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Topics under discussion

1. Sovereign bonds ✓
2. Road safety ✓
3. NREGS ✓
4. Renewable energy report ✓
5. Remote voting facility ✓

Green bonds

RT to work

ECI

#1

Green bonds

*bond
1 lakh 10% yield*

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Opinion

Going green with sovereign bonds

Asha Ram Sihag | Updated On: Jun 28, 2022



PM laid out India's vision and commitment of a Net Zero economy by 2070 at the COP26 in November last year. This strategic direction offers India an opportunity to lead the developing world in green transition.

With quick policy support, India has successfully demonstrated the creation of a solar power market at price points that developing countries can afford. Another timely idea is the issuance of Sovereign Green Bonds (SGB)'.

The government of India proposes to issue sovereign green bonds for the first time this year. The Finance Minister announced the government's intention to issue Sovereign Green Bonds (SGBs) in Budget 2022-23 to mobilize resources for green infrastructure. The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy.



govt guarantee

Green Bonds

- Green bonds are issued by companies, countries and multilateral organisations to exclusively fund projects that have positive environmental or climate benefits and provide investors with fixed income payments. The projects can include renewable energy, clean transportation and green buildings, among others.
- Proceeds from these bonds are earmarked for green projects. This is unlike standard bonds, the proceeds of which can be utilized for various purposes at the discretion of the issuer.
- By the end of 2020, 24 national governments had issued Sovereign Green, Social and Sustainability bonds totalling a cumulative USD 111 billion dollars, according to the London-based Climate Bonds Initiative.

Benefits of sovereign guarantee to Green Bonds

2024

- Sovereign green issuance sends a powerful signal of intent around climate action and sustainable development to governments and regulators.
- With the IEA's World Energy Outlook 2021, estimating that 70% of the additional USD 4 trillion spending to reach net-zero is required in emerging/developing economies, sovereign issuance can help kickstart these large inflows of capital.
- Green premium on bonds provides a yield discount of 10-20 basis points making them attractive. Development of a sovereign green benchmark could eventually lead to the creation of a vibrant ecosystem of raising green bonds from international investors.

Green Bond Principles

- The Zurich-headquartered International Capital Market Association has come up with a set of voluntary guidelines and criteria known as the Green Bond Principles (GBP). The principles cover use of proceeds, project evaluation and selection, management of proceeds and reporting.
- They provide for use of proceeds for projects in climate change mitigation and adaptation, conservation of natural resources and biodiversity and pollution prevention and control. The three leading user segments are energy, buildings and transport.

Status of Green Bonds

- Global Status: The Environmental, Social and Governance (ESG) funds are estimated at \$40 trillion with Europe accounting for about half this. It is estimated that by 2025, ESG assets will account for about one-third of the total global assets under management. The ESG debt funds pie is around \$2 trillion, of which over 80% is "environmental" or green bonds, and the rest social and sustainability bonds.
- National Status: According to the Climate Bonds Initiative, an international organization working to mobilize global capital for climate action, Indian entities have issued green bonds for over \$18 billion.

What are we doing to achieve Net Zero?

India's renewable energy targets have steadily become more ambitious, from the 175 GW by 2022 declared at Paris, to 450 GW by 2030 at the UN Climate Summit, and now 500 GW by 2030, announced at COP26. India has also announced the target of 50% installed power generation capacity from non-fossil energy sources by 2030, raising the existing target of 40%, which has already been almost achieved.

Reforms in Transport Sector: India is accelerating its e-mobility transition with the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles Scheme. India leapfrogged from Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) emission norms by April 1, 2020, the latter being originally scheduled for adoption in 2024. A voluntary vehicle scrapping policy to phase out old and unfit vehicles complements the existing schemes. The Indian Railways is also charging ahead, targeting the full electrification of all broad-gauge routes by 2023.

EVs - electric vehicles
BS-IV & BS-VI

What are we doing to achieve Net Zero?

LPG connection

- **India's Support to EVs:** India is among a handful of countries that support the global EV30@30 campaign, which aims for at least 30% new vehicle sales to be electric by 2030. India's advocacy of five elements for climate change — "Panchamrit" — at the COP26 in Glasgow is a commitment to the same. The recently launched PLI scheme for Auto and Automotive Components for manufacturers of electric vehicles.
- **Role of Government Schemes:** The Pradhan Mantri Ujjwala Yojana has helped 88 million households to shift from coal based cooking fuels to LPG connections. More than 367 million LED bulbs have been distributed under the UJALA scheme, leading to a reduction of 38.6 million tonnes of CO2 per year.

What are we doing to achieve Net Zero?

- **Role of Industries in Low-Carbon Transition:** The public and private sectors in India are already playing a key role in meeting the climate challenge, helped by growing customer and investor awareness, as well as increasing regulatory and disclosure requirements. For instance, the Indian cement industry has taken pioneering measures and achieved one of the biggest sectoral low carbon milestones worldwide.

Way Forward

- **Masala Bonds:** Masala Bonds (MB) are rupee-denominated bonds, i.e., the funds would be raised from overseas markets in Indian rupees. MB issued in Foreign Markets would address the currency risk problem of the issuer and would also attract a large pool of capital. It helps strengthen the foreign investments in the country as it facilitates foreign investors' confidence in Indian currency.
- The government should have a policy on sovereign green bonds covering considerations for the choice of currency and markets, guarantees and credit enhancements, priorities on use of proceeds etc.
- To deepen the reach of green finance there is a need to develop capacity in smaller firms and the unorganized sector to be eligible users, for which a programme should be launched, ideally in association with international stakeholders under the Paris Agreement.

INDC ✓

Practice Question

Discuss the significance of sovereign bonds for achieving the government's objectives.



NATIONAL

Steps to check speeding can save 20,000 lives annually: Lancet



Jagriti Chandra

NEW DELHI JUNE 30, 2022 04:15 IST

UPDATED: JUNE 30, 2022 12:55 IST

SHARE ARTICLE



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Key highlights of the report

- According to the Ministry of Road Transport and Highways' 2020 report there were a total of 1,31,714 deaths due to road accidents in India.
 - Speeding accounted for 69.3% of deaths. ✓
 - Non-wearing of helmets resulted in 30.1% deaths.
 - Non-use of seatbelts caused 11.5% of deaths. ✓
- Road Traffic Injuries (RTIs) are the eighth leading cause of death globally for all ages and the first cause in the 5-29 years age group. India accounts for almost 10% of all crash-related deaths, while accounting for only 1% of the world's vehicles.

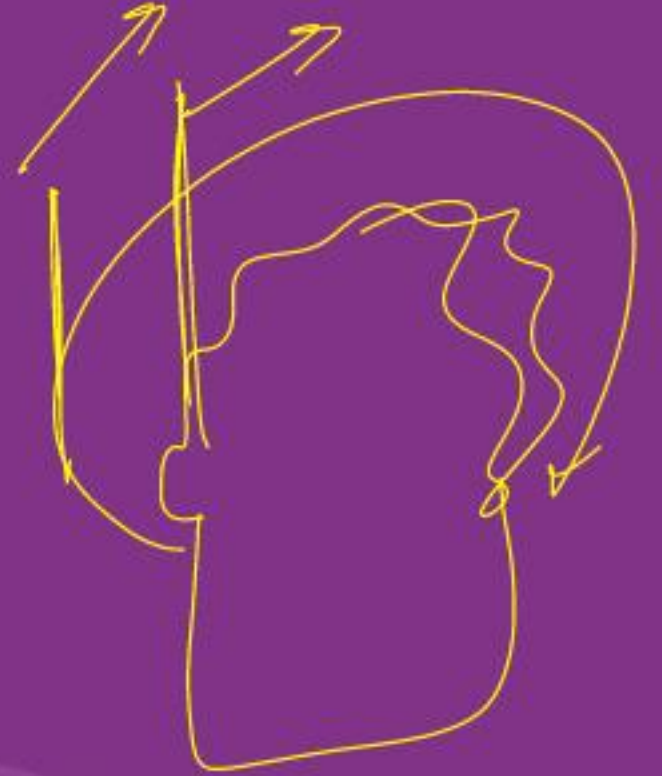
Journal
Lancel



Road safety in India

Road transport is the dominant mode of transport in India, in terms of traffic share and in terms of contribution to the national economy.

Causes: Infrastructural deficits, Negligence and risks, Distraction, Overloading, Weak Vehicle Safety Standards in India, Lack of awareness



Transport Minister Nitin Gadkari
not happy with safety “double
standards” of major automakers in
India

Impact of Road accidents

Economics: India loses 3% of its GDP due to road accidents, most of which are preventable.

Social: Burden on Households, Vulnerable Road Users (VRUs), Gender Specific Impact.

According to World Bank's report "Traffic Crash Injuries and Disabilities: The Burden on Indian Society, 2021. About 50% of women were severely affected by the decline in their household income after a crash. About 40% of women reported a change in their working patterns post-accident, while around 11% reported taking up extra work to deal with the financial crisis. The income decline for low-income rural households (56%) was the most severe compared to low-income urban (29.5%) and high-income rural households (39.5%).

How can it be controlled?

- Transparent Machinery ✓✓
- Speed-Detection Devices ✓✓
- Improved Safety Measures ✓✓
- Stricter Rules and Heavy Fines ✓✓
- Vehicular Safety Standards ✓✓
- Role of bystanders ✓✓
- Training and capacity building ✓✓

Global initiatives for road safety

- Brasilia Declaration on Road Safety (2015): India is a signatory to the Declaration. The countries plan to achieve Sustainable Development Goal 3.6 i.e. to halve the number of global deaths and injuries from road traffic accidents by 2030.
- Decade of Action for Road Safety 2021-2030: The UN General Assembly adopted resolution "Improving global road safety " with the ambitious target of preventing at least 50% of road traffic deaths and injuries by 2030.
- The International Road Assessment Programme (iRAP) : It is a registered charity dedicated to saving lives through safer roads.

India's initiatives for road safety

- **Motor Vehicles Amendment Act, 2019:** The Act hikes the penalties for traffic violations, defective vehicles, juvenile driving, etc. It provides for a Motor Vehicle Accident Fund, which would provide compulsory insurance cover to all road users in India for certain types of accidents. It also provides for a National Road Safety Board, to be created by the Central Government.
- **The Carriage by Road Act, 2007:** The Act provides for the regulation of common carriers, limiting their liability and declaration of value of goods delivered to them to determine their liability for loss of, or damage to, such goods occasioned by the negligence or criminal acts of themselves, their servants or agents and for matters connected therewith or incidental thereto.
- **The Control of National Highways (Land and Traffic) Act, 2000:** The Act provides for the control of land within the National Highways, right of way and traffic moving on the National Highways and also for removal of unauthorized occupation thereon.
- **National Highways Authority of India Act, 1998:** The Act provides for the constitution of an authority for the development, maintenance and management of NHs and for matters connected therewith or incidental thereto.

Practice Question

Shed light on the various initiatives taken by the government of India to ensure road safety in the country. List out the significance of such initiatives.



#3

↓ Rt to work In Rural areas

Jump in demand for NREGS: 2.6 cr families covered in May

The data, obtained from the NREGA portal, shows that 2.61 crore households worked under the scheme in May 2022, which is 39 lakh – or 17.39 per cent – higher than 2.22 crore in the corresponding month of last year.

at least 150 days of paid employment

Key findings

- There was a rise in demand for NREGS after the dip in April. In April 2022, 1.86 crore families availed the NREGS, which is 12.27% lower than the number recorded in April last year.
- The number of households that availed the NREGS is lower than May 2020, when the demand sharply rose to 3.30 crore as migrant workers returned to their villages in wake of lockdown during the first wave of Covid-19. But it is higher than the 2.10 crore figure recorded in May 2019 (pre-pandemic times).
- In terms of states, Uttar Pradesh saw the maximum increase in terms of the absolute increase in the number of families availing the NREGS, followed by Tamil Nadu. Whereas, the maximum decline was recorded in Chhattisgarh followed by Jharkhand.

Target 33% - women
Jobs
Reality → 50% + jobs

NUMBER OF HOUSEHOLDS UNDER NREGS

State/UTs	May 2021	May 2022	Absolute Increase	% Increase
STATES WITH MAXIMUM INCREASE				
Uttar Pradesh	8,89,849	2,628,416	1,738,567	195.38
Tamil Nadu	1,717,622	3,310,400	1592778	92.73
Rajasthan	1,141,332	2,500,200	1,358,868	119.06
Bihar	1,615,010	2,305,982	690,972	42.78
Kerala	87,077	659,872	572,795	657.80
STATES WITH MOST DECLINE				
Chhattisgarh	1,589,642	678,644	-910,998	-57.31
Jharkhand	957,992	295,608	-662,384	-69.14
West Bengal	1,103,183	705,009	-398,174	-36.09
Madhya Pradesh	2,209,462	1,854,538	-354,924	-16.06
Tripura	375,239	133,347	-241,892	-64.46
ALL INDIA	22238482	26139395	3900913	17.54

Provisions of NREGS

*National
Rural
Employment
Guarantee Act*

- Since 2005, it provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. The Ministry of Rural Development (MRD) is monitoring the entire implementation of this scheme in association with state governments.
- According to the law roughly one-third of the stipulated work force must be women. The registered person can submit an application for work in writing (for at least fourteen days of continuous work) either to Panchayat or to Programme Officer. Employment will be provided within a radius of 5 km. And if it is beyond 5 km, an extra wage will be paid.
- A majority of the works that are notified under NREGS are related to agricultural and allied activities, besides the works that facilitate rural sanitation projects in a major way. In May 2021, the Ministry of Rural Development launched the National Mobile Monitoring Software (NMMS) app, a new application meant for "improving citizen oversight and increasing transparency" in National Rural Employment Guarantee Act (NREGA) works.

Outcomes of NREGS

- In the past 15 years, it has created more than 31 billion person-days of employment.
- In the last 15 years, the government has invested more than Rs 6.4 lakh crore in this demand-driven programme.
- In the rural sections of the nation, more than 30 million water conservation-related assets have been developed since 2006.

Challenges

- **Low wage rates:** NREGS wages are currently around Rs. 180 per day, which is far below the market rate. For almost a decade, the wages have been adjusted only for inflation, ignoring the average wage rate for the same kind of work. And right now, they have fallen below the minimum wage rate in 23 states, leading to a dip in participation.
- **Late Payments:** Another issue is that despite the scheme mandating that workers be paid within 15 days; these people often don't get paid at all. The past few financial years have opened with a large balance of wage arrears- nearly Rs. 10,000 crores in 2019-20. According to the government's portal, over 30% of wage requests have been pending since October 2019.
- **Corruption:** The biggest issue with the scheme is that even if the funding allocation increases, it's very hard to root out corrupt middlemen from the system.
- **Wasteful work:** Most officials simply offer pointless busy work that adds no value to the agricultural infrastructure in the country. It's like asking people to dig holes and fill them up in order to tick a box.

$$180 \times 180 = 18,580$$

Practice Question

Elaborate the impact of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on India's rural economy.



NEWS BRIEF

India Ranks Third Globally, After China
And USA, For Total Renewable Power
Addition In 2021: Report

REPORT

Renewables 2022 Global Status Report

15 June 2022

*Solar
Wind*

Renewables 2022 Global Status Report

- Recently the Renewables 2022 Global Status Report (GSR 2022) was released by REN21 (Renewable Energy Policy Network for the 21st Century). REN21 is a global collective of renewable energy actors. It includes scientists, governments such as India's, NGOs and members of the industry who collated data on renewable energy installations, markets, investments and policies in countries across the world.
- The report highlights the opportunities afforded by a renewable-based economy and society, including the ability to achieve more diversified and inclusive energy governance through localised energy generation and value chains. Countries with higher shares of renewables in their total energy consumption enjoy a greater level of energy independence and security.

Highlights of the report - Global

Peak X

This Report sends a clear warning that the global clean energy transition is not happening, making it unlikely that the world will be able to meet critical climate goals this decade. Although many more governments committed to net zero greenhouse gas emissions in 2021, the reality is that, in response to the energy crisis, most countries have gone back to seeking out new sources of fossil fuels and to burning even more coal, oil and natural gas.

For the first time, GSR 2022 provides a world map of renewable energy shares by country and highlights progress in some of the leading countries. In the lead-up to the United Nations Climate Change Conference (COP26) in November 2021, a record 135 countries pledged to achieve net zero greenhouse gas emissions by 2050. However, only 84 of these countries had economy-wide targets for renewable energy, and only 36 had targets for 100 % renewables.

India's performance

- Renewable Energy: India ranked third in renewable energy installations in 2021, after China and Russia.
- Hydropower Capacity: India added 843 MW of hydropower capacity in 2021, raising the total capacity to 45.3 GW.
- New Solar PV Capacity: India was the second largest market in Asia for new solar PV capacity and third globally (13 GW of additions in 2021).
- Total Installations: It ranked fourth for total installations (60.4 GW), overtaking Germany (59.2 GW) for the first time.
- Wind Power: India ranked third globally for the total installed capacity of wind power (40.1 GW), behind China, the US and Germany.

Initiatives taken by India

PLI ✓

- National Solar Mission (NSM): The 100 GW solar ambition at the heart of the world's largest renewable energy expansion programme.
- The Wind Energy Revolution: Leveraging India's robust wind energy sector to boost clean energy manufacturing and the rural economy
- National Biofuels Policy and SATAT: Building value chains to reduce fuel imports, increase clean energy, manage waste, and create jobs
- International Solar Alliance (ISA)
- Small Hydro Power (SHP): Harnessing the power of water to integrate remote communities into the economic mainstream.
- National Hydrogen Energy Mission (NHEM): Exploring the commercial viability of a versatile clean fuel.
- Production-Linked Incentive (PLI) Scheme: Integrating India into the global clean energy value chains.

Hurdles in the transition

- Poor Financial Condition of Discoms ✓✓
- Variability in its Generation: The variability in its generation due to weather conditions makes operating the transmission grid a technically demanding task. Until recently, RE power capacity was small, but now RE projects are producing so much power that they are sometimes required to reduce or switch off generation to ensure that the grid is operating smoothly.
- Weak Transmission Grid: For example, ambitious plans to build large solar projects in Leh were recently cancelled citing weak transmission infrastructure.
- Nascent Technology: India is dependent on foreign players for import of Photovoltaic solar cells.
- Impact on Environment: While RE generation is zero-carbon (barring some biofuels), there are emissions at other points of its lifecycle, such as during raw material extraction and equipment manufacturing.
- Shortage of Skilled Personnel ✓✓
- Installation Cost Issue ✓✓

100% → 80%
20%

Way Forward

- Global Partnerships ✓✓
- Distributed Renewable Energy (DRE) ✓✓
- RE as a Responsible Energy ✓✓
- Climate Financing ✓✓

Practice Question

India has outpaced most nations when it comes to adopting renewable energy. Identify the initiatives responsible for India's success.



#5

memote!
voting!

NATIONAL

EC to set up committee to scale up voting by migrant workers



SPECIAL CORRESPONDENT

NEW DELHI: JUNE 07, 2022 22:04 IST

UPDATED: JUNE 07, 2022 22:04 IST

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Election Commission of India (ECI) has decided to set up a committee to explore the possibility of allowing migrant workers to vote remotely on a pilot basis. According to the ECI, there needs to be a concerted effort to see problems faced by migrant workers in exercising their franchise.

In 2020, the Election Commission officials also proposed the idea of using blockchain technology to enable remote voting. The aim is to overcome the geographical hurdles in voting. The Commission has been considering the possibility of remote voting which will allow people to cast the ballot from their place of work.

Currently, postal ballots are meant only for service voters such as army personnel who cannot return to vote.

Cyphoourse

What is Remote voting?

NRI's

Remote voting may take place in person somewhere other than an assigned polling station or at another time, or votes may be sent by post or cast by an appointed proxy.

There have been demands from various political parties that the EC should ensure that migrant workers, NRIs (Non-Resident Indians) who miss out on voting, as they cannot afford to go home during elections to exercise their franchise, should be allowed to vote for their constituency from the city they are working in.

Blockchain for voting ✓✓

At present, the feasibility of blockchain is being explored for effective e-voting. Even the EC had used a one-way electronic system for service electors (consisting of personnel belonging to the armed forces, central para military forces and central government officers deployed at Indian missions abroad) i.e. Electronically Transmitted Postal Ballot System (ETPBS) in 2019 Lok Sabha Elections. Blockchain's decentralized, transparent, immutable, and encrypted qualities could potentially help minimize election tampering and maximize poll accessibility.

Possible Working: A blockchain remote voting process would involve voter identification and authorisation using a multi-layered IT-enabled system (with the help of biometrics and web cameras) at the venue. After a voter's identity is established by the system, a blockchain-enabled personalised e-ballot paper (Smart Contract) will be generated. When the vote is cast (Smart Contract executed), the ballot would be securely encrypted and a blockchain hashtag (#) will be generated. This hashtag notification would be sent to various stakeholders i.e. the candidates and political parties.

Need for remote voting

1 out of 3 people

- **Due to Unfavorable Conditions:** It was also noted that in villages like Dumak and Kalgoth in Uttarakhand, about 20-25% of registered voters are unable to cast their vote in their constituencies as they are required to move out of their village/state broadly on account of their jobs or educational pursuits.
- **Decrease in Voting Turnout:** During the 2019 General elections, nearly 300 million citizens out of a total of 910 million electors didn't cast their votes. Precisely it is about 30 crore voters who hadn't voted for various and obvious reasons.
- **Concerns Regarding Metropolitan Areas:** The need to address voting apathy in urban areas was felt.
- **Increasing Registrations of Unorganised Workers:** There are nearly 10 million migrant workers, which is for the unorganised sector, registered with the government's e-SHRAM portal. If the remote voting project is implemented, it will have far reaching ramifications.
- **Health Concerns**

65% to 70%

Drawbacks associated with remote voting

- Security 
- Veracity and Verification
- Internet Connection & Malware Security 
- Privacy/Secrecy 
- Preferred Environment 

Way forward

- Legal Framework ✓✓
- Maintaining Election Integrity ✓✓
- Acceptability of the Stakeholders ✓✓
- Trust & Transparency ✓✓
- Other Proposed Reforms ✓✓

Practice Question

Ensuring a safe and secure remote voting facility in India can ensure increased voter turnout. However, there are many stumbling blocks in achieving this objective. Elaborate.



Thank you!

