineer and Task Force Commander, so as to avoid delays on account of references between the Chief Engineer and HQ DGBR and also between HQ DGBR and the Ministry.

Functioning under the control of the Ministry of Defence since 2015, the BRO is engaged in road construction to provide connectivity to difficult and inaccessible regions in the border areas of the country. The Ministry of Defence intends to bring transformational changes in the organization in order to improve the pace of execution of works and to achieve the desired outcomes according to the requirement of the Armed Forces.

In line with the aim to bring in transformational changes in the BRO, various powers of delegation have been revised. According to the earlier delegation of powers, a Chief Engineer in the BRO could give administrative approval of works only upto Rs. 10 crore, that too only for departmental works, whereas the ADGBR had powers to accord administrative approval only upto Rs. 20 crore for departmental works. For contractual works, all administrative approvals were given by DGBR, who had powers only upto Rs. 50 crore. Enhancing the powers at all levels in the BRO, the Ministry of Defence has now approved that for both departmental and contractual mode of execution, a Chief Engineer of BRO can accord administrative approval upto Rs. 50 crore, ADGBR upto Rs. 75 crore and DGBR upto Rs. 100 crore.

Further, according to the earlier delegation of powers, a Chief Engineer in the BRO had the power to accept execution of contracts only upto Rs. 10 crore, ADGBR had powers upto Rs. 20 crore, beyond which all tenders had to be sent to DGBR. With the intent to speed up the tendering process, the Ministry of Defence has now enhanced the powers of Chief Engineer for acceptance of bids with cost of contract upto Rs. 100 crore and that of ADGBR for cost of contract upto Rs. 300 crore. With this delegation, the entire tendering process including acceptance of bids would be completed at the level of Chief Engineer/ADGBR for a majority of the contracts.

For adopting the DPR mode of execution, there is a need to outsource consultancy services. According to the earlier delegation of powers, a Chief Engineer had powers only upto Rs. 10 lakh, ADGBR upto Rs. 50 lakh and DGBR upto Rs. 2 crore. The Ministry of Defence has now enhanced the powers of Chief Engineer to accord administrative approval for outsourcing of consultancy services upto Rs. 2 crore and ADGBR upto Rs. 5 crore and full powers beyond Rs. 5 crore to DGBR.

There also is a need to replace obsolete construction equipment in the BRO with modern equipment. According to the earlier delegation of powers, DGBR had powers only upto Rs. 7.5 crore for procurement of indigenous equipment and Rs. 3 crore for procurement of imported equipment. All other cases of procurement had to be referred to the Ministry of Defence. In order to fast track the procurement of latest construction machinery and

equipment in the BRO, the Ministry of Defence has enhanced the delegation of powers upto Rs. 100 crore to DGBR for procurement of both indigenous/imported equipment.

In case of emergent need for construction equipment, DGBR has been given full powers for hiring upto three years and for Chief Engineers (Project), powers have been enhanced from Rs. 50 lakh to Rs. 5 crore and the period of hiring has been enhanced from 6 months to one year.

The BRO is engaged in road construction activities in the most difficult areas and the usage norms and fixation of life of construction equipment varies from terrain to terrain. Earlier, all cases of revision of norms of equipment and fixation of life had to be referred to the Ministry of Defence. In a departure from the earlier policy, full powers in this regard have been delegated to DGBR.

The Ministry of Defence in consultation with the Armed Forces would identify the roads to be entrusted to the BRO and fix priorities by approving the Long Term Roll-On Works Plan and Annual Works Programme for the BRO. Thereafter, powers related to execution of works have been delegated to be exercised by different levels within the BRO. However, to ensure accountability, a MIS is being developed for online monitoring of progress of works.

From the current year, the BRO has initiated the practice of preparation of DPRs for all new road projects to be taken up and has adopted the project mode of execution. In an important policy change from the conventional departmental mode of execution followed by the BRO in the past, the organisation has now also started adopting the EPC mode of execution. The Ministry of Defence has approved policy guidelines in this regard, based on which the BRO may engage big construction companies for taking up road projects on a turnkey basis.

It is expected that with delegation of powers by the Ministry of Defence to the BRO, the pace of road construction in border areas would improve and the BRO would be able to complete ongoing/new projects in compressed timelines.

NW/DK/Rajib

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Union Home Minister launches the Digital Police Portal under CCTNS project**Union Home Minister launches the Digital Police Portal under CCTNS project****Various organs of Criminal Justice System including Police, Courts & Prisons, to be linked with CCTNS database: Shri Rajnath Singh**

The Union Home Minister Shri Rajnath Singh has said the Ministry of Home Affairs will undertake steps to integrate the various organs of the Criminal Justice System such as the Police, Courts, Prisons, Prosecution, Forensic Laboratories, Finger Prints and Juvenile Homes with the Crime and Criminal Tracking Network & Systems (CCTNS) database. Launching the Digital Police Portal under the CCTNS project here today, he said this Interoperable Criminal Justice System (ICJS) will be a useful resource for all stakeholders including the policy makers.

Shri Rajnath Singh said the Digital Police Portal will enable citizens to register FIRs online and the portal will initially offer seven Public Delivery Services in 34 States & UTs, like Person and Address Verification e.g. of employees, tenants, nurses etc, permission for hosting Public Events, Lost & Found Articles and Vehicle theft etc. Besides, the portal will enable restricted access to law enforcement agencies on topics such as Antecedent Verification and make assessment of FIRs.

Shri Rajnath Singh said at present out of the 15,398 Police Stations under the CCTNS project, 14,284 Police Stations are using CCTNS software. Out of these 14,284 Police Stations, 100% FIRs are being generated under this software in 13,775 Police Stations. The Union Home Minister said the pace of implementation of the CCTNS project is satisfactory in all States. He said that out of 15,398 Police Stations across the country, connectivity is enabled at 13,439 Police Stations. Out of 36 States/UTs, 35 States/UTs are sharing CCTNS database containing seven crore records that includes 2.5 crore FIRs, he added. Shri Rajnath Singh said the MHA has released Rs.1,450 crores, out of which Rs. 1,086 crores has been spent by States/UTs.

The Union Home Minister said the CCTNS portal will provide investigator the complete record history of any criminal from anywhere across the country. He said the software offers Google-type Advance Search engine and analytical reports. Shri Rajnath Singh said the portal offers 11 kinds of search and 44 types of reports. Recently, the software was used to trace few mentally challenged women from Tamil Nadu in Uttarakhand and reunited with their families, he added.

Ministers of State for Home Affairs, Shri Hansraj Gangaram Ahir and Shri Kiren Rijju, besides Director, Intelligence Bureau, Shri Rajiv Jain, DGs of CAPFs and Senior Officers of MHA and NIC were present during the function.

Speaking on the occasion, the Union Home Secretary Shri Rajiv Mehrishi said the CCTNS portal will form the backbone of the Criminal Justice System and this database will be subsequently linked with the Ministry of Road Transport and Highways (MORTH) database on vehicle registrations.

Addressing the gathering, the OSD, MHA, Shri Rajiv Gauba said the CCTNS portal will be a huge game changer, force multiplier and revolutionize the way Police works in the country. He laid stress on the data accuracy and completeness of the database to make it a success.

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Cabinet approves MoU between India and Nepal on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and precursor chemicals and related matters

Cabinet approves MoU between India and Nepal on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and precursor chemicals and related matters

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today has given its approval for signing of a Memorandum of Understanding (MoU) between India and Nepal on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and precursor chemicals and related matters.

The MoU lists out the areas of cooperation on drug matters between the two countries. It also indicates the mechanism of information exchange and the competent authorities in the two countries who are responsible for the implementation of the MoU and exchange of any information.

Cooperation on drug matters is expected to curb the illicit traffic of narcotic drugs, psychotropic substances and precursor chemicals in the two countries.

The MoU provides that the Parties shall endeavour to: -

(i) develop mutual cooperation with a view to effectively resolving the issue of illicit traffic in narcotic drugs, psychotropic substances and their precursors, cooperate in drug demand reduction through prevention, awareness, education and community based programmes, treatment and rehabilitation; and

(ii) exchange information of operational, technical and general nature in drug matters, exchange literature on their existing laws, rules, procedures, best practices and methods of curbing illicit trafficking in narcotic drugs, psychotropic substances and their precursors and any further amendments to the existing legislation.

Background:

India has always supported global efforts to counter drug trafficking and is party to several multilateral and bilateral initiatives in this regard as also United Nations (UN) led initiatives. In accordance with the spirit of UN Conventions on Narcotic Drugs, effort is made to enter into Bilateral Agreements/MoUs with neighbouring countries and the countries which have a direct bearing on the drug situation prevailing in our country. Such Bilateral Agreements/ MoUs have already been executed with various countries. The proposed MoU with Nepal is another such MoU which shall be entered for the purpose of bilateral cooperation on drug matters.

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Worried SC calls for robust data protection regime

Security concerns:The SC said dangers to personal data originate from government as well as private players.

The Supreme Court on Thursday urged the government to put in place a robust mechanism for data protection.

Noting that “informational privacy is a facet of the right to privacy”, a nine-judge Bench, led by Chief Justice of India J.S. Khehar, said dangers to personal data originate not only from the government but also from private players.

“The dangers to privacy in an age of information can originate not only from the state but from non-state actors as well. We commend to the Union Government the need to examine and put into place a robust regime for data protection,” Justice D.Y. Chandrachud wrote.

Legitimate aims of state

The court observed that the creation of a regime requires careful and sensitive balance between individual interest and legitimate concerns of the state. “The legitimate aims of the state would include for instance protecting national security, preventing and investigating crime, encouraging innovation and the spread of knowledge and preventing the dissipation of social welfare benefits,” the apex court observed.

The court said the introduction of a “carefully structured” data protection regime and its contours were matters policy matters to be considered by the Centre.

The court also took note of the Centre's move to constitute a committee of experts led by former Supreme Court judge, Justice B.N. Srikrishna, on July 31, 2017 to identify “key data protection issues” and suggest a draft Data Protection Bill.

The Office Memorandum of the Justice Srikrishna Committee notes that the “government is cognisant of the growing importance of data protection in India. The need to ensure growth of the digital economy while keeping personal data of citizens secure and protected is of utmost importance”.

Panel report

The Centre has undertaken in the court that the Ministry of Electronics and Information Technology would work with the panel and hand over all necessary information to it within the next eight weeks, after which the latter will start its deliberations. The Committee is expected to submit its report expeditiously.

The government has already indicated in the court that the committee would be framing a data protection Bill similar to the “technology-neutral” draft Privacy Bill submitted by an earlier expert committee led by former Delhi High Court Chief Justice A.P. Shah to the Planning Commission of India in 2012. No steps were taken on the recommendations of the Justice Shah Committee.

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Data law panel report by year end: Prasad

The Centre expects the expert committee working on a framework for data protection to submit its report by the end of this year. This could lend greater clarity on data privacy requirements that could be imposed on companies like Google and Facebook.

“We expect the committee, led by former Supreme Court judge Justice B.N. Srikrishna, to submit its report by the end of this year,” IT Minister Ravi Shankar Prasad said.

Asked about protection of user data with firms such as Google and Facebook, Mr. Prasad said while he appreciated how these firms were helping in empowering citizens, “they will need to respect and follow the law of the land.” A top government official said the panel’s report would clear the air on laws that would apply to such firms.

“The committee has already met twice,” the official, who did not wish to be named, said. “Whether there is a need for a separate law or introducing regulations under the IT Act... the government is open to both options, but that will totally depend on the nature of the recommendations.”

The Centre had formed a 10-member panel to identify “key data protection issues” and propose a framework for a data protection law.

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The lowdown on Article 35A

Article 35A is a provision incorporated in the Constitution giving the Jammu and Kashmir Legislature a carte blanche to decide who all are 'permanent residents' of the State and confer on them special rights and privileges in public sector jobs, acquisition of property in the State, scholarships and other public aid and welfare. The provision mandates that no act of the legislature coming under it can be challenged for violating the Constitution or any other law of the land.

Article 35A was incorporated into the Constitution in 1954 by an order of the then President Rajendra Prasad on the advice of the Jawaharlal Nehru Cabinet. The controversial Constitution (Application to Jammu and Kashmir) Order of 1954 followed the 1952 Delhi Agreement entered into between Nehru and the then Prime Minister of Jammu and Kashmir Sheikh Abdullah, which extended Indian citizenship to the 'State subjects' of Jammu and Kashmir.

The Presidential Order was issued under Article 370 (1) (d) of the Constitution. This provision allows the President to make certain "exceptions and modifications" to the Constitution for the benefit of 'State subjects' of Jammu and Kashmir.

So Article 35A was added to the Constitution as a testimony of the special consideration the Indian government accorded to the 'permanent residents' of Jammu and Kashmir.

The parliamentary route of lawmaking was bypassed when the President incorporated Article 35A into the Constitution. Article 368 (i) of the Constitution empowers only Parliament to amend the Constitution. So did the President act outside his jurisdiction? Is Article 35A void because the Nehru government did not place it before Parliament for discussion? A five-judge Bench of the Supreme Court in its March 1961 judgment in *Puranlal Lakhanpal vs. The President of India* discusses the President's powers under Article 370 to 'modify' the Constitution. Though the court observes that the President may modify an existing provision in the Constitution under Article 370, the judgment is silent as to whether the President can, without the Parliament's knowledge, introduce a new Article. This question remains open.

A writ petition filed by NGO We the Citizens challenges the validity of both Article 35A and Article 370. It argues that four representatives from Kashmir were part of the Constituent Assembly involved in the drafting of the Constitution and the State of Jammu and Kashmir was never accorded any special status in the Constitution. Article 370 was only a 'temporary provision' to help bring normality in Jammu and Kashmir and strengthen democracy in that State, it contends. The Constitution-makers did not intend Article 370 to be a tool to bring permanent amendments, like Article 35A, in the Constitution.

The petition said Article 35 A is against the "very spirit of oneness of India" as it creates a "class within a class of Indian citizens". Restricting citizens from other States from getting employment or buying property within Jammu and Kashmir is a violation of fundamental rights under Articles 14, 19 and 21 of the Constitution.

A second petition filed by Jammu and Kashmir native Charu Wali Khanna has challenged Article 35A for protecting certain provisions of the Jammu and Kashmir Constitution, which restrict the basic right to property if a native woman marries a man not holding a permanent resident certificate. "Her children are denied a permanent resident certificate, thereby considering them illegitimate," the petition said.

Attorney-General K.K. Venugopal has called for a debate in the Supreme Court on the sensitive

subject.

Recently, a Supreme Court Bench, led by Justice Dipak Misra, tagged the Khanna petition with the We the Citizens case, which has been referred to a three-judge Bench. The court has indicated that the validity of Articles 35A and 370 may ultimately be decided by a Constitution Bench.

KRISHNADAS RAJAGOPAL

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UIDAI refutes Wikileaks reports of Aadhaar data snoop, says system is secure

Unique Identification Authority of India (UIDAI) | Photo Credit: [P.V Sivakumar](#)

The UIDAI on Sunday asserted that Aadhaar system has stringent security features to prevent any unauthorised capture or transmission of data, refuting reports that hinted at sensitive biometric data being allegedly accessed by certain foreign agencies.

The statement by the Unique Identification Authority of India (UIDAI) came after WikiLeaks hinted that CIA had allegedly accessed the Aadhaar database.

Dismissing the allegations, UIDAI said Aadhaar biometric capture system has been “developed within our own country and it has adequate and robust security features to prevent any possibility of any such unauthorised capture and transmission of data regardless of any biometric device that may be used.”

The UIDAI said that such “misinformation was being spread by certain “vested interests”.

“Some vested interests are trying to spread misinformation that since ‘Cross Match’ is one of many devices which are being used in biometric devices by various registrars and agencies in Aadhaar ecosystem, the biometrics being captured for Aadhaar are allegedly unauthorisedly accessed by others,” the UIDAI statement said rejecting charges of data compromise.

Outlining the stringent checks and balances in UIDAI system, it said that any biometric device before being used in Aadhaar system is “thoroughly tested” internally and externally extensively by Standardised Testing Quality Certification (STQC) and certified.

“In addition, there are many other rigorous security features and processes within UIDAI through which it ensures that no biometric data of any individual is unauthorised accessed by anyone in any manner whatsoever,” the UIDAI said.

The Aadhaar issuing body said that the biometric identifier had been issued to over 117 crore people, with around 4 crore authentication taking place every day.

“Till date, there has not been a single case of leak of biometric data, theft of identity, or financial loss to any one on account of use of Aadhaar. The UIDAI will continue to take every possible measure to ensure that Aadhaar remains safe and secure,” it said.

In an apparent attempt to crack down on revenge porn, Twitter has introduced a new policy that states that no one can post or share “intimate photos

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Doklam standoff ends: What it means for India, China relations — Editorial

The Doklam border crisis has ended as suddenly as it began. India announced both countries had agreed to mutually disengage their troops from the plateau along the Sino-Bhutan border. Beijing, in keeping with its recent tendency to speak in nationalistic hyperbole, said Indian troops were “retreating” and that it would continue to patrol the area. The two statements are not contradictory. China does not speak of what its troops will do. Patrolling upto a country’s claims area is allowed under the various Sino-Indian border management agreements and will now de facto be applied to the Sino-Bhutanese border as well. In effect, both governments seem to have agreed to go back to a status quo that existed before crisis began.

China’s original sin was the decision to extend a road up to the Doklam plateau in violation of the 2012 trilateral agreement on the border. The proof of the pudding, however, will be in the eating. In other words, whether Beijing will seek to change the Doklam status quo in a substantial way over the coming months remains to be seen. One will expect aggressive patrolling in the immediate future by both sides. There may even be verbal brickbats from Beijing, in keeping with the unusually harsh language that has come from the Chinese foreign ministry and media over the past few months. Sound and fury signify nothing. Keeping its troops and workers indoors is what will be the real measure of China’s intentions.

Doklam deserves some introspection on the part of India. Beijing seems to have assumed a passive Indian response to its initial construction efforts. Possibly New Delhi’s failure to respond to the initial Chinese action of demolishing two vacant Indian bunkers was misread. Or Beijing concluded that India would feel constrained about interceding on behalf of the territorial claims of a third country. Either way, there was a miscalculation that was potentially dangerous. The announcement of a withdrawal indicates neither side is interested in a wider conflict. But there needs to be some thought about the growing regional footprints of both countries and that their spheres of influence will brush against each other in third countries with increasing frequency. India and China should not see Doklam in terms of point-scoring but rather as a warning of the need for extending their border management framework across other borders as well.

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Agreeing to disagree: ending the Doklam stand-off

The separate announcements by [India and China that the Doklam military stand-off](#) has ended are a welcome sign that diplomacy has prevailed over the harsh rhetoric of the past 10 weeks. The measured tone of the statement from New Delhi, referring to the “expeditious disengagement of border personnel” as part of the understanding between the two countries, shows that the government’s policy of pursuing diplomatic measures in the face of China’s angry rhetoric was wise. In turn, China’s statement, which said that Indian troops had withdrawn from the disputed Doklam plateau while Chinese troops continue to patrol the area, gives Beijing the latitude it requires to end the stand-off peacefully. The differing versions and the lack of further information leave several questions unanswered about the terms of the disengagement. But the very fact that both countries have been able to issue statements — even if they were designed to satisfy their domestic audiences — suggests that in diplomatic negotiations, each took into account the other’s constraints. In issuing statements that were inconsistent with each other, both sides seem to have agreed to disagree. To that end, the importance lies less in the detail but in the détente itself, in the decision by the leaderships of both countries to pull back from what some feared could escalate into a full-blown conflict. In this, it must be noted that New Delhi and Beijing have respected the wishes of the Bhutanese government, which wanted an early end to the crisis before the bitter winter set in.

Timeline: the story of the Doklam stand-off

One hopes the decision on Doklam, which comes a week before Prime Minister Narendra Modi is scheduled to go to China, will guide the bilateral spirit beyond the September 3-5 BRICS summit to be held in Xiamen. Once Mr. Modi and Chinese President Xi Jinping have met, diplomats must begin the heavy lifting required to repair the rupture in ties over the past few months, beginning with the cancellation of the Nathu La route for Kailash-Mansarovar pilgrims. Statements from China during the stand-off indicate that it no longer recognises the gains made in the Special Representative talks in 2012. Nor does it regard the India-Bhutan-China tri-junction near Batang-La to have been settled. India has made it clear that it does not consider the Sikkim boundary settled either, and both sides will have to walk swiftly to come back to some semblance of an accord on such basic issues before they can move further. India and China must revert to the spirit of the Border Defence Cooperation Agreement of 2013, which laid down specific guidelines on tackling future developments along the 3,488-km boundary the two countries share. The past two and a half months are also a lesson that India cannot be unprepared for “another Doklam”, as Chief of the Army Staff Bipin Rawat said on Sunday. India must necessarily “hope for the best, and prepare for the worst”, when it comes to tensions with its northern neighbour.

Rajasthan’s ordinance shields the corrupt, threatens the media and whistle-blowers

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Lessons from Doklam

Soldiers seen at | Photo Credit: [AFP](#)

The resolution of the [Sino-Indian military stand-off at Doklam](#), that lasted close to two and a half months, is a much-awaited and welcome development where patient statecraft and deft diplomacy seem to have paid off. Even as several significant questions remain unanswered about the terms and conditions of the resolution, it provides New Delhi and Beijing an opportunity to reflect over what went wrong and rejig this important bilateral relationship. The upcoming visit of Prime Minister Narendra Modi to China to attend the BRICS summit will provide the two sides such an opportunity.

“War is the continuation of politics by other means,” observed the Prussian military theorist Carl von Clausewitz in his classic work, *On War*. In other words, military strategy should flow from carefully considered political thinking. Now that we have arrived at a peaceful resolution at Doklam, we need to examine the political strategy guiding India’s military deployment at Doklam. Moreover, are there any lessons we can learn from this military stand-off with China?

Agreeing to disagree: ending the Doklam stand-off

The most self-evident lesson from the Doklam stand-off is that we inhabit a ‘self-help’ world wherein China is a world power — India is on its own and would have to fend for itself in case of a clash with China, a country with which every major state in the international system has a robust economic relationship. It is important to note that none of the major powers unambiguously and unreservedly supported India’s position on Doklam. In fact, even Bhutan kept a studied silence through the latter part of the stand-off. New Delhi, therefore, must carefully review the scenarios and consider its options before upping the ante. Moreover, regarding Doklam, instead of inviting military attention to itself and trapping itself in a conflict with Beijing, New Delhi could have convinced Thimphu to be more vocal about Bhutan’s territorial rights.

The second lesson from the Doklam stand-off is that China is unlikely to respect India’s ‘special relationships’ with its neighbours. India has long enjoyed a special status in the South Asian region and often treated it as its exclusive backyard. With China expanding its influence in the region and competing for status and influence, the ‘middle kingdom’ considers South Asia, with India in it, as its periphery. China uses economic incentives and military pressure to do so. Nepal is an example of the former, and Bhutan of the latter. Recall Bhutan, besides India, is the only country from the region that did not attend China’s recent Belt and Road Forum in Beijing. India’s traditional policy towards South Asia, of limited economic assistance topped with a big brother attitude, will need to undergo fundamental transformation to retain its influence.

Midway through the stand-off there had been concerns in New Delhi about how the Doklam stand-off would eventually pan out. It is pertinent to ask whether Doklam is so fundamental to Indian interests that we were willing to risk a possible military skirmish with China based on the sketchy clauses of the India-Bhutan friendship treaty. The lesson for us is clear: we should consider all odds and evaluate the merit of the cause before making military commitments.

China sidesteps issue of road construction in Doklam

Four, hyper-nationalism does not pay when it comes to dealing with China. China, simply put, is not Pakistan, and Indian political parties cannot make any domestic gains by whipping up nationalist passions against China. India needs to engage China diplomatically to resolve outstanding conflicts rather than engage in a war of words, or worse, threaten to use force. For

sure, it is not 1962, and that's true for both parties.

Five, the Doklam stand-off is a direct fallout of the Indian and Bhutanese refusal to be part of the Belt and Road Initiative (BRI). While this round may have concluded without any of the three sides getting hurt, this is unlikely to be the last of Chinese designs against India or Bhutan. Surely India cannot, and should not, acquiesce to the BRI just because of Chinese pressure. And yet, at the end of the day, Indian abstention would only frustrate BRI, it will not derail it. Moreover, down the road, Indian unwillingness to be part of this mega-project will hurt its own long-term economic interests. Therefore, it needs to realise the importance of cooperating with China on the BRI while getting China to do so on various India-led regional projects. It cannot be a zero-sum game.

What is also becoming abundantly clear is that the snail-paced 'Special Representatives' talks on the India-China boundary question have not yielded much so far, and it is perhaps the appropriate occasion to revamp the dialogue process. The 19 rounds of talks held till last year have hardly anything substantive to show for them in terms of the resolution of the boundary dispute. Indeed, the focus is increasingly shifting from conflict resolution to conflict management. It is high time, therefore, that the two countries appointed dedicated high-ranking officials to discuss the boundary issues in a more sustained and result-oriented manner.

Let's briefly revisit the Doklam facts for the sake of clarity and future policy direction. The Indian Army was deployed on the soil of another country against a third country without proper treaty mandate or unambiguous official invitation to intervene on behalf of the Bhutanese government. The 2007 India-Bhutan Friendship Treaty states that the two countries "shall cooperate closely with each other on issues relating to their national interests." And that: "Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other." Notwithstanding the special security relationship that India and Bhutan have shared over the past several decades, nothing in the 2007 treaty binds India to send troops to help Bhutan. Nor did Bhutan explicitly request military assistance from India during the stand-off even though the MEA statement of June 30, 2017 refers to 'coordination between the two countries' during the stand-off.

The argument here is not that India does not have legitimate security and strategic interests in Bhutan which would be undermined by the Chinese territorial aggression, but that there is a need to engage in careful scenario-building before India decides to take China on militarily.

But finally, it all comes down to devising a strategy to engage a resurgent China, also a significant neighbour, in the days ahead. While Doklam may now be a thing of the past, Sino-Indian ties are never likely to be the same again – there will be skirmishes, war of words and attempts to outmanoeuvre each other in the neighbourhood and beyond. While New Delhi needs to constantly look over its shoulders for potential Chinese surprises, there is also an urgent need to adopt a multi-pronged strategy to deal with Beijing, for, after all, statecraft is not as black and white as some would like it to be. India, for one, needs to engage China a lot more at several levels: diplomatically, politically, multilaterally and economically. The upcoming BRICS summit in the Chinese city of Xiamen is a good occasion to initiate a dedicated backchannel with Beijing given the high potential for future disagreements. The two sides also need to conduct bilateral consultations on various issues – ranging from Afghan reconciliation to regional economic development. The more diplomacy the better.

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70 years of Independence

Special Feature – I-Day 2017

Digital Revolution in India



***Dr. Gurmeet Singh**

Evolution of technology has been the foundation stone of progress and has over the centuries changed the way societies function. Technological inventions have revolutionized each sector of the society by reducing human labour, bringing efficiency and increasing productivity. Be it introduction of information communication technologies in education, digitization in the media and services sector, automated devices for health care ; each sphere of society gets a boost with the touch of technology. For a country like India that has a perfect blend of rich traditional heritage and one of the fastest growing economies with the largest 'young' population; there is an immense opportunity to change the face of the society with technological revolution. While the country has seen implementation of technological inventions in various fields in several decades after independence, the present Government has acted as a catalyst in not only speeding up the process of digital revolution in the country but also taking an initiative in bridging the digital divide in the country. The past three years have not only witnessed a swift rise in exploration, implementation and utilization of digital technologies but also focused on taking digitization and its benefits to the grass root level and especially to the less privileged sections of the society.

Digital revolution in India is significant as it promises to bring a multi-dimensional metamorphosis in almost all sectors of the society. From digitization in governance to better health care and educational services, cashless economy and digital transactions, transparency in bureaucracy, fair and quick distribution of welfare schemes all seem achievable with the digital India initiative of the present Government. A look at Government initiatives in various sectors in past three years show how digital revolution in India is not only changing the way society functions but also bridging the gap between the haves and the have-nots of the country.

The quality of education in any society forms the foundation stone for the very fabric of the society. Keeping in mind the importance of education, the digital India initiatives puts together a number of digital services for improving the dissemination of education in society. Be it primary level, secondary level or higher education and research facilities, the various digital schemes in this sector are revolutionizing the education system in the country. While there are a number of schemes in the education sector, to mention a few –‘SWAYAM’ scheme provides an opportunity to students to access courses taught in classrooms from ninth standard to post graduation, that can be accessed by anyone, anywhere at any time. This digital scheme not only brings education at the door step of numerous students but also aims to bridge the digital divide as students who cannot join mainstream or formal education can access this application. Another digital scheme is ‘ePATHSHALA’ which disseminates all educational content through website and mobile app. Next in row are schemes like ‘ Mid-Day Meal Monitoring App’, ‘Shaala Sidhi’ and ‘Shaala Darpan’ that focus on quality of school administration and evaluate the schools and kendriya vidyalas to improve the quality of education. Promoting research skills is the ‘OLABS’ digital scheme. OLabs i.e. online labs for school lab experiments provide students with ease of conducting experiments over internet. In the area of higher education Government has the ‘National Scholarship Portal’, ‘eGranthalya’, ‘National Knowledge Network’ to name a few. These digital initiatives not only look at improving the sector of education but are reaching out in bringing education to the underprivileged, thus utilizing the digital revolution to bridge the gap between haves and have-nots of education.

While education sector constructs the fabric of the society, Health care is an equally important sector for a society that has a secure and stable future. The various digital initiatives of the Government in the health services include- ‘ Digital AIIMS’ a project that aims to create an effective linkage between UIDAI and AIIMS; the ‘e-hospitals’ scheme that is an open source health management system; ‘mRaktkosh’ – a web based mechanism that interconnects all blood banks of the state into a single network. Besides health and Education the present Government has also taken various initiatives to digitize governance. For instance the ‘UMANG’ aims to bring one stop solution to all government services; ‘e-panchayat’, ‘eDistricts’, eOffice; are also some of the services to digitize governance and administration in the country. Besides these the ‘National Voters Service Portal’ and ‘ECI-EVM Tracking Services are also bringing about transparency in governance. The AADHAR scheme and BHIM app are also significant in speeding up the process of digitizing the economy.

Unique to India’s character is the agriculture sector. The Governments’ Digital India initiative is also proving a number of schemes for the benefit of the farmer. Some of the schemes in the agriculture sector include, ‘mkisan’, ‘farmer portal’, ‘Kisan Suvidha app’, ‘Pusa Krishi’, ‘Soil Health Card app’ , ‘eNAM’, ‘Crop Insurance Mobile APP’ , ‘Agri Market app’ and ‘Fertilizer Monitoring App. Keeping in mind women’s safety, applications like ‘Nirbhaya app’ and ‘Himmat app’ have been launched that facilitate sending of distress calls. There are also apps for law enforcement agencies, courts and judiciary.

Thus, several initiatives by Government in various sectors are not only an attempt to revolutionise

the society but also focus on utilizing the digital technologies to elevate the down trodden and bridge the gap between the different social strata.

**The author presently teaches in Panjab University. Earlier worked as a senior correspondent in major newspapers.*

Views expressed in the article are author's personal.

(This Feature has been contributed by PIB Chandigarh)

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CCTNS marks a huge jump in national security: MoS (Home) Shri Kiren Rijiju

CCTNS marks a huge jump in national security: MoS (Home) Shri Kiren Rijiju

The Union Minister of State for Home Affairs, Shri Kiren Rijiju has said the MHA recently launched the robust Crime and Criminal Tracking Network & Systems (CCTNS), which will mark a huge jump in national security. Shri Rijiju was addressing the gathering after inaugurating the 10th Annual Summit on Cyber and Network Security here today. He said in our country we have the rule of law, and not ruled by law. Unlike authoritarian countries where enforcement is easy, here citizen awareness is very important, he added.

Encouraging the private sector to partner with the Government in Cyber Security, Shri Rijiju said the digital age has dawned upon us. There is no escaping the digital economy, he said adding, every aspect of modern life is dependent on the cyber world, be it health, banking or taxation. Cashless economy is a reality, the Minister said, adding that the more we become exposed to the cyber world, the more vulnerable we become to the looming cyber threats and malwares, which may even lead to the economy crippling in the wake of a cyber attack. Shri Rijiju said that we will have to live in this cyber world; at the same time we have to protect our national security and identity.

Asking industry to promote the Indian languages, Shri Rijiju observed that studies reveal that English language is the most prone to cyber attacks worldwide, and that it might be of interest to see how other foreign languages such as the Chinese fare facing cyber threats.

In his address, Dr Gulshan Rai, National Cyber Security Coordinator, said cyber security has become paramount since the world over the challenge facing mankind is cyber war, barring a rare nuclear threat over the Korea peninsula. Still, the effect of a conventional or nuclear war would be geographically localized, but the cyber war is affecting scores of nations. The word “cyber” is embedded today into every aspect of our lives, driving efficiency and increasing productivity of the various systems, he added.

On the occasion, Shri Rijiju released the ASSOCHAM Knowledge Report on “Securing the nation’s cyber space.”

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