

Daily increase in corona cases dropped to 8552 cases yesterday. Malls, cafes and temples will be reopened with new norms.

Sri river - Khasi hills - Meghalaya

New Zealand claims its COVID free. Restrictions were eased after 75 days.

Financial package announced for MSME yet to see light of the day.

TN High Court questions the government on the rationale behind conducting the Xth exams in a haste.

Manipur High Court asks Speaker to keep 7 MLAs out on grounds of defection.

The Navy's INS Shardul departed from the port of Bandar Abbas in Iran on Monday evening with 233 Indian nationals who are being evacuated under Operation Samudra Setu.

What is the anti-defection law?

The Tenth Schedule was inserted in the Constitution in 1985 by the 52nd Amendment Act.

It lays down the process by which legislators may be disqualified on grounds of defection by the Presiding Officer of a legislature based on a petition by any other member of the House.

The decision on question as to disqualification on ground of defection is referred to the Chairman or the Speaker of such House, and his decision is final.

The law applies to both Parliament and state assemblies.

Disqualification:

If a member of a house belonging to a political party:

Voluntarily gives up the membership of his political party, or

Votes, or does not vote in the legislature, contrary to the directions of his political party. However, if the member has taken prior permission, or is condoned by the party within 15 days from such voting or abstention, the member shall not be disqualified.

If an independent candidate joins a political party after the election.

If a nominated member joins a party six months after he becomes a member of the legislature.

Exceptions under the law:

Legislators may change their party without the risk of disqualification in certain circumstances.

The law allows a party to merge with or into another party provided that at least two-thirds of its legislators are in favour of the merger.

In such a scenario, neither the members who decide to merge, nor the ones who stay with the original party will face disqualification.

Decision of the Presiding Officer is subject to judicial review:

The law initially stated that the decision of the Presiding Officer is not subject to judicial review. This condition was struck down by the Supreme Court in 1992, thereby allowing appeals against the Presiding Officer's decision in the High Court and Supreme Court. However, it held that there may not be any judicial intervention until the Presiding Officer gives his order.

Advantages of anti-defection law:

Provides stability to the government by preventing shifts of party allegiance.

Ensures that candidates remain loyal to the party as well the citizens voting for him.

Promotes party discipline.

Facilitates merger of political parties without attracting the provisions of Anti-defection

Expected to reduce corruption at the political level.

Provides for punitive measures against a member who defects from one party to another.

Various Recommendations to overcome the challenges posed by the law:

Dinesh Goswami Committee on electoral reforms: Disqualification should be limited to following cases:
A member voluntarily gives up the membership of his political party

A member abstains from voting, or votes contrary to the party whip in a motion of vote of confidence or motion of no-confidence. Political parties could issue whips only when the government was in danger.

Law Commission (170th Report)

Provisions which exempt splits and mergers from disqualification to be deleted.

Pre-poll electoral fronts should be treated as political parties under anti-defection

Political parties should limit issuance of whips to instances only when the government is in danger.

Election Commission:

Decisions under the Tenth Schedule should be made by the President/ Governor on the binding advice of the Election Commission.

In order to revive the Indian economy amid Covid-19 pandemic, the government has announced an economic package under Atmanirbhar Bharat Abhiyan. The main thrust of the announcements has been the massive ₹3-lakh crore collateral-free assistance or sovereign credit guarantee to the Micro, small and medium enterprises (MSMEs).

Like other sectors of the Indian economy, MSMEs have been hit badly due to lockdown imposed by the government to tackle Covid-19 pandemic. However, even before the current crisis, MSMEs growth has been marred by several challenges.

In such a situation, providing merely a stimulus package may not be effective, until adequate reforms are carried out to solve its pressing problems and to utilize its potential.

Reason for Giving Credit Guarantees

A credit guarantee by the government helps as it assures the bank that its loan will be repaid by the government in case the MSME falters.

Efforts to pump liquidity via the bank have not been successful in the past, because banks simply do not want to lend any new money.

Banks, quite justifiably, suspect that any new loans will only add to their growing mountain of non-performing assets.

So the issue was banks had the money but were not willing to lend to the credit-starved sections of the economy.

Thus, as part of the solution, credit guarantees are chosen by the government.

Significance of MSMEs

The significance of the MSMEs sector can be noted from the fact that it is the second-largest employment provider, after agriculture in India.

In India, at present, there are nearly 56 million such enterprises in various industries, employing close to 124 million people.

Of these, nearly 14% are women-led enterprises, and close to 60% are based in rural areas.

In all, the MSME sector accounts for 8% of India's GDP and 45% of merchandise exports.

Due to this, the MSME sector is called the growth engine of the nation.

Challenges Pertaining to MSMEs

Lack of Adequate and Timely Access to Finance

Access to finance continues to remain the biggest challenge for MSMEs and has constrained their growth. MSME funding from banks has been stalled, as decision-making managers are reluctant of loans going bad.

After the IL&FS crisis and its effect on the other NBFCs (Non-Banking Finance Companies), MSMEs ran into deep trouble because of the liquidity crunch that followed.

Due to this, MSMEs are not able to invest in manufacturing, purchase raw materials on time, access new technologies or acquire new skills due to lack of funds which is a big handicap especially in its fight with global competitors.

Technological Disruption

India's MSME sector is based on obsolete technology, which hampers its production efficiency

With the emergence of new technologies like Artificial Intelligence, Data Analytics, Robotics and related technologies (collectively called as Industry Revolution 4.0) is a bigger challenge for MSMEs than for organized large-scale manufacturing.

Regulatory Cholesterol

MSMEs require a lot of government services and approvals, for which the entrepreneur has to run around various government departments.

Getting construction permits, enforcing contracts, paying taxes, starting a business and trading across borders continue to constrain doing business.

Regulatory risks and policy uncertainty in the past have dented investor confidence.

Problem of Scale

Majority of the firms in MSMEs are micro-enterprises.

The MSME space is virtually a micro space formed by a plethora of small and local shops and hence, scaling them up is a problem, especially when fund access is challenging.

Steps To Be Taken

Increasing Domestic Manufacturing Capabilities: The government can play a crucial role in creating domestic manufacturing capabilities by leveraging proposed public procurement and projects.

For example, Mega public projects such as Sagarmala, Bharatmala, industrial corridors, and the Pradhan Mantri Awas Yojana (PMAY) can stimulate domestic manufacturing activities.

This should be accompanied by a simplification of the regulatory process.

Cluster Manufacturing: Efforts should be made to develop self-sufficient clusters of manufacturing competence, with Cluster Administrative Authorities, empowered to provide single window clearances to entrepreneurs and investors.

Leveraging Industrial Revolution 4.0: Disruptive technology, while leading to job losses in traditional areas, also presents new job opportunities.

A greater connect between government-industry-academia is required to identify the changing requirements in manufacturing and prepare an employable workforce.

Also, the Industrial Revolution 4.0 will boost the Industrial supply chains in India.

Need to improve Ease of Doing business: Reforms: India has already taken several steps, due to which ease of doing business in India has improved significantly (India's ranking in ease of doing business report has improved from 142 in 2014 to 63 in 2020).

However, still some reforms are needed in regard, especially in the field of land, labour reforms and in enforcing contracts.

Making Indian Products to Match Global Standards: There is a need for harmonizing Indian quality standards with global standards in many sectors.

Lack of harmonization has affected Indian exports and prevented the leveraging of trade agreements adequately.

There is a need to promote ZED manufacturing (Zero effect- Zero Defect) as envisaged by Make in India.
Conclusion

Collateral-free assistance or sovereign credit guarantees to the Micro, small and medium enterprises (MSMEs) will ease the financial crunch. However, the government should devise this scheme in such a way that the issue of moral hazard can be averted.

Issue of Moral Hazard

Collateral-free assistance and credit guarantees leave no incentive for the borrower to pay back, as he has nothing to lose.

Also, as the banker is assured of payback from the government so why should he bother to check if the borrower is deserving or not.

NEW LOOK MSMEs

CURRENT: LINKED TO INVESTMENT		
	Manufacturing	Services
Micro	Up to ₹25 lakh	Up to ₹10 lakh
Small	Over ₹25 lakh to ₹5 crore	Over ₹10 lakh to ₹2 crore
Medium	Over ₹5 crore to ₹10 crore	Over ₹2 crore to ₹5 crore



MANUFACTURING: Plant & machinery investment



SERVICES: Investment in equipment

Source: Ministry of MSME

PROPOSED: LINKED TO TURNOVER		
Micro: Up to ₹5cr	Small: Over ₹5cr to ₹75cr	Medium: Over ₹75cr to ₹250cr

A federation of 25 Himas or Khasi kingdoms that have a cosmetic existence today has planned to revisit the 1948 agreements that made present-day Meghalaya a part of India.

Concerns of Khasis

The revisiting is aimed at safeguarding tribal customs and traditions from Central laws in force or could be enacted, such as the Citizenship (Amendment) Bill.

The bill is one of the factors in move to strengthen the Federation of Khasi States that were ruled by a Syiem (king-like head of a Hima).

Himas are expecting to come to a conclusion on how best it can insulate their customs and traditions from overriding central rules and policies.

The Constitution has provided self-rule to a considerable extent through tribal councils, there has been an increasing demand for giving more teeth to the Khasi states.

History of Khasi Merger in India

During the British rule, the Khasi domain was divided into the Khasi states and British territories.

At that time, the British government had no territorial right on the Khasi states and they had to approach the chiefs of these states if they needed land for any purpose.

After independence, the British territories became part of the Indian dominion but the Khasi states had to sign documents beginning with the Standstill Agreement that provided a few rights to the states.

The 25 Khasi states had signed the Instrument of Accession and Annexed Agreement with the Dominion of India between December 15, 1947, and March 19, 1948.

The conditional treaty with these states was signed by Governor General C. Rajagopalachari on August 17, 1948.

Meghalaya was formed by carving out two districts from the state of Assam: the United Khasi Hills and Jaintia Hills, and the Garo Hills on 21 January 1972.

Before attaining full statehood, Meghalaya was given semi-autonomous status in 1970.

The Khasi, Garo, and Jaintia tribes had their own kingdoms until they came under British administration in the 19th century.

Later, the British incorporated Meghalaya into Assam in 1835.

The region enjoyed semi-independent status by virtue of a treaty relationship with the British Crown.

At the time of Indian independence in 1947, present-day Meghalaya constituted two districts of Assam and enjoyed limited autonomy within the state of Assam.

A movement for a separate Hill State began in 1960.

The Assam Reorganisation (Meghalaya) Act of 1969 accorded an autonomous status to the state of Meghalaya.

The Act came into effect on 2 April 1970, and an autonomous state of Meghalaya was born out of Assam. In 1971, the Parliament passed the North-Eastern Areas (Reorganization) Act, 1971, which conferred full statehood on the autonomous state of Meghalaya.



Recently, a spacecraft, Crew Dragon, built by SpaceX has successfully carried astronauts of National Aeronautics and Space Administration (NASA) at the International Space Station. SpaceX became the first private company to launch people (human spaceflight) into orbit, a feat achieved by the US, Russia & China.

Key Points

Crew Dragon:

It is a part of the Dragon 2, a class of reusable spacecraft developed and manufactured by American aerospace manufacturer SpaceX.

It is the fifth class of US spacecraft to take human beings into orbit, after the Mercury, Gemini, Apollo and Space Shuttle programs.

The rocket, named Falcon 9, which carried the spaceship into the orbit, was also built by SpaceX.

It is done under the Demo-2 Mission of NASA and SpaceX.

Significance of Private Participation:

The landing by SpaceX flight is a culmination of more than decade-long efforts to enable private players to build and operate what essentially is a commercial taxi-service to space, and allow NASA to concentrate on deep space exploration, and work more vigorously towards taking humans to the moon, and Mars.

The United States now plans to return to the Moon in 2024 under the Artemis mission, establishing a launching pad to Mars by 2030.

India and Private Space Companies:

While there are many private companies operating in the space sector in the United States, their contribution is not much significant in India.

Most of them collaborate with the Indian Space Research Organisation (ISRO), in building and fabricating the components that go into making rockets and satellites.

However, launch services, including the building of rockets or launch vehicles are still a monopoly of government space agency, i.e. ISRO.

Importance of Private Participation in India

Space tourism is one among several opportunities that Indian businesses may be keen to explore. A policy framework to enable private participation in this sector, of course, would have to be formulated by the government.

Small satellite revolution is underway, globally, 17,000 small satellites are expected to be launched between 2020 and 2030. A strong private sector in space will help India to tap into this lucrative commercial space launch market.

Increasing space competitiveness:

Singapore is offering itself as a hub for space entrepreneurship based on its legal environment, availability of skilled manpower and equatorial location

New Zealand is positioning itself as a location for private rocket launches.

China, too, has changed its rules to allow private commercial space activity.

ISRO has been a genuine global pioneer of aerospace cost compression on several fronts. Cost-effectiveness has given the agency a distinct edge in the commercial arena of satellite launch services.

With such a valuable base of expertise within the country, it is only natural to expect the emergence of a private space industry that could prove globally competitive.

Way Forward

The landing by the SpaceX flight underlines the fact that space research and exploration is now a much more collaborative enterprise than earlier.

There is also a growing realisation that space agencies need to direct their energies and resources more towards scientific research and deep space exploration.

It's been fifty years since the landing on the moon and efforts to take human beings to Mars and other celestial bodies, needs to be expedited.

Getting back to the Moon would also require huge amounts of financial resources that most of the space agencies and private players are expected to infuse fresh investments and also technological innovation that will benefit everyone.

What is the Line of Actual Control?

The LAC is the demarcation that separates Indian-controlled territory from Chinese-controlled territory. India considers the LAC to be 3,488 km long, while the Chinese consider it to be only around 2,000 km. It is divided into three sectors: the eastern sector which spans Arunachal Pradesh and Sikkim, the middle sector in Uttarakhand and Himachal Pradesh, and the western sector in Ladakh.

What is the disagreement?

The alignment of the LAC in the eastern sector is along the 1914 McMahon Line, and there are minor disputes about the positions on the ground as per the principle of the high Himalayan watershed. This pertains to India's international boundary as well, but for certain areas such as Longju and Asaphila. The line in the middle sector is the least controversial but for the precise alignment to be followed in the Barahoti plains.

The major disagreements are in the western sector where the LAC emerged from two letters written by Chinese Prime Minister Zhou Enlai to PM Jawaharlal Nehru in 1959, after he had first mentioned such a 'line' in 1956. In his letter, Zhou said the LAC consisted of "the so-called McMahon Line in the east and the line up to which each side exercises actual control in the west". Shivshankar Menon has explained in his book *Choices: Inside the Making of India's Foreign Policy* that the LAC was "described only in general terms on maps not to scale" by the Chinese.

After the 1962 War, the Chinese claimed they had withdrawn to 20 km behind the LAC of November 1959. Zhou clarified the LAC again after the war in another letter to Nehru: "To put it concretely, in the eastern sector it coincides in the main with the so-called McMahon Line, and in the western and middle sectors it coincides in the main with the traditional customary line which has consistently been pointed out by China". During the Doklam crisis in 2017, the Chinese Foreign Ministry spokesperson urged India to abide by the "1959 LAC"

What was India's response to China's designation of the LAC?

India rejected the concept of LAC in both 1959 and 1962. Even during the war, Nehru was unequivocal: "There is no sense or meaning in the Chinese offer to withdraw twenty kilometres from what they call 'line of actual control'. What is this 'line of control'? Is this the line they have created by aggression since the beginning of September?"

India's objection, as described by Menon, was that the Chinese line "was a disconnected series of points on a map that could be joined up in many ways; the line should omit gains from aggression in 1962 and therefore should be based on the actual position on September 8, 1962 before the Chinese attack; and the vagueness of the Chinese definition left it open for China to continue its creeping attempt to change facts on the ground by military force".

When did India accept the LAC?

Shyam Saran has disclosed in his book *How India Sees the World* that the LAC was discussed during Chinese Premier Li Peng's 1991 visit to India, where PM P V Narasimha Rao and Li reached an understanding to maintain peace and tranquillity at the LAC. India formally accepted the concept of the LAC when Rao paid a return visit to Beijing in 1993 and the two sides signed the Agreement to Maintain Peace and Tranquillity at the LAC. The reference to the LAC was unqualified to make it clear that it was not referring to the LAC of 1959 or 1962 but to the LAC at the time when the agreement was signed. To reconcile the differences about some areas, the two countries agreed that the Joint Working Group on the border issue would take up the task of clarifying the alignment of the LAC.

Why did India change its stance on the Line of Actual Control?

As per Menon, it was needed because Indian and Chinese patrols were coming in more frequent contact during the mid-1980s, after the government formed a China Study Group in 1976 which revised the patrolling limits, rules of engagement and pattern of Indian presence along the border. In the backdrop of the Sumdorongchu standoff, when PM Rajiv Gandhi visited Beijing in 1988, Menon notes that the two sides agreed to negotiate a border settlement, and pending that, they would maintain peace and tranquillity along the border.

Have India and China exchanged their maps of the LAC?

Only for the middle sector. Maps were "shared" for the western sector but never formally exchanged, and the process of clarifying the LAC has effectively stalled since 2002. As an aside, there is no publicly available map depicting India's version of the LAC.

During his visit to China in May 2015, PM Narendra Modi's proposal to clarify the LAC was rejected by the Chinese. Deputy Director General of the Asian Affairs at the Foreign Ministry, Huang Xilian later told Indian journalists that "We tried to clarify some years ago but it encountered some difficulties, which led to even complex situation. That is why whatever we do we should make it more conducive to peace and tranquillity for making things easier and not to make them complicated."

Is the LAC also the claim line for both countries?

Not for India. India's claim line is the line seen in the official boundary marked on the maps as released by the Survey of India, including both Aksai Chin and Gilgit-Baltistan. In China's case, it corresponds mostly to its claim line, but in the eastern sector, it claims entire Arunachal Pradesh as South Tibet. However, the claim lines come into question when a discussion on the final international boundaries takes place, and not when the conversation is about a working border, say the LAC.

But why are these claim lines controversial in Ladakh?

Independent India was transferred the treaties from the British, and while the Shimla Agreement on the McMahon Line was signed by British India, Aksai Chin in Ladakh province of the princely state of Jammu and Kashmir was not part of British India, although it was a part of the British Empire. Thus, the eastern boundary was well defined in 1914 but in the west in Ladakh, it was not.

A G Noorani writes in *India-China Boundary Problem 1846-1947* that Sardar Vallabhbhai Patel's Ministry of States published two White Papers on Indian states. The first, in July 1948, had two maps: one had no boundary shown in the western sector, only a partial colour wash; the second one extended the colour wash in yellow to the entire state of J&K, but mentioned "boundary undefined". The second White Paper was published in February 1950 after India became a Republic, where the map again had boundaries which were undefined.

In July 1954, Nehru issued a directive that "all our old maps dealing with this frontier should be carefully examined and, where necessary, withdrawn. New maps should be printed showing our Northern and North Eastern frontier without any reference to any 'line'. The new maps should also be sent to our embassies abroad and should be introduced to the public generally and be used in our schools, colleges, etc". This map, as is officially used till date, formed the basis of dealings with China, eventually leading to the 1962 War.

How is the LAC different from the Line of Control with Pakistan?

The LoC emerged from the 1948 ceasefire line negotiated by the UN after the Kashmir War. It was designated as the LoC in 1972, following the Shimla Agreement between the two countries. It is delineated on a map signed by DGMOs of both armies and has the international sanctity of a legal agreement. The LAC, in contrast, is only a concept – it is not agreed upon by the two countries, neither delineated on a map or demarcated on the ground.

