POLITY AND GOVERNANCE

MAHUA EXPELLED FROM LS, OPPOSITION MPS WALK OUT

CONTEXT: Pralhad Joshi, the Parliamentary Affairs Minister had moved a resolution to expel Trinamool Congress member Mahua Moitra from the Lok Sabha on Friday over cash-for-query allegations. The Ethics Committee of Lok Sabha had held Ms. Moitra guilty of "unethical conduct" for sharing her user ID and password of the Lok Sabha Member's portal with unauthorised persons.

In 2005, the then Speaker Somnath Chatterjee had disallowed 10 Lok Sabha Members who were involved in a "cash for question scam", to speak. Mr. Joshi added that the then Leader of the House Pranab Mukherjee had moved a motion to expel the 10 members on the same day the report was introduced.

ECONOMICS AND DEVELOPMENT

RBI KEEPS REPO RATE AT 6.5%, RAISES GDP GROWTH FORECAST

CONTEXT: The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) unanimously decided to keep key interest rates unchanged, raised its GDP growth projection for 2023-24 to 7 % from 6.5 %, and retained its average inflation forecast at 5.4 %, while warning that inflation could spike through November and December.

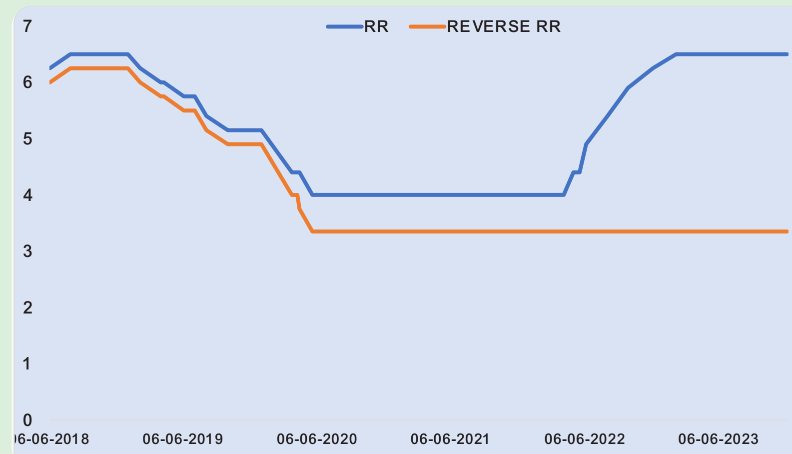

FIGURE: Line chart representing the Liquidity Adjustment Facility (LAF). Source: Reserve Bank of India (RBI) Handbook of Statistics

The target of 4 % inflation is yet to be reached. Headline inflation remains volatile due to supply shocks. There was no immediate relief for borrowers as the key repo rate remained unchanged at 6.5 %. While food inflation has moderated from the double-digit levels of July to 6.2 % in October, the inflation outlook would be considerably influenced by uncertain food prices.

The objective of the monetary policy is not only to achieve 4 % inflation but to maintain it at that level on a durable basis and it is not possible to provide a "forward guidance" in the current scenario when there is excessive uncertainty. An increase in some vegetable prices may push consumer price index [CPI] inflation higher in coming months. The crop output of cereals and pulses needs to be monitored and elevated sugar prices in the world are also a matter of concern. Retail inflation may surge in November and December from the four-month low of 4.87 % recorded in October.

The RBI expects inflation to average 5.6 % in the current quarter, signalling that the pace of price rise over last month and this month may be close to 6%, its upper tolerance limit for inflation. For the January to March 2024 period, inflation is expected to average 5.2 %.

POLITY AND GOVERNANCE

PRIVATE BILL SEEKS POWER FOR ASSEMBLIES TO REMOVE GOVERNORS

CONTEXT: CPI(M) MP V. Sivadasan moved a private member's Bill to amend the Constitution saw members demanding a system to fix the accountability of Governors.

The Bill, moved by, sought to provide powers to the State Assemblies to remove Governors. The statement of objects and reasons of the Bill that the stature and dignity of the Governor's office required that the person who held such a position enjoyed the legitimate support of the people and was accountable to the people of the State. The Bill sought amendments to the Constitution so that the Governor is elected by the members of an electoral college consisting of Legislative Assemblies of the States and elected members of the gram panchayats, municipalities and corporations of the States. The election of the Governor shall be held in accordance with the system of proportional representation by means of the single transferable vote and the voting at such election shall be by secret ballot.

AGRICULTURE

CENTRE BANS ONION EXPORT TILL MARCH; NASHIK FARMERS PROTEST

CONTEXT: The Centre has imposed a ban on the export of onions till March 31, 2024 to curb the surging local prices of the product. The Directorate General of Foreign Trade (DGFT) in an order amended the export policy of onions to prohibit the export of onions till March 31, 2024.

On August 19, the Union government had imposed a 40 % duty on the export of onions (minimum export price of $ 800 a tonne) until December 31, to increase domestic availability amid signs of increasing prices and to provide relief to local consumers.

The DGFT said that onion exports, however, would be allowed based on the permission granted by the government to other countries based on their request and that shipments whose loading had commenced before the fresh notification was issued would be allowed to be exported.

AGRICULTURE

CENTRE REVISES WHEAT STOCK LIMITS TO REIN IN PRICES, HOARDING

CONTEXT: The Centre revised the wheat stock limits on Friday as the increase in the prices of wheat and wheat flour (atta) remained unchanged in many parts of the country. For traders and wholesalers, the limit was reduced to 1,000 tonnes from 2,000 tonnes.

For retailers, the revised limit for each retail outlet is five tonnes. Big chain retailers can stock five tonnes for each of their outlets and 1,000 tonnes at all their depots. For processors, the new limit is 70 % of the monthly installed capacity multiplied by the remaining months of 2023-24. It was 75 % of the annual installed capacity or quantity equivalent to monthly installed capacity multiplied by the remaining months of 2023-24, whichever is less.

The moves have been taken under the Removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs (Amendment) Order, 2023 to manage the overall food security and to prevent hoarding and unscrupulous speculation. The Food Ministry asked all wheat stocking entities to register on the wheat stock limit portal and update the stock position every Friday.

Any entity which is found to have not registered on the portal or violates the stock limits will be subject to suitable punitive action under Section 6 & 7 of Essential Commodities Act, 1955," the Ministry warned, adding that the entities have 30 days to bring the stocks to prescribed limits. "Officials of Central and State governments will be closely monitoring enforcement of these stock limits to ensure that no artificial scarcity of wheat is created in the country. The Centre has also decided to increase supplies in the open market from three lakh tonnes to four lakh tonnes with immediate effect.

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SCIENCE AND TECHNOLOGY

U.S. FDA APPROVES PAIR OF GENE THERAPIES FOR SICKLE CELL DISEASE

CONTEXT: The U.S. Food and Drug Administration (FDA) on Friday approved a pair of gene therapies for sickle cell disease, including the first treatment based on the breakthrough CRISPR gene editing technology.

The agency approved Lyfgenia from bluebird bio, and a separate treatment called Casgevy by partners Vertex Pharmaceuticals and CRISPR Therapeutics for the illness. Both the therapies were approved for people aged 12 years and older. The Vertex/CRISPR gene therapy uses the breakthrough gene editing technology that won its inventors the Nobel Prize in 2020.

Sickle cell disease is a painful, inherited blood disorder that can be debilitating and lead to premature death. It affects an estimated 1,00,000 people in the U.S., most of whom are Black. In sickle cell disease, the body makes flawed, sickle-shaped hemoglobin, impairing the ability of red blood cells to properly carry oxygen to the body's tissues. The sickle cells tend to stick together and can block small blood vessels, causing intense pain. It also can lead to strokes and organ failure.

Makers of both the therapies have pitched them as one-time treatments, but data on how long their effect lasts is limited. The only longer-term treatment for sickle cell disease is a bone marrow transplant.

ECONOMICS AND DEVELOPMENT

RBI ENHANCES UPI PAYMENT LIMITS, TO SET RULES FOR ONLINE LOAN AGGREGATORS

CONTEXT: The Reserve Bank of India (RBI) on Friday enhanced the UPI payment limits for healthcare and education to ₹5 lakh from ₹1 lakh, and the limit on recurring e-payment mandates for credit card and insurance premia payments as well as mutual fund investments to ₹1 lakh from the current limit of ₹15,000.

New framework

RBI eases regulations on payments through UPI and bank mandates but tightens the screws on fintechs

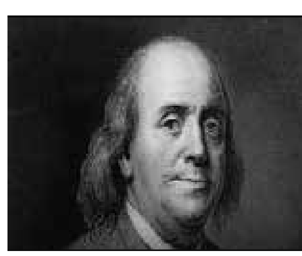
- The central bank raises the limit on recurring e-payment mandates for credit card, insurance and mutual fund payments to ₹1 lakh from ₹15,000 currently
- RBI proposes the creation of a Fintech Repository by April as banks and NBFCs begin to partner with fintechs to offer loans
- RBI also opts to regulate web-aggregation of loan products to enhance transparency

The RBI had introduced a regulatory framework for digital lending in late 2022, Governor Shaktikanta Das said that several concerns had come to the central bank's notice relating to the web-aggregation of loan products that were harming consumers' interests. He was referring to firms that aggregate loan offers from different lenders for customers to choose from. This is expected to result in enhanced customer centricity and transparency in digital lending.

The regulator also sought to get a better grip on the growing incidence of banks and non-banking finance companies partnering with fintechs by proposing the creation of a Fintech Repository by April 2024. FinTechs would be encouraged to provide relevant information voluntarily to this repository.

The kind of details that may be compiled from fintechs were not yet clear. While we wait for further guidelines, providing important information to the repository voluntarily can help in designing appropriate policy approaches.

RBI's measures for web-aggregators of loans and fintechs could help "dispel the dark clouds of suspicion hanging over digital lending.



"If you invest more in your education, then you are likely to get more interest in it."
–Benjamin Franklin

ECONOMICS AND DEVELOPMENT

'NO CENTRAL BANK CAN CURRENTLY GIVE FORWARD GUIDANCE'

CONTEXT: The Reserve Bank of India will refrain from providing any forward guidance on interest rates, given the prevailing uncertainty, RBI Governor Shaktikanta Das said at a post-policy press conference in Mumbai.

Specifically on the rates, the RBI Monetary Policy Committee have refrained from giving any forward guidance, considering the kind of uncertainty that lies ahead of us and the future looks very fickle. Reaching the 4 % inflation target should not just be a one-off event, it has to be durably 4 %.

Growth assessment

High frequency data for October-November estimate a robust growth rate to exceed 7 %. So, at the current time, the 7 % real GDP growth projection for this year looks like a conservative estimate.

On rural demand, despite a late kharif harvest in certain parts of the country, two-thirds of rabi sowing is already complete. Two-wheeler sales post a significant turnaround. For the 42-day-festive period during October and November, their retail sales have grown 20.7 %. FMCG volumes in rural segment have also shown improvement, and grew about 6.4 % in the second quarter.

Right from April onwards, the rural demand for FMCG is steadily picking up. Interestingly, the demand for MGNREGA work has declined for the first time in this financial year during November by about 4.6 %. There are signs that rural demand is also turning around.

Investment scenario

Government capex continues to be very strong. In fact, the general government capex, undertaken by both central government as well as the State governments, have grown 36. 7 % during April to October. Private capex is also showing signs of revival particularly in sectors like petroleum, steel, cement and chemicals. Capacity utilisation has now reached a kind of a threshold, higher than the long period average at 74 %. The fixed asset investments by listed private manufacturing companies grew 10.5 % in the first half of the year.

A number of companies are using their own internal reserves for investments. High frequency indicators of investment, such as steel consumption, cement production, and very importantly, imports of capital goods, are showing good growth. All these indicate that the investment cycle should continue into the future.

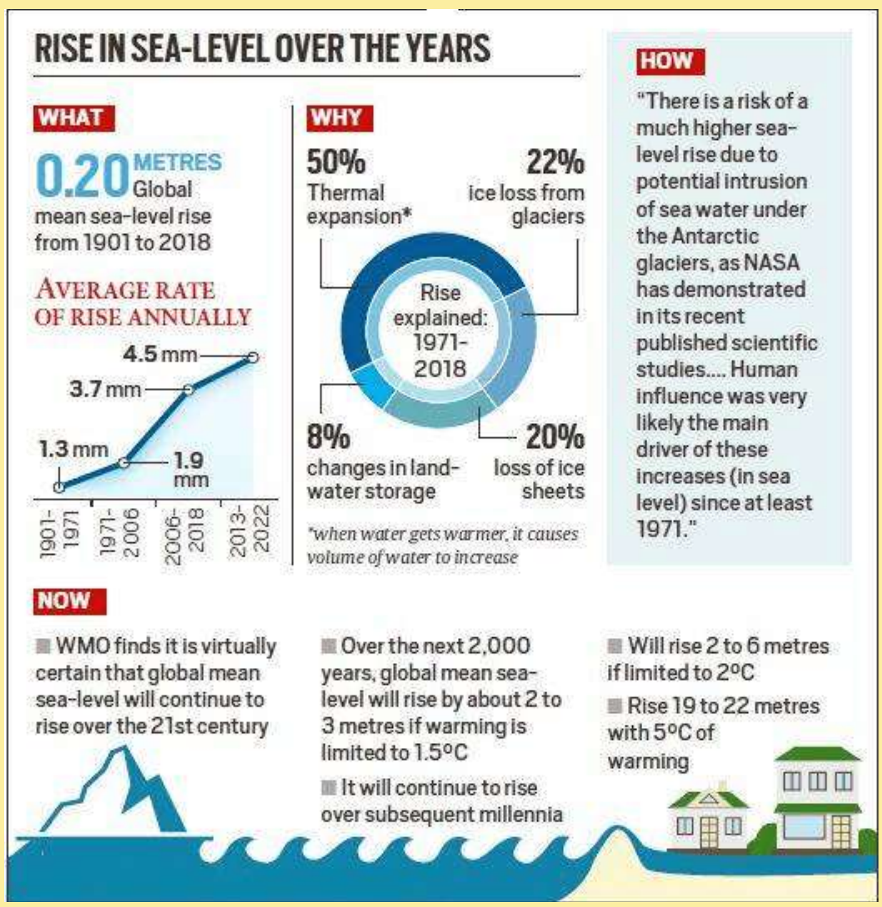
ECOLOGY AND ENVIRONMENT

AN ICY WARNING

CONTEXT: In the section on the state of glacier health within the World Meteorological Organization's "The Global Climate 2011-2020", it points out that, on average, the world's glaciers thinned by approximately a metre a year from 2011 to 2020.

When compared across decades, there is significant regional variability, but the overall pattern remains that glaciers in all regions of the world are becoming smaller. In fact, some of the reference glaciers, which are used to make long-term assessments of glacier health, have already melted away as the nourishing winter snow is completely melting away during summer. In Africa, glaciers on the Rwenzori Mountains and Mount Kenya are projected to disappear by 2030, and those on Kilimanjaro by 2040. A separate report by the International Centre for Integrated Mountain Development found that the disappearance of glaciers in the Hindu Kush Himalayas was "65% faster in the 2010s than in the previous decade".

The report points to the rapid growth of pro-glacial lakes and the likelihood of Glacier Lake Outburst Flood (GLOF), posing additional threats to ecosystems and livelihoods. The fury of a GLOF event was brought home this year by the destruction of the Chungthang dam in Sikkim after the South Lhonak Lake flooded from a melting glacier, triggering catastrophe downstream. At the current rate of global greenhouse gas emissions, which is expected to see temperatures increase by 2.5 0C – 3 0C by the end of the century, the volume of glaciers is forecast to decline anywhere from 55 % to 75 %. This means sharp reductions in freshwater supply in the immediate vicinity of 2050.



HEALTH

INDIA'S ALARMING 'FIXED DOSE COMBINATION' PROBLEM

CONTEXT: FDCs are combinations of one or more known drugs and can be useful in the treatment of some diseases since the combination can improve patient compliance. For instance, if a patient has to take three different medications for a particular treatment, she may forget to take one. But if all three medications are combined into one tablet or one syrup, the chance of her forgetting to take one or two of the drugs is reduced.

For diseases such as AIDS, it is well documented that FDCs have proven to be very useful in improving patient compliance, which at the end of day improves treatment outcomes. For example, anti-inflammatory drugs were combined with vitamins, anti-histamines were combined with anti-diarrhoeal agents, penicillin was combined with sulphonamides, and vitamins were combined with analgesics.

Using sales data of the pharmaceutical industry, the study documents that in the year 2020, 60.5 % FDCs of antibiotics (comprising 239 formulations) were unapproved and another 9.9 % (comprising 39 formulations) were being sold despite being banned in the country. Many of these unapproved or banned FDCs contain antibiotics is alarming because of the increasing prevalence of antibacterial microbial resistance (AMR) in India.

The pharmaceutical industry's love for FDCs

Pharmaceutical companies in India use these FDCs to escape liability under multiple laws without much concern for public health. Drug combinations were traditionally not covered under the Drugs (Prices Control) Order (DPCO), under which the government fixes the prices of individual drugs.

The Indian Pharmacopoeia Commission has not set any standards bewildering variety of FDCs being sold in the market for testing these drugs for quality of manufacture. When there are no standards recognised by the law, there is no question of manufacturing "not of standard quality" drugs, and hence there is no possibility of prosecution under the Drugs & Cosmetics Act, 1940. In other words, the pharmaceutical industry gets to provide its own standards in order for the government to test their drugs.

The second advantage of going down the FDC route is that it gives individual companies a reason to charge higher prices for their drugs. For example, if 20 different pharmaceutical companies were manufacturing and selling a drug such as azithromycin, they would have to compete furiously and reduce prices to capture a larger share of the market. But if they combine azithromycin with another drug, for example, cefixime to create a FDC, they can claim it as a new unique product catering to a specific need, thereby allowing them to charge a higher price until others introduce similar products.

The FDC problem has been on the regulatory radar since 1978 when the first government committee studied the issue and admitted that we had a problem on our hands. At the time, there was no system under the colonial-era Drugs and Cosmetics Act, 1940 to vet drugs for safety and efficacy prior to their sale in India. This meant that each State drug controller could hand out manufacturing licences for any drug formulation and there was little that the central government could do to stop their sale.

In 1982, Parliament changed the law to give the central government the power to "prohibit" the manufacture of specific drugs that lack therapeutic value or justification. In 1988, the central government amended the rules to introduce a new requirement for manufacturers of all "new drugs", including FDCs, to submit proof of safety and efficacy to the Drugs Controller General of India (DCGI) who heads the Central Drugs Standard Control Organization (CDSCO). These amendments also made it clear that State drug controllers could not grant "manufacturing licences" for "new drugs" that are not approved for safety and efficacy by the DCGI.

Unabated licensing

Despite the law being crystal clear on the issue, State drug controllers have simply ignored the law to continue issuing manufacturing licences for FDCs not approved by the DCGI with impunity. The manufacturers selling these FDCs that have not been approved by the DCGI can technically be prosecuted by the Central government for violating the law.

The Ministry of Health is constantly invoking its powers under Section 26A to prohibit the manufacture of specific FDCs. It has issued 444 orders under this provision since 1983, banning mostly FDCs. Many of these orders have been embroiled in complex litigation, with the courts muddying the waters with inconsistent decisions.

Academics have discovered 239 unapproved FDCs being sold in 2020 in just one category of FDCs (their previous studies have revealed similar unapproved FDCs in other therapeutic categories), more than 42 years after the problem was first flagged is an astonishing indictment of the incompetence of the drug regulatory framework in India.

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INTERNATIONAL RELATIONS

BRIDGE THIS DEFICIT BETWEEN INDIA AND SRI LANKA

CONTEXT: Sri Lanka's President Ranil Wickremesinghe announced a proposal to build a bridge linking Rameswaram in Tamil Nadu with Talaimanar in the Northern Province of Sri Lanka.

In December 2015, when India's Road Transport and Highways Minister Nitin Gadkari informed the Lok Sabha that the Asian Development Bank was willing to fund the bridge project of ₹ 24,000 Cr. Sri Lanka's response was muted followed by sharp criticism from the project opponents belonging to Sinhalese-Buddhists groups. This was part of his larger vision of regional economic integration, encompassing his country and the southern States of India and aimed at generating more opportunities for economic growth.

The case of a power grid

India has been exporting at least 7,000 million units (MU) annually for the last couple of years to Bangladesh. About a month ago, Mr. Modi and Bangladesh Prime Minister Sheikh Hasina jointly commissioned, in virtual mode, the second unit of the Rampal Maitree Power Project (660 MW), apart from launching two other infrastructure projects. In fact, Sri Lanka and Bangladesh had inked memoranda of understanding with India in the same year (2010) for collaboration in the power sector.

The idea of connecting the electricity networks of the two countries was floated even in 1970. India and Sri Lanka signed a memorandum of understanding on the bilateral grid in 2010.

On trade

The India-Sri Lanka Free Trade Agreement was signed in December 1998. India emerged as the largest source of imports and accounting for about 26 % of total imports of Sri Lanka, though certain portions of imports were through credit lines offered by India in the wake of the economic crisis. In the area of tourism, which is a major source of revenue for Sri Lanka, India remained the largest single country of tourist arrivals, with its share being 17 % of the overall number of arrivals. India's bilateral trade in 2021 with its southern neighbour and Bangladesh, whose recent economic growth has been impressive. The size of the former was $5.45 billion in 2021 whereas that of the latter was $18.14 billion.

A start has been made

In fact, with respect to Sri Lanka, the momentum generated by certain developments in the last one year (resumption of air services between Chennai and Jaffna, the launch of passenger ferry services between Nagapattinam and Kankesanthurai and a joint venture agreement among India's National Dairy Development Board, the Gujarat Cooperative Milk Marketing Federation and Cargills of Sri Lanka for self-sufficiency in the dairy sector) should be sustained and improved upon.

ECOLOGY AND ENVIRONMENT

NEW CLIMATE DRAFT SEEKS TRIPLING OF RENEWABLE ENERGY CAPACITY

CONTEXT: The latest draft of the Global Stocktake, one of the key documents being negotiated at the UN's climate summit in Dubai, has linked the tripling of renewable energy capacity with a "phase-out", or a time-bound ending, of the use of fossil fuels.

Tripling renewable energy capacity globally by 2030 ensure that the increase in renewable energy capacity is strategically implemented to displace fossil fuel-based energy, thereby significantly reducing global reliance on non-renewable and high-emission energy sources. The latest draft also does away with the clause calling for a "just and orderly phase-out of fossil fuel" that appeared in the first version of the text on December 6.

This has now been replaced with four pointed options demanding that fossil fuels — responsible for 80 % of greenhouse gas emissions — be phased out in such a way that global temperatures do not rise more than 1.50 Celsius by 2100, and energy companies become fossil fuel-free by mid-century. Unchanged from an earlier version of the text is the clause on a "rapid phase-out of unabated coal power". At the COP-26 in Glasgow two years ago, on the insistence of India and backed by the United States and China, the world had agreed to "phase down" but not "phase out" coal.

'Unacceptable riders'

The tripling of energy capacity was a clause that first came up formally in international agreements during the G-20 summit in India. However, India has chosen not to commit to such a pledge at COP-28 as it came with "unacceptable" riders, according to those familiar with the Indian position.

'Define climate finance'

India on Friday focused on the other big lacuna in negotiations regarding "climate finance". Countries should prioritise defining climate finance, which would then automatically translate into the best ways to fund the clean energy transition. Differing definitions mean that the Organisation for Economic Cooperation and Development (OECD) has estimated that climate finance in 2020 amounted to $ 83 billion, while Oxfam estimated that it was only $ 22 billion. Climate finance must account for the specific circumstances of a country, to be actual grants not requiring interest payments, and low-cost loans. The flow of finance has to be along with access to technology such as offshore wind, battery storage. In the absence of these, it would not be possible for the developing countries to meet their commitments on the Paris Agreement.