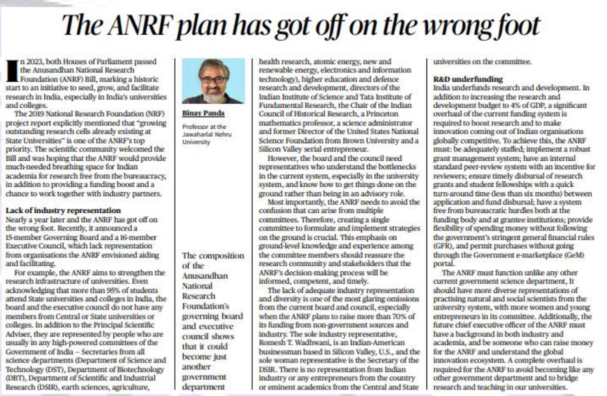
8th July, 2024

1. The ANRF plan has got off on the wrong foot
GS 2 (Governance)

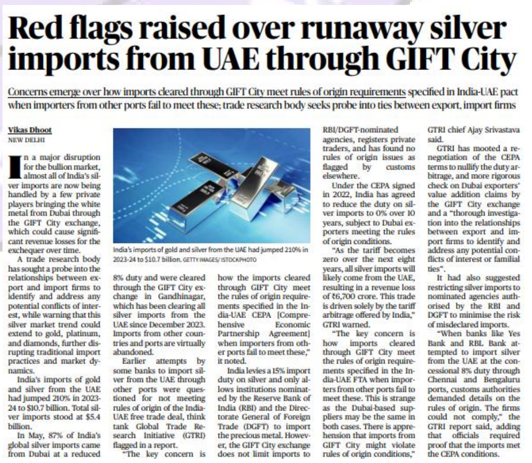
- **Why in News:** The ANRF Bill, passed in 2023, aims to boost research in India's universities and colleges. However, the recently announced Governing Board and Executive Council lack crucial representation, raising concerns about its effectiveness.



- **Composition and Representation Issues:**
  - **Lack of University Representation:** Despite 95% of students attending State universities and colleges, the board and council lack members from Central or State universities.
  - **Limited Industry Presence:** Only one industry representative, an Indian-American businessman, is included, despite plans to raise 70% of funding from non-government sources.
  - **Inadequate Diversity:** The committee has only one woman representative and lacks representation from Indian industry, entrepreneurs, and eminent academics from Central and State universities.
- **Structural Challenges and Required Reforms:**
  - **R&D Underfunding:** India needs to increase its R&D budget to 4% of GDP and overhaul the current funding system.
  - **Operational Improvements:** The ANRF must implement a robust grant management system, standardized peer-review process, and ensure timely disbursal of funds.
  - **Bureaucratic Hurdles:** The foundation needs to be free from stringent government financial rules and allow flexible spending without the Government e-marketplace (GeM) portal constraints.
- **Recommendations for Effective Implementation:**
  - **Diverse Representation:** Include practicing natural and social scientists from universities, more women, and young entrepreneurs in the committee.
  - **Leadership Criteria:** The future CEO should have backgrounds in both industry and academia, capable of fundraising and understanding the global innovation ecosystem.
  - **Structural Overhaul:** The ANRF must function differently from current government science departments to bridge research and teaching in universities effectively.

2. Runaway Silver Imports from UAE through GIFT City
GS 3 (Economy)

- **Why in News**: The recent surge in India's silver imports from the UAE via GIFT City has raised concerns over potential revenue losses and compliance with trade regulations.



- **Key Highlights of the Issue**
  - **Significant Increase in Imports**: India's imports of gold and silver from the UAE jumped by 210% in 2023-24, reaching $10.7 billion, with total silver imports standing at $5.4 billion.
  - **Concentration of Imports**: In May, 87% of India's global silver imports came from Dubai at a reduced 8% duty, all cleared through the GIFT City exchange in Gandhinagar.
  - **Concerns Over Compliance**: The Global Trade Research Initiative (GTRI) flagged concerns regarding the adherence to the rules of origin specified in the India-UAE Comprehensive Economic Partnership Agreement (CEPA).

- **Reason Behind the Situation**
  - **Duty Arbitrage**: The lower import duty of 8% through GIFT City, compared to the regular 15%, creates a significant arbitrage opportunity.
  - **Lack of Regulation**: Unlike other ports, GIFT City does not limit imports to RBI/DGFT-nominated agencies, allowing private traders to exploit the system.
  - **Compliance Issues**: Imports through other ports were questioned for not meeting rules of origin requirements, a concern seemingly ignored in GIFT City.

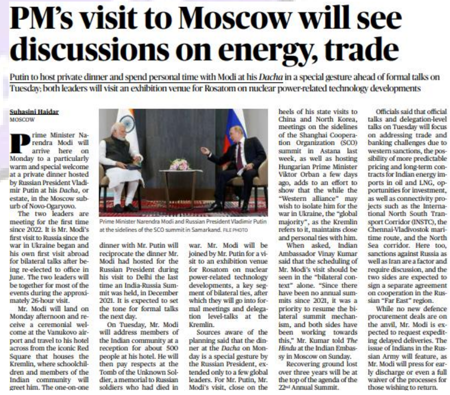
- **Impact of Such Practices**
  - **Revenue Loss**: As the tariff on silver imports reduces to 0% over the next 10 years under CEPA, India could face a revenue loss of ?6,700 crore.
  - **Market Disruption**: The concentration of imports through GIFT City could disrupt traditional import practices and market dynamics.
  - **Potential Expansion**: There is a risk that similar practices might extend to other precious metals like gold, platinum, and diamonds.

- **Required Measures**
  - **Re-negotiation of CEPA Terms**: To nullify the duty arbitrage and ensure fair trade practices.
  - **Enhanced Compliance Checks**: Rigorous verification of value addition claims by Dubai exporters and stricter adherence to rules of origin.
  - **Restriction of Imports**: Limiting silver imports to RBI/DGFT-nominated agencies to minimize the risk of misdeclared imports.
  - **Thorough Investigation**: A detailed probe into the relationships between export and import firms to identify potential conflicts of interest or familial ties.

- **What is CEPA?**
  - Partnership agreement or cooperation agreement are more comprehensive than an FTA.
  - CECA/CEPA also looks into the regulatory aspect of trade and encompasses and agreement covering the regulatory issues.
  - CECA has the widest coverage. CEPA covers negotiation on the trade in services and investment, and other areas of economic partnership.
  - It may even consider negotiation on areas such as trade facilitation and customs cooperation, competition, and IPR.
  - India has signed CEPAs with South Korea and Japan.

3. <u>Indian PM on a Two-Day Visit to Moscow</u>
<u>GS 2 (International Relations)</u>

- **Why in News:** The Indian Prime Minister will be on a crucial 2-day visit to Moscow for the India-Russia annual summit, which has been ongoing since 2000.



PM's visit to Moscow will see discussions on energy, trade

Putin to host private dinner and spend personal time with Modi at his *Dacha* in a special gesture ahead of formal talks on Tuesday; both leaders will visit an exhibition venue for Rosatom on nuclear power-related technology developments

Suhasini Haidar
MOSCOW

Prime Minister Narendra Modi will arrive here on Monday to a particularly warm and special welcome at a private dinner hosted by Russian President Vladimir Putin at his *Dacha*, or estate, in the Moscow suburb of Novo-Ogaryovo.

The two leaders are meeting for the first time since 2022. It is Mr. Modi's first visit to Russia since the war in Ukraine began and his own first visit abroad for bilateral talks after being re-elected to office in June. The two leaders will be together for most of the events during the approximately 26-hour visit.

Mr. Modi will land on Monday afternoon and receive a ceremonial welcome at the Vanukovo airport and travel to his hotel across from the iconic Red Square that houses the Kremlin, where schoolchildren and members of the Indian community will greet him. The one-on-one dinner with Mr. Putin will reciprocate the dinner Mr. Modi had hosted for the Russian President during his visit to Delhi the last time an India-Russia Summit was held, in December 2021. It is expected to set the tone for formal talks the next day.

On Tuesday, Mr. Modi will address members of the Indian community at a reception for about 500 people at his hotel. He will then pay respects at the Tomb of the Unknown Soldier, a memorial to Russian soldiers who had died in war. Mr. Modi will be joined by Mr. Putin for a visit to an exhibition venue for Rosatom on nuclear power-related technology developments, a key segment of bilateral ties, after which they will go into formal meetings and delegation level-talks at the Kremlin.

Sources aware of the planning said that the dinner at the *Dacha* on Monday is a special gesture by the Russian President, extended only to a few global leaders. For Mr. Putin, Mr. Modi's visit, close on the heels of his state visits to China and North Korea, meetings on the sidelines of the Shanghai Cooperation Organization (SCO) summit in Astana last week, as well as hosting Hungarian Prime Minister Viktor Orban a few days ago, adds to an effort to show that the while the "Western alliance" may wish to isolate him for the war in Ukraine, the "global majority", as the Kremlin refers to it, maintains close and personal ties with him.

When asked, Indian Ambassador Vinay Kumar said that the scheduling of Mr. Modi's visit should be seen in the "bilateral context" alone. "Since there have been no annual summits since 2021, it was a priority to resume the bilateral summit mechanism, and both sides have been working towards this," Mr. Kumar told *The Hindu* at the Indian Embassy in Moscow on Sunday.

Recovering ground lost over three years will be at the top of the agenda of the 22nd Annual Summit.

Officials said that official talks and delegation-level talks on Tuesday will focus on addressing trade and banking challenges due to western sanctions, the possibility of more predictable pricing and long-term contracts for Indian energy imports in oil and LNG, opportunities for investment, as well as connectivity projects such as the International North South Transport Corridor (INSTC), the Chennai-Vladivostok maritime route, and the North Sea corridor. Here too, sanctions against Russia as well as Iran are a factor and require discussion, and the two sides are expected to sign a separate agreement on cooperation in the Russian "Far East" region.

While no new defence procurement deals are on the anvil, Mr. Modi is expected to request expediting delayed deliveries. The issue of Indians in the Russian Army will feature, as Mr. Modi will press for early discharge or even a full waiver of the processes for those wishing to return.

Prime Minister Narendra Modi and Russian President Vladimir Putin at the sidelines of the SCO summit in Samarkand. FILE PHOTO

- **What Makes the Indian PM's Visit to Russia Special this Time?**
  - **First since Russia's invasion of Ukraine:**
    - This will be the first bilateral meeting between the Indian PM and Russian President Vladimir Putin since Russia's invasion of Ukraine in February 2022.
    - The two leaders have met a total 16 times since 2014. The Indian PM last went to Russia for the Eastern Economic Forum meeting in Vladivostok in (Sept) 2019.
    - The Russian President last visited India in December 2021 for the annual bilateral summit.

- **Traditions broken:**
  - In choosing Russia for his first bilateral visit after being sworn in, the Indian PM has broken with the tradition of India's new PM travelling first to a neighbouring country.
  - **For example,** he visited Bhutan in June 2014 and Maldives and Sri Lanka in June 2019.
  - He travelled to Italy last month, but that was for a multilateral meeting of **G7 leaders**.

- **Significance of the Indian PM's Visit to Russia:**
  - **A foreign policy priority:**
    - Russia and India relationship is seven decades old. The USSR era generosity and friendship has been carried over to the relationship with Russia.
    - The strategic partnership's strongest pillar is unquestionably defence today, but collaboration in space and nuclear matters is also significant.
  - **Global significance:** Their bilateral meeting comes around the same time as leaders of the 32 nations in the North Atlantic Treaty Organisation (NATO) gather in Washington DC to celebrate 75 years of the anti-Russia military alliance.
  - **Russia's deepening ties with China:**
    - Over the years, as India has diversified its relationships in a multi-polar world, the India-Russia relationship has stagnated in some areas.
    - On the other hand, **Russia is getting closer to China**, which has provided a diplomatic and economic lifeline for Moscow during the western sanctions imposed due to its conflict with Ukraine.
    - Though Russia does not transfer to any other country the military technologies shared with India, **India must constantly verify** the weaponry and technologies that Moscow supplies to Beijing.

- **Key Areas of Engagement Between India - Russia:**
  - **Defence:**
    - The USSR was India's main supplier of defence equipment during the decades of the Cold War.
    - Today, **60 - 70% of India's defence equipment** is estimated to be of Russian and Soviet origin.
    - The defence cooperation has evolved over time from a buyer-seller framework to one involving **joint R&D, co-development and joint production.**
    - India and Russia have signed agreements for
      - The supply of **S-400 Triumf mobile surface-to-air missile systems**, MiG-29 fighter aircraft, and Kamov helicopters, and
      - The licensed production of T-90 tanks, Su-30MKI fighters, AK-203 assault rifles, and BrahMos supersonic cruise missiles.
    - **The INS Vikramaditya**, one of the Indian Navy's two aircraft carriers, is the former Soviet and Russia warship Admiral Gorshkov.
  - **Oil boost:**
    - Since the beginning of the war in Ukraine, **India has been buying large amounts of Russian oil at a discount** to cushion the inflationary impact of rising crude prices.
    - In the face of international criticism, the Indian External Affairs Minister reiterated that India would continue to buy Russian oil in the interest of Indian consumers.
  - **Trade:**
    - The purchase of Russian crude has pushed bilateral trade volumes beyond expectations and targets.
    - **Before the war,** the bilateral trade target was set at $30 billion by 2025. However, bilateral trade reached an all-time high of $65.70 billion in FY 2023-24.

- **Challenges for India in Maintaining its Ties with Russia:**
  - **Balance of trade heavily in Russia's favour**: India's imports from Russia amounts to $61.44 billion. These were mostly made up of Russian oil and petroleum products, fertilisers, mineral resources, precious stones and metals, and vegetable oils.
  - **Walking diplomatic tightrope:**
    - New Delhi has not explicitly condemned the Russian invasion but expressed concern over threats of nuclear war issued by Russian leaders.
    - India has abstained from voting against Russia in several resolutions at the UNSC.

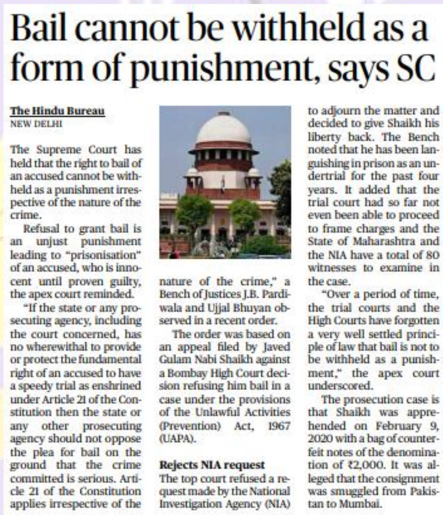
- **Maintaining ties with western nations:**
  - The Russia-Ukraine war has put India in a delicate diplomatic position with its Western allies.
  - This is evident from a series of meetings between India and the West, just before the Indian PM's visit to Russia.
- **Looked upon as mediator:** There is a perception that India is positioning itself as a neutral player that could be a mediator between Russia and Ukraine.
- **Presence of Indians in Russia:**
  - Some of the Indians in Russia are believed to have been "misled" into joining the war in Ukraine.
  - New Delhi has asked for their early discharge, and the issue is expected to be discussed during the Indian PM's visit.

- **Way Ahead for India:**
  - India's core concern will be its defence relationship with Russia.
  - The Moscow-Beijing embrace is against Indian strategic interests.
  - Therefore, the Indian PM's visit will seek
    - **To strengthen historical ties between the two countries, and**
    - **To ensure that Beijing does not become a factor in the relationship.**

4. <u>Bail Cannot Be Withheld as a Form of Punishment, Says SC</u>

<u>GS 2 (Governance)</u>

- **Why in News**: The Supreme Court has ruled that the right to bail of an accused cannot be withheld as a punishment, regardless of the nature of the crime, emphasizing the fundamental right to a speedy trial under Article 21 of the Constitution.
- **Key Highlights of the Judgment**
  - **Fundamental Right to Bail**: The Supreme Court underscored that an accused's right to bail cannot be denied as a form of punishment, regardless of the nature of the crime.
  - **Article 21 of the Constitution**: The court reiterated that Article 21, which guarantees the right to a speedy trial, must be upheld in all circumstances.
  - **Case Example**: The judgment came in response to an appeal by Javed Gulam Nabi Shaikh, who was denied bail by the Bombay High Court under the Unlawful Activities (Prevention) Act, 1967 (UAPA).



Bail cannot be withheld as a form of punishment, says SC

The Hindu Bureau
NEW DELHI

The Supreme Court has held that the right to bail of an accused cannot be withheld as a punishment irrespective of the nature of the crime.

Refusal to grant bail is an unjust punishment leading to "prisonisation" of an accused, who is innocent until proven guilty, the apex court reminded.

"If the state or any prosecuting agency, including the court concerned, has no wherewithal to provide or protect the fundamental right of an accused to have a speedy trial as enshrined under Article 21 of the Constitution then the state or any other prosecuting agency should not oppose the plea for bail on the ground that the crime committed is serious. Article 21 of the Constitution applies irrespective of the nature of the crime," a Bench of Justices J.B. Pardiwala and Ujjal Bhuyan observed in a recent order.

The order was based on an appeal filed by Javed Gulam Nabi Shaikh against a Bombay High Court decision refusing him bail in a case under the provisions of the Unlawful Activities (Prevention) Act, 1967 (UAPA).

Rejects NIA request

The top court refused a request made by the National Investigation Agency (NIA) to adjourn the matter and decided to give Shaikh his liberty back. The Bench noted that he has been languishing in prison as an undertrial for the past four years. It added that the trial court had so far not even been able to proceed to frame charges and the State of Maharashtra and the NIA have a total of 80 witnesses to examine in the case.

"Over a period of time, the trial courts and the High Courts have forgotten a very well settled principle of law that bail is not to be withheld as a punishment," the apex court underscored.

The prosecution case is that Shaikh was apprehended on February 9, 2020 with a bag of counterfeit notes of the denomination of ₹2,000. It was alleged that the consignment was smuggled from Pakistan to Mumbai.

- **Reason Behind the Judgment**
  - **Presumption of Innocence**: Denial of bail results in the unjust "prisonisation" of an individual who is presumed innocent until proven guilty.
  - **State Responsibility**: If the state or prosecuting agency cannot ensure a speedy trial, they should not oppose bail based on the seriousness of the crime.
  - **Prolonged Undertrial Detention**: The court noted that Shaikh had been in prison for four years without the trial even reaching the stage of framing charges.

- **Impact of the Judgment**
  - **Reaffirmation of Legal Principles**: The judgment reaffirms the principle that bail is not to be used as a punishment, ensuring the protection of fundamental rights.
  - **Encouragement for Speedy Trials**: It puts pressure on the state and prosecuting agencies to expedite trials and avoid unnecessary delays.
  - **Human Rights Protection**: The ruling highlights the importance of safeguarding the human rights of undertrial prisoners.

- **Required Measures**
  - **Legal Framework Strengthening**: Ensure that the legal framework facilitates timely trials and the fair application of bail provisions.
  - **Judicial Oversight**: Enhance judicial oversight to prevent the misuse of bail denial as a form of punishment.
  - **Resource Allocation**: Allocate adequate resources to the judiciary and investigating agencies to expedite trials and reduce the backlog of cases.

- **Bailable vs Non-Bailable offences**
  - In India's legal system, the term offence has been categorised as **bailable offences** and **non-bailable** under the Code of Criminal Procedure (CrPC).
  - **Bailable Offence:** As per **IPC Section 2(a),** a bailable offence means an offence that is shown as bailable in the First Schedule.
  - Which is made bailable by any other law for the time being in force; 'non-bailable offence' means any other offence.
  - **Non-bailable Offence**: The term 'non-bailable' doesn't imply that bail can't be granted at all.
  - It simply means that the accused can't claim it as a matter of their right at the time of the arrest or custody.
  - But they can approach the court when while they are under trial.
  - In non-bailable offences, it's the court's discretion to grant bail to the accused. And the same must be decided judiciously.

5. Digital Bharat Nidhi - Fresh attempt at improving rural telecom connectivity
GS 2 (Governance)

- **Why in news:** In a fresh attempt at increasing telecom connectivity in rural areas, the Department of Telecommunications (DoT) has released draft rules to operationalise the Digital Bharat Nidhi.
- **Digital Bharat Nidhi (DBN)**
  - **Background - Universal Service Obligation Fund (USOF)**
    - The USOF was established to provide telecom services in remote and rural areas at affordable prices through a universal access levy, a percentage of revenue earned by operators under various licences.
    - In other words, USOF is a pool of funds generated by a 5 per cent Universal Service Levy charged upon all the telecom fund operators on their Adjusted Gross Revenue (AGR).
      - The goal is to use this money to help expand telecom networks in remote and rural areas.
      - Private companies might avoid these areas because they don't make much profit there.
    - USOF was given statutory status in December 2003 through amendments to the Indian Telegraph Act (now replaced by the Telecom Act, 2023).
  - **More on News:**
    - The DBN was established through the Telecommunications Act, 2023.
    - It would replace the erstwhile Universal Service Obligation Fund (USOF).
- **Features of DBN**

Digital Bharat Nidhi: Govt's fresh attempt to improve rural telecom connectivity

SOUMYARENDRA BARIK
NEW DELHI, JULY 7

File

THE DEPARTMENT of Telecommunications (DoT) has released draft rules to operationalise the Digital Bharat Nidhi, which would replace the erstwhile Universal Service Obligation Fund (USOF) and be a fresh attempt by the Central government at increasing telecom connectivity in rural areas.

The USOF is a pool of funds generated by 5 per cent Universal Service Levy that is charged upon all the telecom fund operators on their Adjusted Gross Revenue (AGR). The idea is that this money would be used to fund the expansion of telecom networks in remote and rural areas, where private companies may otherwise resist from offering their services due to it not being a revenue generating market.

EXPLAINED E.

With the Centre notifying parts of the Telecom Act, it has also proposed additional rules for the final makeover of the USOF as the Digital Bharat Nidhi (DBN) — which would have a relatively wider scope than the USOF.

How Digital Bharat Nidhi will work

As per the Telecom Act, contributions made by telecom companies towards the Digital Bharat Nidhi will first be credited to the Consolidated Fund of India, and the Centre will deposit the collection to the Nidhi from time to time.

The funds collected under the DBN will be used to support universal service through promoting access to and delivery of telecommunication services in underserved rural, remote and urban areas; fund research and development of telecommunication services, technologies, and products; support pilot projects, consultancy assistance and advisory support for improving connectivity; and for the introduction of telecommunication services, technologies, and products.

As per the draft rules issued by the DoT on how the DBN will be operationalised, the Centre will appoint an "administrator" who will select "DBN implementers" through "bidding" or invitation of applications from eligible persons.

This so-called administrator will determine the modalities of providing funding to DBN implementers on a case-by-case basis, including but not limited to full funding, partial funding, co-funding, market risk mitigation, and risk capital.

The DBN shall fund schemes and projects for providing targeted access to telecommunication services for underserved groups of the society such as women, persons with disabilities and economically and socially weaker sections, as per the draft rules.

The schemes and projects for the purpose of achieving the objectives of the DBN shall meet criteria such as the introduction of next generation telecommunication technologies in underserved rural, remote and urban areas; improving affordability of telecommunication services in such areas; promote innovation, research and development, promotion and commercialisation of indigenous technology development and associated intellectual property, including creation of regulatory sandboxes; developing and establishing relevant standards to meet national requirements and their standardisation in international standardisation bodies; and encouraging start-ups in the telecommunications sector including the manufacturing of telecom equipment, among other things. "Any DBN implementer receiving funding from the DBN for establishing, operating, maintaining, or expanding a telecommunication network shall share and make available such telecommunication network, and telecommunication services being delivered using such telecommunication networks on an open and non-discriminatory basis, and in accordance with the instructions issued from time to time by the administrator," the draft rules said.

Underutilisation of USOF

Since its establishment in 2003, a common criticism of the USOF has been its relative underutilisation.

According to information shared in Parliament by former Minister of State for Communications Devusinh Chauhan in December 2022, between 2017 and 2022, the government had collected Rs 41,740 crore as part of contributions made by telcos towards the USOF, of which it had utilised Rs 30,213 crore – a utilisation of about 72 per cent. Most notably, in 2019-20, the collection was Rs 7,962 crore, of which the utilised amount was just Rs 2,926 crore. Between the period specified by the former minister, the government did not achieve complete utilisation even once.

In fact, In FY23, the government revised the expenditure estimates from the USO fund to Rs 3,010 crore, which is 200 per cent less than the budgetary estimate of Rs 9,000 crore. A key reason for the weak spending from the USOF can be attributed to the underspending of funds allocated for the BharatNet project for fibre connectivity to villages.

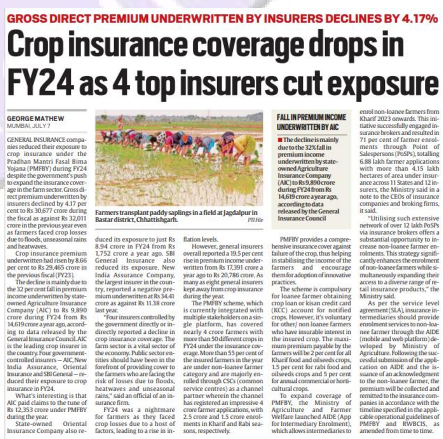
- **Transfer of funds**
  - According to the Telecom Act, telecom companies' contributions to the Digital Bharat Nidhi (DBN) are **first credited to the Consolidated Fund of India (CFI).**
    - CFI receives all government revenues, including loans and repayments, and covers government expenses.
  - The Centre will transfer the collected funds to the DBN periodically.
- **Fund Utilization**
  - Funds from the DBN will be used to:
    - Promote telecommunication services in underserved rural, remote, and urban areas.
    - Fund research and development of telecom services, technologies, and products.
    - Support pilot projects and provide consultancy and advisory assistance to improve connectivity.
    - Introduce new telecom services, technologies, and products.
  - The DBN will fund projects to **provide targeted telecommunication access for underserved groups like women, persons with disabilities, and economically and socially weaker sections.**
- **Appointment of Administrators**
  - According to draft rules from the DoT, the Centre will appoint an "administrator" to select "DBN implementers" through bidding or applications.
  - This administrator will decide how to provide funding on a case-by-case basis, which may include full, partial, or co-funding, as well as market risk mitigation and risk capital.
- **Telecom services on an open and non-discriminatory basis**
  - DBN implementers receiving funding must share and provide telecom networks and services on an open and non-discriminatory basis, following the administrator's instructions.
- **Criteria for schemes and projects funded by the DBN**
  - The schemes and projects funded by the DBN must meet criteria such as introducing:
    - next-generation telecom technologies in underserved areas,
    - improving affordability of services, promoting innovation and research,
    - commercializing indigenous technologies,
    - developing relevant standards, and
    - encouraging telecom start-ups, including equipment manufacturing.

- **Underutilisation of USOF**
  - Since its establishment in 2003, the USOF has faced criticism for underutilization.
  - Between 2017 and 2022, the government collected Rs 41,740 crore from telecom companies for the USOF but used only Rs 30,213 crore (about 72%).
  - Notably, in 2019-20, out of Rs 7,962 crore collected, only Rs 2,926 crore was used.
  - In FY23, expenditure estimates were revised to Rs 3,010 crore, significantly lower than the budgeted Rs 9,000 crore.
  - A major reason for this underutilization is the **underspending on the BharatNet project for village fibre connectivity.**

6. <u>Crop insurance coverage declines in FY24</u>

<u>GS 3 (Economy)</u>

- **Why in news:** General insurance companies reduced their exposure to crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY) during FY24 despite the government's push to expand the insurance coverage in the farm sector.



GROSS DIRECT PREMIUM UNDERWRITTEN BY INSURERS DECLINES BY 4.17%

Crop insurance coverage drops in FY24 as 4 top insurers cut exposure

GEORGE MATHEW
MUMBAI, JULY 7

GENERAL INSURANCE companies reduced their exposure to crop insurance under the Pradhan Mantri Fasal Bima Yojana (PMFBY) during FY24 despite the government's push to expand the insurance coverage in the farm sector. Gross direct premium underwritten by insurers declined by 4.17 per cent to Rs 30,677 crore during the fiscal as against Rs 32,011 crore in the previous year even as farmers faced crop losses due to floods, unseasonal rains and heatwaves.

Crop insurance premium underwritten had risen by 8.66 per cent to Rs 29,465 crore in the previous fiscal (FY23).

The decline is mainly due to the 32 per cent fall in premium income underwritten by state-owned Agriculture Insurance Company (AIC) to Rs 9,890 crore during FY24 from Rs 14,619 crore a year ago, according to data released by the General Insurance Council. AIC is the leading crop insurer in the country. Four government-controlled insurers — AIC, New India Assurance, Oriental Insurance and SBI General — reduced their exposure to crop insurance in FY24.

What's interesting is that AIC paid claims to the tune of Rs 12,353 crore under PMFBY during the year.

State-owned Oriental Insurance Company also reduced its exposure to just Rs 8.94 crore in FY24 from Rs 1,752 crore a year ago. SBI General Insurance also reduced its exposure. New India Assurance Company, the largest insurer in the country, reported a negative premium underwritten at Rs 34.41 crore as against Rs 11.38 crore last year.

"Four insurers controlled by the government directly or indirectly reported a decline in crop insurance coverage. The farm sector is a vital sector of the economy. Public sector entities should have been in the forefront of providing cover to the farmers who are facing the risk of losses due to floods, heatwaves and unseasonal rains," said an official of an insurance firm.

FY24 was a nightmare for farmers as they faced crop losses due to a host of factors, leading to a rise in inflation levels.

However, general insurers overall reported a 19.5 per cent rise in premium income underwritten from Rs 17,391 crore a year ago to Rs 20,786 crore. As many as eight general insurers kept away from crop insurance during the year.

The PMFBY scheme, which is currently integrated with multiple stakeholders on a single platform, has covered nearly 4 crore farmers with more than 50 different crops in FY24 under the insurance coverage. More than 55 per cent of the insured farmers in the year are under non-loanee farmer category and are majorly enrolled through CSCs (common service centres) as a channel partner wherein the channel has registered an impressive 4 crore farmer applications, with 2.5 crore and 1.5 crore enrolments in Kharif and Rabi seasons, respectively.

PMFBY provides a comprehensive insurance cover against failure of the crop, thus helping in stabilising the income of the farmers and encourage them for adoption of innovative practices.

The scheme is compulsory for loanee farmer obtaining crop loan or kisan credit card (KCC) account for notified crops. However, it's voluntary for other/ non loanee farmers who have insurable interest in the insured crop. The maximum premium payable by the farmers will be 2 per cent for all Kharif food and oilseeds crops, 1.5 per cent for rabi food and oilseeds crops and 5 per cent for annual commercial or horticultural crops.

To expand coverage of PMFBY, the Ministry of Agriculture and Farmer Welfare launched AIDE (App for Intermediary Enrolment), which allows intermediaries to enrol non-loanee farmers from Kharif 2023 onwards. This initiative successfully engaged insurance brokers and resulted in 71 per cent of farmer enrolments through Point of Salespersons (PoSPs), totalling 6.88 lakh farmer applications with more than 4.15 lakh hectares of area under insurance across 11 States and 12 insurers, the Ministry said in a note to the CEOs of insurance companies and broking firms, it said.

"Utilising such extensive network of over 12 lakh PoSPs via insurance brokers offers a substantial opportunity to increase non-loanee farmer enrolments. This strategy significantly enhances the enrolment of non-loanee farmers while simultaneously expanding their access to a diverse range of retail insurance products," the Ministry said.

As per the service level agreement (SLA), insurance intermediaries should provide enrolment services to non-loanee farmer through the AIDE (mobile and web platform) developed by Ministry of Agriculture. Following the successful submission of the application on AIDE and the issuance of an acknowledgment to the non-loanee farmer, the premium will be collected and remitted to the insurance companies in accordance with the timeline specified in the applicable operational guidelines of PMFBY and RWBCIS, as amended from time to time.

Farmers transplant paddy saplings in a field at Jagdalpur in Bastar district, Chhattishgarh. PTI File

FALL IN PREMIUM INCOME UNDERWRITTEN BY AIC

- The decline is mainly due to the 32% fall in premium income underwritten by state-owned Agriculture Insurance Company (AIC) to Rs 9,890 crore during FY24 from Rs 14,619 crore a year ago, according to data released by the General Insurance Council

- **Pradhan Mantri Fasal Bima Yojana (PMFBY)**
  - **About:**
    - A scheme of the Ministry of Agriculture & Farmers Welfare, PMFBY is an insurance service for farmers for their yields, launched in 2016.
    - The new Crop Insurance Scheme is in line with the One Nation One Scheme theme.
    - The PMFBY replaced the previous two schemes: the National Agricultural Insurance Scheme (NAIS) and the Modified NAIS.
    - It has incorporated the best features of all previous schemes while eliminating all previous shortcomings.

- **Objectives:**
  - To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crops as a result of natural calamities, pests and diseases.
  - To stabilise the income of farmers to ensure their continuance in farming.
  - To encourage farmers to adopt innovative and modern agricultural practices.
  - To ensure flow of credit to the agriculture sector.

- **Key features of the PMFBY**
  - **Premium rates**
    - There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops (winter sown).
    - In case of annual commercial and horticultural crops, the premium to be paid by farmers will be only 5%.
    - The balance premium will be paid by the Government (to be shared equally by central and state government).
    - The idea is to provide a fully insured amount to the farmers against crop loss on account of natural calamities.
  - **Area based approach**
    - The Scheme will be implemented on an 'Area Approach basis,' i.e., Defined Areas for each notified crop for widespread calamities,
    - The unit of insurance shall be Village/Village Panchayat level for major crops and for other crops it may be a unit of size above the level of Village/Village Panchayat.
    - It is assumed that all insured farmers in a unit of insurance, to be defined as a "Notified Area" for a crop, face similar risk exposures.
  - **No upper limit to subsidy**
    - There is no upper limit on Government subsidy. This means, even if the balance premium is 90%, it will be borne by the Government.
  - **Use of technology**
    - The use of technology will be encouraged to a great extent. For example,
      - Smartphones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers.
      - Remote sensing will be used to reduce the number of crops cutting experiments.
  - **Exemptions from tax liabilities**
    - There will be exemption from Service Tax liability of all the services involved in the implementation of the scheme.
  - **Beneficiaries to be covered**
    - All farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.
    - To address the demand of farmers, the scheme has been made voluntary for all farmers from Kharif 2020.
      - Earlier, the enrolment was compulsory for farmers who possess a Crop Loan account or Kisan Credit Card (KCC) account, etc).
  - **Risks covered under the scheme:**
    - Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, such as Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado.
    - Risks due to Flood, Inundation and Landslide, Drought, Dry spells, Pests and Diseases will also be covered.
    - In cases where the majority of insured farmers in a notified area have intent to sow or plant and have incurred expenditure for the purpose, but are prevented from sowing or planting the insured crop due to adverse weather conditions, indemnity claims up to a maximum of 25% of the sum-insured may be made.
    - **In post-harvest losses,** coverage will be available up to a maximum period of 14 days from harvesting for those crops which are kept in "cut & spread" condition to dry in the field.
    - **Loss and damage resulting from occurrence of identified localised risks** like hailstorm, landslide and Inundation affecting isolated farms in the notified area would also be covered.

- **Crop insurance coverage declines in FY24**

- **Decline in insurance coverage**
  - In FY24, general insurance companies reduced their participation in the PMFBY despite government efforts to expand farm sector insurance.
  - The gross direct premium underwritten declined by 4.17% to Rs 30,677 crore from Rs 32,011 crore the previous year, even as farmers suffered crop losses from adverse weather conditions. This decline followed an 8.66% rise to Rs 29,465 crore in FY23.
  - A significant factor was the 32% drop in premium income by the state-owned Agriculture Insurance Company (AIC).
- **Performance of PMFBY in FY24**
  - In FY24, the PMFBY scheme covered nearly 4 crore farmers and over 50 crops.
  - More than 55% of insured farmers were non-loanee, mainly enrolled through common service centres (CSCs), with 4 crore farmer applications registered.
  - To expand PMFBY coverage, the Ministry of Agriculture and Farmer Welfare launched the AIDE (App for Intermediary Enrolment) in Kharif 2023, allowing intermediaries to enrol non-loanee farmers.
    - This initiative involved insurance brokers, resulting in 71% of enrolments through Point of Salespersons (PoSPs), covering 6.88 lakh farmer applications and over 4.15 lakh hectares across 11 states and 12 insurers.

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MCQ Current Affairs
8th July, 2024

1. CAMCOPTER S-100, recently seen in the news, is an unmanned aerial vehicle (UAV), developed by which one of the following countries?

a) United States of America
b) Israel
c) Germany
d) Australia

2. Consider the following statements regarding the Bharat Bill Payment System (BBPS):

A. It was conceptualized by the Reserve Bank of India (RBI) and driven by the National Payments Corporation of India (NPCI).
B. It is a one-stop payment platform for all bills, providing multiple payment modes and instant confirmation of receipt of payment.
Which of the statements given above is/are correct?
a) A only
b) B only
c) A and B
d) Neither of two

3. Consider the following statements regarding the Right to Repair Portal:

A. It is launched by the Union Ministry of Consumer Affairs.
B. It aims to offer a cheaper alternative to expensive replacements to customers, instead of buying new products altogether.
Which of the statements given above is/are correct?
a) A only
b) B only
c) A and B
d) Neither of two

4. With reference to Digital Bharat Nidhi, consider the following statements:

A. It is used to fund the expansion of telecom networks in remote and rural areas.
B. The central government appoints an administrator and he/she will select Digital Bharat Nidhi implementers through a bidding process.
C. The contributions made by telecom companies towards the Digital Bharat Nidhi will first be credited to the Public Account of India.
How many of the above statements are correct?
a) One only
b) Two only
c) All three
d) None

5. Consider the following statements with reference the Copernicus Climate Change Service:

A. It is one of six thematic information services provided by the Copernicus Earth Observation Programme.
B. It is implemented by the European Centre for Medium-Range Weather Forecasts (ECMWF) on behalf of the European Commission.
Which of the statements given above is/are correct?
a) A only
b) B only
c) A and B
d) Neither of two

Answers Current Affairs
8th July, 2024

1. d
2. c
3. c
4. b
5. c

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