

**DAILY CURRENTS AFFAIRS (3 September 2024)****TOPICS COVERED**

1. Law does not permit razing of homes of accused, says SC
2. PM's visit to Brunei, Singapore to focus on trade and technology
3. First joint commanders' conference to see push for theatre commands
4. Scientists are researching ways to grow cocoa indoors (GS Paper-III: Basic Science)
5. Dealings at a China-Africa forum that India must track (GS Paper-II: IR)
6. Enhancing oversight (GS Paper-III: GST Council)
7. The Disaster Management (Amendment) Bill is knotty (GS Paper-III: DM)
8. On Germany's electoral architecture (GS Paper-II: IR)
9. What is the Unfiled Lending Interface by the RBI? (GS Paper-III: Banking)



**Reigning supreme:** Sumit Antil defended his F64 category javelin title with a record throw and shuttler Nitesh Kumar won a maiden crown with success in the SL3 badminton on a day when Indians also claimed three silver and two bronze medals at the Paralympics on Monday. REUTERS (REPORT ON PAGE 16)



## Law does not permit razing of homes of accused, says SC (3 September)

**SC proposes framing of guidelines for action against unauthorised structures to ensure authorities do not take advantage; Solicitor-General defends U.P. govt. against charges of 'retributory demolitions', says municipal laws allow demolition**

- The Supreme Court questioned the practice of demolishing homes and properties of people accused of crimes or their relatives, considering it as potential public punishment.
- The Court emphasized that the law does not allow the destruction of anyone's home, even if they are convicted of a crime.
- The Court asked how a person's home could be demolished just because they are accused of a crime.
- Senior advocate Dushyant Dave requested the Court to ensure that "bulldozer justice" (the practice of demolishing homes as punishment) is not allowed anywhere in the country.
- The Court, led by Justices B.R. Gavai and K.V. Viswanathan, plans to establish uniform guidelines across India for dealing with unauthorized structures.
- These guidelines would include proper procedures for identifying illegal structures, issuing notices, and ensuring fair hearings before any action is taken.
- The Court suggested digitalizing the process to prevent misuse by either authorities or those involved.
- The Solicitor-General, representing the Uttar Pradesh government, argued that existing municipal laws do allow for the demolition of illegal structures.
- Mr. Mehta, representing the government, denied that demolitions by States were targeted, communal, or retributive.

- He stated that demolitions were carried out according to legal procedures and not as punishment for being accused of crimes.
- Mr. Mehta argued that if someone accused of a crime already had a pending notice for illegal construction, the demolition would proceed regardless of the accusation.
- He pointed out that notices were sent to individuals before they were accused of crimes, implying that the demolitions were not retaliatory.
- Justice Gavai agreed that municipal laws allow for the demolition of illegal structures but suggested that these laws are often not properly enforced.
- The Court emphasized that they do not support unauthorized structures, even religious ones.
- The Court scheduled the case for September 17 to establish guidelines on the matter and asked petitioners to provide suggestions.
- The petitioners highlighted recent demolitions in Madhya Pradesh and Rajasthan as examples:
  - In Madhya Pradesh, a family's ancestral home was demolished.
  - In Udaipur, a tenant's house was demolished for allegedly encroaching on forest land, shortly after the tenant's son was arrested for a crime that led to communal tensions.

# PM's visit to Brunei, Singapore to focus on trade and technology

Modi expected to hold discussion on space cooperation with Brunei's Prime Minister Hassanal Bolkiah; in Singapore, he will witness the signing of four agreements on semiconductors, digital cooperation, healthcare, and skill development

[GS Paper II: International Relations](#)

**Suhasini Haidar**  
NEW DELHI

**B**uilding trade and technological ties will be at the top of the agenda as Prime Minister Narendra Modi lands in Bandar Seri Begawan, the capital of Brunei on Tuesday, as part of a two-nation tour this week, which will also take him to Singapore on Wednesday.

In Brunei, he is expected to meet with the Sultan, Prime Minister Hassanal Bolkiah, the world's longest reigning monarch, and India and Brunei will sign an MoU on space cooperation to take further their earlier 2018 cooperation agreement on satellite tracking. In Singapore, Mr. Modi will meet with new Prime Minister Lawrence Wong, who was sworn in in May this year, and the two leaders will witness the signing of four agreements on semiconductors, digital cooperation, healthcare, and skilling.

The visit to the two ASEAN-member countries is a contrast in many ways, although India has had historically close ties with



**Close ties:** Union Ministers Nirmala Sitharaman, S. Jaishankar, Piyush Goyal and Ashwini Vaishnaw called on Singapore PM Lawrence Wong on August 26 in preparation for Narendra Modi's visit. ANI

both countries that were once under British occupation. Singapore is India's sixth largest trading partner and its largest in the ASEAN region, whereas Brunei has the lowest trading figures with India. Singapore is also the single largest source of Foreign Direct Investment in India. Officials have been trying to improve trading figures with both countries, by reviewing the 2009 ASEAN-India Trade in Goods Agreement (AITIGA) for several years, especially in terms of reducing tariffs.

"During the visit to Sin-

gapore, and also in Brunei we will be impressing upon [our counterparts] on the need to move quickly on the review of the AITIGA", said Ministry of External Affairs Secretary (East) Jaideep Mazumdar.

Officials pointed out that the visit to Brunei, which is positioned strategically in the centre of the Indo-Pacific circle, surrounded by Indonesia, Malaysia, Singapore, Philippines and Vietnam, was important for a number of reasons, in light of India's Act East Policy, and outreach to maritime neigh-

bours in the region, as well as a country culturally linked to India with a "moderate religious philosophy".

**Increasing LNG intake** Brunei-India bilateral trade has hovered around the U.S. \$500 million mark for the past decade, although it has declined in recent years, as India began to source more Russian oil and gave up oil imports from Brunei and officials said they would discuss increasing India's LNG intake from Brunei. India and Brunei are also discussing

initial moves on defence cooperation, beginning with the setting up of a joint working group, the MEA said. Mr. Mazumdar said Brunei had given "valuable support" to India on space cooperation, referring to an earlier agreement that allows India to operate a ground station to help its space launches and satellite operations and in return India assists Brunei in its space research and training of scientists.

In Bandar Seri, Mr. Modi is expected to meet with Sultan Bolkiah in a one-to-one meeting followed by delegation-level talks. He will also inaugurate the new Indian chancery building.

Prime Minister Manmohan Singh visited Brunei in 2013 and Vice-President Hamid Ansari's visit in 2016 saw many MoUs signed. Mr. Modi is the first Indian PM to make a bilateral visit there.

During his visit to Singapore, Mr. Modi will address CEOs of many companies who will hear "India's growth story first hand," Mr. Mazumdar said.

## PM's visit to Brunei, Singapore to focus on trade and technology (3 September)

Modi expected to hold discussion on space cooperation with Brunei's Prime Minister Hassanal Bolkiah; in Singapore, he will witness the signing of four agreements on semiconductors, digital cooperation, healthcare, and skill development

- Prime Minister Narendra Modi is visiting Brunei and Singapore this week to strengthen trade and technological ties.
- In Brunei, he will meet with Sultan Hassanal Bolkiah and sign an MoU on space cooperation, building on a previous 2018 agreement on satellite tracking.
- In Singapore, he will meet the new Prime Minister, Lawrence Wong, and sign four agreements on semiconductors, digital cooperation, healthcare, and skilling.
- India has historically close ties with both countries, though Singapore is a much larger trading partner than Brunei.
- Singapore is India's largest trading partner in the ASEAN region and the biggest source of Foreign Direct Investment in India.
- The visit aims to improve trade with both countries, focusing on reviewing the 2009 ASEAN-India Trade in Goods Agreement (AITIGA) to reduce tariffs.
- Brunei's strategic location in the Indo-Pacific region and cultural links with India make this visit important for India's Act East Policy and outreach to maritime neighbors.

### Increasing LNG intake

- Brunei-India bilateral trade has been around \$500 million annually for the past decade but has recently declined as India shifted to more Russian oil.
- India is considering increasing its LNG imports from Brunei and discussing initial defense cooperation, starting with a joint working group.
- Brunei has supported India in space cooperation by allowing India to operate a ground station for space launches and satellite operations; India helps Brunei with space research and training.
- In Bandar Seri Begawan, PM Modi will have a one-on-one meeting with Sultan Bolkiah, followed by talks with the delegation, and will inaugurate a new Indian chancery building.
- Previous Indian leaders who visited Brunei include PM Manmohan Singh in 2013 and VP Hamid Ansari in 2016, with many MoUs signed during Ansari's visit.
- PM Modi's visit to Singapore will include addressing CEOs to share India's growth story.

### East Asia Summit:

- It was founded in 2005. It was an initiative of the ASEAN.
- It had **10 ASEAN countries, 6 FTA countries, US and Russia** are also members of the **East Asia Summit**.
- It is important because **India was given founding membership** East Asia Summit while the USA despite being one of the predominant power in the region was given membership only in 2008.
- Also, India is not an east Asia country. This highlights how important ASEAN considers India to the regional balance of power in South East Asia.
- ASEAN in fact looks like India as a democratic non-threatening counterbalance to China in the region.
- South East Asia is China's **natural sphere of influence**.
- Also, the US which has been major external power in the region has been forthcoming with India's presence to balance China. Therefore India's **Look East Policy** and consequently **Act East Policy** has been the most successful foreign policy initiative of the Government of India.
- South East Asia is one region in which India is able to **punch above its weight**.



# First joint commanders' conference to see push for theatre commands

**Dinakar Peri**

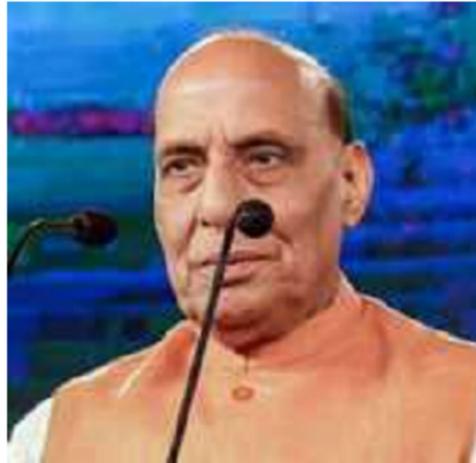
NEW DELHI

The detailed modalities prepared by the Services for the creation of **Integrated Theatre Commands** will be presented to Defence Minister Rajnath Singh at the **first Joint Commanders Conference (JCC)** scheduled to be held in **Lucknow** on Wednesday and Thursday. The meeting is expected to see extensive deliberations on the issue, officials in the know said.

While those discussions continue, plans to **set up four more Joint Logistics Nodes (JLNs)** are in advanced stages, sources said. The new **JLNs to come up at Leh, Siliguri, Sulur and Prayagraj** will add to the three existing nodes at **Mumbai, Guwahati, and Port Blair**, two sources independently confirmed.

"The detailed recommendations by the Services based on various studies conducted would be presented to the Defence Minister," a source said.

The broad consensus among Services is for the **creation of three theatre commands – two land commands focusing on western and northern bor-**



Rajnath Singh

**ders, and a maritime command to oversee the country's vast coastline.** The other and more pertinent recommendation, confirmed by multiple sources, is that **all the three commanders of the theatre commands as well the Vice-Chief of Defence Staff should be four-star officers akin to the three Service chiefs and the Chief of the Defence Staff (CDS).**

## **Theme of conference**

The **first JCC is set to take place at the Headquarters-Central Command in Lucknow** with the theme "Sashakt aur Surakshit Bharat: Transforming the Armed Forces" and will serve as the pivotal platform for undertaking **"internal process reforms" within the Services**, the Defence Ministry said in a statement. **General Anil Chauhan, the**

**current CDS, will inaugurate the convocation.**

"The JLNs have proved to be successful in providing **integrated logistics to all Services with optimal resource utilisation.** The jointness in logistics is being enhanced further with new locations having been identified for establishment of JLN in future," a defence source said. Noting that cross-staffing and training between the three Services will enable full integration and jointness in approach, the source added, **"Cross-posting of officers in the units of three Services have already commenced. Posting them to headquarters and training establishments is also under way."** Officials said that cross-posting of a small number of officers at Headquarters and Command-levels has commenced.

The government sanction letter for establishment of the first three JLNs was signed on October 12, 2020. The JLNs in **Guwahati and the tri-services Andaman and Nicobar Command, Port Blair** were operationalised on January 1, 2021. The JLN at **Mumbai** was operationalised on **April 1, 2021.**

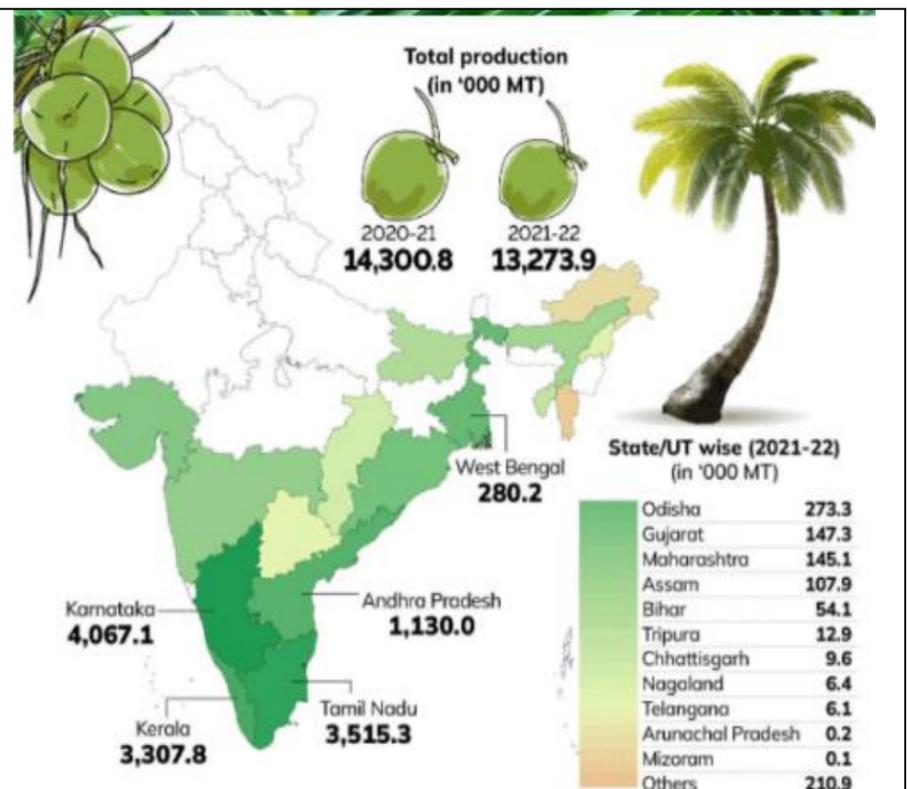
## First joint commanders’ conference to see push for theatre commands (3 September)

- The detailed plans for creating Integrated Theatre Commands will be presented to Defence Minister Rajnath Singh at the Joint Commanders Conference (JCC) in Lucknow.
- New Joint Logistics Nodes (JLNs) are planned for Leh, Siliguri, Sulur, and Prayagraj, adding to the existing nodes in Mumbai, Guwahati, and Port Blair.
- The recommendation is to create three theatre commands: two for land (western and northern borders) and one for maritime (coastline).
- All three theatre commanders and the Vice-Chief of Defence Staff should be four-star officers, similar to the Service chiefs and Chief of Defence Staff (CDS).
- The JCC will focus on internal process reforms within the Services, with the theme “Sashakt aur Surakshit Bharat: Transforming the Armed Forces.”
- General Anil Chauhan, the current CDS, will inaugurate the conference.
- JLNs have successfully provided integrated logistics and further joint logistics will be enhanced with new locations.
- Cross-posting and training of officers between the three Services are underway to improve integration.
- The first three JLNs were established in October 2020 and operationalized in early 2021.

## Scientists are researching ways to grow cocoa indoors (3 September)

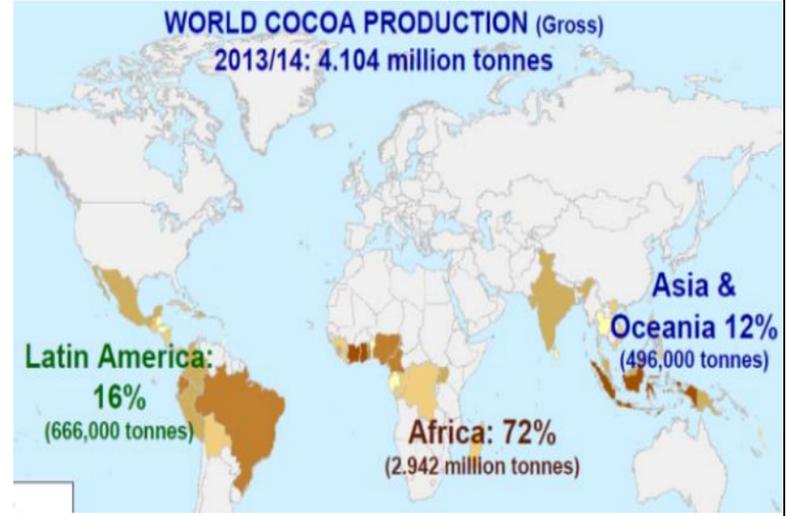
- Climate change is harming rainforests where cocoa beans grow, but alternatives are being researched.
- Companies are exploring new ways to grow cocoa or create substitutes.
- California Cultured is growing cocoa from cell cultures in California, with plans to sell products next year.
- Their method involves growing cocoa bean cells in sugar water, which speeds up production to one week compared to six to eight months traditionally.
- This process uses less water and labor.
- Cocoa trees typically grow in warm, rainy regions near the equator, but climate change is making these areas drier.
- Scientists and entrepreneurs are working on making cocoa more resilient to climate change and pests.
- The U.S. chocolate market is huge, with over \$25 billion in sales in 2023.
- Entrepreneurs are focusing on either increasing cocoa supply with cell-based methods or creating alternatives from oats or carob
- Cocoa prices rose earlier this year due to high demand and issues with crops in West Africa, where most of the world’s cocoa is produced.
- Plant diseases and weather changes have affected cocoa production in this region.
- The instability in cocoa supply is driving interest in lab-grown cocoa and substitutes.
- Carla Martin from the Fine Cacao and Chocolate Institute notes that the innovation is fueled by high demand for chocolate in the U.S. and Europe, even though only 4% of the world’s cocoa is consumed in Africa.
- The trend towards producing cocoa indoors in the U.S. follows similar lab-grown food innovations, like chicken meat.
- The growing variety of snack options in supermarkets indicates that people are open to trying new products, including those with cocoa substitutes.

### Top 5 producers of Cocoa in India:



### World Cocoa Producers:

1. Cote d'Ivoire – 2,200,000 tons
2. Ghana – 800,000 tons
3. Indonesia – 739,483 tons
4. Nigeria – 340,163 tons
5. Ecuador – 327,903 tons
6. Cameroon – 290,000 tons
7. Brazil – 269,731 tons
8. Sierra Leone – 193,156 tons
9. Peru – 160,289 tons
10. Dominican Republic – 77,681 tons



# Dealings at a China-Africa forum that India must track

GS Paper II: IR



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The ninth edition of the **Forum on China-Africa Cooperation (FOCAC)** is to take place from **September 4-6, 2024, in Beijing**. The event comes at a time when African nations are facing multiple issues such as **high inflation, currency depreciation, a heavy debt burden, unconstitutional military takeovers and geopolitical challenges such as the Israel-Hamas and Russia-Ukraine wars, and attacks by Houthi rebels on commercial shipping in the Mediterranean Sea**. Moreover, a sense of 'summit fatigue' has seeped into the mindset of African leaders following multiple recent **Africa+1 summits with Türkiye, Russia, South Korea, and the U.S.-Africa Leaders' Summit**. Rather than having **54 leaders attend**, following the **Banjul** format of 15 countries plus the African Union Commission (AUC) is more prudent.

The utility of the FOCAC process for Africa is increasingly contingent upon **Africa's ability to set the agenda and take greater ownership of its strategic thinking**. There has been no dearth of statements and papers on Chinese strategies in Africa. But there is a glaring absence of corresponding papers or strategies from the African side. This knowledge asymmetry is primarily attributed to the **lack of African state capacities, expertise, and the political will to understand how China and the Communist Party of China (CCP) work**. **African governments have been unable to tap the vast amount of cultural and linguistic expertise of China that exists on the continent**. Consequently, African agency gets constrained, which results in the agenda being driven by the Chinese side and African negotiators being on the back foot.

## African priorities at FOCAC 2024

On the economic front, progress on Beijing's ambitious goal to **import \$300 billion worth of goods from African countries between 2022-24 has been modest**. As in data from "China's General Administration of Customs, between January to July 2024, **China-Africa trade increased to \$167 billion, with Chinese and African exports amounting to \$97 billion and \$69 billion, respectively**." **About two-thirds of that trade is dominated by raw materials**.

Developing a sustainable and robust agricultural industry is an imperative. In Africa, the task of processing agricultural commodities and even doing basic processing at home such as roasting raw cashew nuts remain a challenge. **Countries such as China and India which have similar experience of small-scale farming could step in to develop crops, fertilizers and pesticides that are suited to African conditions**. They have the right experience and tools to support African agriculture to become more climate resilient. Developing satellite systems to improve weather forecasting is one way.

Green energy and industrial development are also important. African countries are encouraging their international partners to establish more refining and processing hubs. In Zimbabwe, Chinese companies are compelled to

do basic lithium refining in order to move up the value chain and produce battery-grade lithium. However, **chronic electricity shortages, lack of power generation, and significant environmental, social and governance (ESG) costs hamper the ability of international companies to refine raw minerals in African countries**.

## China and African debt, lessons for India

China's role in African debt sustainability is highly complex. According to data from the Boston University Global Development Policy Center, **Chinese loans to African governments and regional institutions amounted to around \$170 billion between 2000-22**. However, China is not the main creditor in Africa's debt. Chinese lenders account for 12% of Africa's public and private debt. Although the narrative of **Chinese 'debt trap diplomacy' has been hotly disputed, some of Chinese lending patterns require closer examination**.

**A 2022 study by AidData showed that half of Chinese loans to sub-Saharan Africa are not disclosed in sovereign debt records, which complicates the estimation of debt levels**.

Notwithstanding concerns of opacity, lack of transparency and non-disclosure clauses, China is unlikely to entertain debt forgiveness or cancellation. Instead, Beijing is more likely to write-off small, interest-free loans.

In previous instances, ad hoc and poorly structured engagements from the African side at FOCAC meetings pushed the continent into a reactive stance rather than driving the agenda. Therefore, African governments are now looking to develop a coherent strategy towards China and harmonise African positions before the FOCAC summit. African countries will continue to de-emphasise aid, focus on trade facilitation, and aggressively pursue product value addition.

Observers often point out that **Indian engagement in Africa tends to mimic Chinese patterns of engagement**. But such simplistic characterisation fails to consider the standalone nature of Indian engagement. India is not influenced by the actions of any third country. **The Indian model and way of doing business has its own comparative advantages in sectors such as ICT, human resource development, agriculture and pharmaceuticals**. However, the way African leaders negotiate with their Chinese counterparts under FOCAC could offer some crucial lessons for India's own engagement.

First, India must emphasise continuity in its engagement with Africa. **The last India-Africa Forum Summit (IAFS) was in 2015**. Dialogues such as the CII-EXIM Bank Conclave, and India Africa Defence Ministers meeting have been held regularly. **But if India wants to capitalise on the momentum following the inclusion of the African Union (AU) in the G-20 under the Indian presidency, it must hold the IAFS-IV at the earliest**. Meanwhile, an **India-African Union Track 1.5 Dialogue** could be set up to deliberate on issues of mutual interest. This must be done after due consultation with Africa's **eight recognised regional economic communities (RECs)**. On the

African side, the host of IAFS-IV should be Addis Ababa, Ethiopia which is the seat of the African Union Commission. Additionally, the AU should look to establish a regional office in New Delhi to strengthen regular consultations.

Second, **India could play a central role in strengthening the integration of African economies into global value chains and supporting Africa's industrialisation**. Indian companies must look for higher value-added investments in sectors such as agriculture, pharmaceuticals, and manufacturing. The idea is to set up manufacturing bases in African countries that will help to create employment and serve local markets. **Indian companies working in Africa should look to invest in farm mechanisation, food processing, irrigation, establish cold storage infrastructure to prevent food wastage, and continue to promote the use of 'Triple A' (affordable, appropriate and adaptable) technologies**.

The third lesson pertains to encouraging greater Indian private sector participation and finding innovative financing solutions. While India's lines of credit remain a popular instrument for financing projects, African countries are apprehensive about taking newer loans after the COVID-19 pandemic. Subsequently, innovative ways of financing such as public-private partnerships, and blended finance are the way forward. Indian strategic and business interests in Africa need to be clubbed together with the government supporting Indian banks and entrepreneurs with low-cost credit. This would help Indian firms conduct feasibility studies and detailed project reports to create bankable projects. Other forms of financing such as the EXIM Bank's Trade Assistance Programme could help to augur trust and expand India and Africa's banking relationship.

## Technology use

Finally, India's own digital stack, which includes biometrics, mobile connectivity and Jan Dhan technology, could help establish digital and physical connectivity with Africa. **The Unified Payment Interface (UPI) and RuPay services are already established in Mauritius. Kenya, Namibia, Ghana and Mozambique have shown interest in utilising the UPI platform**. Additionally, to strengthen Indian banking and reduce forex risk, rupee-based lines of credit must replace dollar-based ones. African nations lose billions of dollars annually in exchange rates. Therefore, making transactions that are currency-neutral is in the interest of both India and Africa.

African countries are increasingly taking greater ownership of their strategic thinking. Their citizens are demanding accountability from their governments to ensure that their economies move up the value chains. They are trying to change the narrative surrounding Africa by repositioning the continent as an investment destination. By gauging how African leaders engage and negotiate with China under FOCAC provides important lessons for bolstering India's own partnership in Africa.

The stance of African leaders at the FOCAC meet in Beijing could guide India in developing its own partnership with the continent

## Dealings at a China-Africa forum that India must track (3 September)

- The Forum on China-Africa Cooperation (FOCAC) will be held from September 4-6, 2024, in Beijing.
- African nations are currently dealing with issues like high inflation, currency depreciation, debt, military coups, and geopolitical conflicts (e.g., Israel-Hamas, Russia-Ukraine wars).
- African leaders are experiencing "summit fatigue" after attending multiple Africa+1 summits with various countries.
- A smaller format for FOCAC, involving 15 countries plus the African Union Commission, is considered more practical than having all 54 African leaders attend.
- The effectiveness of FOCAC for Africa depends on African countries setting the agenda and having a clear strategy.
- Africa lacks sufficient capacity, expertise, and political will to fully understand China and its policies, leading to China driving the agenda.
- On the economic side, China's goal to import \$300 billion worth of goods from Africa by 2024 is making slow progress, with China-Africa trade reaching \$167 billion between January and July 2024, mostly involving raw materials.

- Africa needs to develop a strong agricultural industry, with support from countries like China and India, to improve processing and climate resilience.
- Green energy and industrial development are also key priorities, with African countries urging international partners to set up refining and processing facilities.
- Challenges like electricity shortages and environmental concerns hinder the ability to refine raw minerals within African countries.

### **China and African debt, lessons for India**

- China's role in African debt is complex. Between 2000-2022, China lent around \$170 billion to African governments and institutions.
- China is not the main creditor for Africa; it accounts for 12% of Africa's public and private debt.
- The idea of Chinese "debt trap diplomacy" is debated, but some Chinese lending practices need closer scrutiny.
- A 2022 study revealed that half of Chinese loans to sub-Saharan Africa are not included in official debt records, making it hard to estimate debt levels.
- Despite concerns about transparency, China is unlikely to forgive large debts but may write off small, interest-free loans.
- In past FOCAC meetings, African countries often reacted to China's agenda rather than driving their own, leading to a less effective approach.
- African governments now aim to create a unified strategy towards China, focusing on trade and value addition instead of aid.
- Indian engagement in Africa is often compared to China's, but India's approach is distinct, with strengths in sectors like ICT, human resources, agriculture, and pharmaceuticals.
- India should maintain continuous engagement with Africa. The last India–Africa Forum Summit (IAFS) was in 2015.
- To build on the momentum of including the African Union in the G-20, India should organize the next IAFS quickly and consider setting up an India-African Union Track 1.5 Dialogue for mutual interests.
- The IAFS-IV should ideally be hosted in Addis Ababa, Ethiopia, where the African Union Commission is based.
- India can help integrate African economies into global value chains and support industrialization by investing in sectors like agriculture, pharmaceuticals, and manufacturing.
- Indian companies should set up manufacturing bases in Africa to create jobs and serve local markets, focusing on areas like farm mechanization, food processing, irrigation, and cold storage.
- Encouraging Indian private sector participation and finding innovative financing solutions, such as public-private partnerships and blended finance, is important.
- India's lines of credit are popular, but African countries are cautious about new loans after COVID-19. Innovative financing methods can help.
- Indian firms should be supported by the government with low-cost credit to conduct feasibility studies and create bankable projects.
- India's digital technologies, like UPI and RuPay, can help establish digital and physical connectivity with Africa. Some African countries are already interested in using these platforms.
- To reduce forex risks, India should consider offering rupee-based lines of credit instead of dollar-based ones, which would benefit both India and Africa.

- African countries are taking more control of their strategic decisions, demanding accountability from their governments, and trying to reposition Africa as an attractive investment destination.
- Observing how African leaders engage with China under FOCAC offers valuable lessons for strengthening India's

# The Disaster Management (Amendment) Bill is knotty

GS Paper III: DM

**O**n August 1, 2024, the central government introduced the Disaster Management (Amendment) Bill in the Lok Sabha. Brought in in the wake of climate-induced disasters, the Bill shows much evidence of a further centralisation of an already heavily-centralised Disaster Management Act, 2005. This Act, in its current form, already mandates the creation of many authorities and committees at the national, State and district levels. The proposed Bill further provides statutory status to pre-act organisations such as the National Crisis Management Committee and a High Level Committee, complicating the chain of action to be followed in case of disasters. A repercussion of this top-down approach is seen when there is a delayed response to disasters, antithetical to the intent and purpose of the Act.

The Bill claims to strengthen the working of the National Disaster Management Authority and the State Disaster Management Authorities to prepare State and national level plans. It also establishes an 'Urban Disaster Management Authority' for State capitals and cities with municipal corporations. However, this intended decentralisation of functions without the necessary financial devolution creates more problems than it solves.

## Centralisation as a concern

The amendment Bill goes on to dilute the wording of the National Disaster Response Fund by removing the purposes for which the fund shall be used. One of the major concerns of the Disaster Management Act has been the excess centralisation of decision making on funds, especially in situations where the disaster is severe. The severity of the disaster must necessitate a prompt response by the central government, currently absent in the Act. A similarly delayed response was witnessed when

partnership with Africa.



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**Sneha Priya Yanappa**

a Senior Resident Fellow and leads the Karnataka Team at the Vidhi Centre for Legal Policy

The Bill only strengthens the top-down approach, affecting vital cooperative federalism in disaster management

the disaster relief funds from the NDRF were denied to Tamil Nadu and disbursed much later to Karnataka.

In the backdrop of a looming climate crisis, there is a need to revisit the very idea of disasters under the Disaster Management Act, 2005.

## Restricted definition of 'disaster'

On July 25, 2024, the Minister of State of Science, Technology and Earth Sciences, in response to questions posed in the Lok Sabha, said that the government is currently not planning to classify heatwaves as a notified disaster under the Disaster Management Act, 2005. This statement concurs with the observations of the 15th Finance Commission which did not find merit in expanding the scope of notified disasters. The notified list of disasters eligible for assistance under the National Disaster Response Fund/State Disaster Response Fund are cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost and cold wave.

This strict iteration of what constitutes a "disaster" in the times of climate change marks a sharp departure from the global narrative. Globally, there is enough consensus to classify heatwaves as climate-related disasters, given their ramifications on ecosystems and human health. According to the India Meteorological Department data, India had 536 heatwave days which is the highest number of heatwave days in almost 14 years. Rising heatwave days along with 10,635 human deaths due to heat or sunstroke in 2013-2022 portends a larger disaster in the making for the country.

The Disaster Management Act, 2005 and the proposed Bill fall short as the definition of a disaster (although wide enough to cover the idea of climate-induced disasters) remains restricted and static. This is because the notified list of

disasters under the Act restricts the inclusion of climate-induced disasters such as heatwaves which display regional variability and gradation specific to a geographical area. For example, a normal summer temperature of 40° C in several north Indian States may classify as heatwave conditions in the Himalayas. The definition however, is also not inclusive enough to be able to interpret a prolonged heatwave episode to be considered as a natural disaster even if its impacts are akin to an actual disaster such as floods in terms of the loss of human life. This poses a problem as the very nature of climate-induced disasters is incongruous to the idea of a traditional disaster under the Disaster Management Act, 2005 and the proposed Bill. The incongruity is exacerbated by the localised nature and impact of climate-induced disasters.

## Relevant issues

However, some questions are still valid. Is the proposed Bill adept to tackle contemporary challenges arising due to the disproportionate power dynamics between the central and State governments? Do States have to largely depend on the central government for the disbursal of funds? If the Bill claims to be an improvised version of the Disaster Management Act, 2005, it does very little in learning from the failures encountered during the implementation of the Act while dealing with past disasters. There is a need to re-visit the Centre's efforts in addressing the issue of financial preparedness when it comes to the management of and response to disasters. The conversation should not revolve around whether the Centre or State is responsible for the loss of lives in Wayanad, Kerala, but what is it that can be done to manage disasters and predict their future occurrence. After all, a blame game will only move away from realising the true spirit of cooperative federalism.

## The Disaster Management (Amendment) Bill is knotty (3 September)

- On August 1, 2024, the central government introduced the Disaster Management (Amendment) Bill in the Lok Sabha in response to climate-induced disasters.
- The Bill appears to further centralize the already highly-centralized Disaster Management Act of 2005.
- The original Act already requires the creation of multiple authorities and committees at national, state, and district levels.
- The new Bill gives statutory status to pre-existing organizations like the National Crisis Management Committee and a High-Level Committee, making the disaster response process more complicated.
- This top-down approach can delay disaster response, which goes against the purpose of the Act.
- The Bill aims to strengthen the National and State Disaster Management Authorities to create plans, and establish an "Urban Disaster Management Authority" for state capitals and major cities.
- However, this decentralization of functions does not come with the necessary financial support, creating more problems.
- The Bill also changes the wording of the National Disaster Response Fund (NDRF), removing specific purposes for which the fund should be used.
- There is concern about the centralization of decision-making on funds, especially for severe disasters, which can lead to delayed responses.
- An example of this issue was seen when disaster relief funds were delayed for Tamil Nadu and later disbursed to Karnataka.
- With the ongoing climate crisis, there's a need to reconsider the definition and management of disasters under the Disaster Management Act, 2005.

## Restricted definition of 'disaster'

- On July 25, 2024, the Minister of State for Science, Technology, and Earth Sciences stated in the Lok Sabha that the government is not planning to classify heatwaves as a notified disaster under the Disaster Management Act, 2005.
- This decision aligns with the 15th Finance Commission, which did not see the need to expand the list of notified disasters.
- Currently, the list of disasters eligible for assistance under the National Disaster Response Fund/State Disaster Response Fund includes cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost, and cold wave.
- Globally, there is a consensus to classify heatwaves as climate-related disasters due to their impact on ecosystems and human health.
- In India, there were 536 heatwave days in the past 14 years, with 10,635 deaths from heat or sunstroke between 2013-2022, indicating the severity of the issue.
- The Disaster Management Act, 2005, and the proposed Bill have a restricted and static definition of a disaster, which excludes climate-induced disasters like heatwaves.
- The list of notified disasters under the Act does not account for the regional variability and specific conditions, such as how a normal summer temperature of 40°C in north India could be a heatwave in the Himalayas.
- The Act's definition does not allow for prolonged heatwaves to be considered as natural disasters, even if their impact is similar to other disasters like floods.
- Climate-induced disasters are often localized, which makes them difficult to classify under the traditional disaster definitions in the Act.
- Questions remain about whether the proposed Bill can handle modern challenges, especially concerning the power dynamics between central and state governments.
- States often rely on the central government for disaster relief funds, which may delay responses.
- The Bill does not seem to learn from past failures in disaster management and lacks provisions for financial preparedness.
- The focus should be on improving disaster management and prediction, rather than placing blame between the central and state governments, to uphold the spirit of cooperative federalism.

## Enhancing oversight (3 September)

### The GST Council could do more to smoothen the tax regime

- The GST Council, responsible for overseeing India's indirect tax system, will meet on September 9, 2024, for the second time in three months after a nine-month break.
- Regular meetings of the Council are important for addressing taxpayer issues and setting broader tax policies.
- One key topic for the upcoming meeting is the review of GST's complex, multiple-rate structure.
- In June, the Council decided to evaluate the progress made by a ministerial group (GoM) appointed in 2021 to work on this issue.
- Progress on simplifying the rate structure has been slow, as many state ministers are hesitant to make changes when revenue is stable.
- The Council should set a timeline for concluding the group's work and consider alternative rate structures if consensus is difficult to achieve.
- The Council may also discuss the possibility of reviewing the 18% GST rate on items like health insurance and life cover, which have been debated in Parliament.
- Including items like electricity, petroleum, and alcohol under GST, a long-standing demand from industry and economists, is challenging due to states' reluctance to give up more taxation power.
- Relations between some states and the central government are strained, making it harder to reach agreements on such issues.
- While addressing broader issues, the Council should also monitor the day-to-day functioning of GST, such as the pace of refunds to taxpayers.
- Although GST revenue growth has been healthy, with about 10% growth this fiscal year, there have been inconsistencies in refund processing, affecting net receipts.
- The Council should pay attention to these details to prevent issues for businesses, such as registration or refund delays, and avoid confusion caused by large tax demands on major companies.

## Another escalation (3 September)

### The drone attacks in Manipur call for an overhaul of the government's approach

- The situation in Manipur has worsened with a drone attack in the Meitei-majority Imphal West district, killing two people and injuring at least nine.
- The attack is believed to have been carried out by Kuki-Zo militants, possibly in retaliation to an alleged ambush attempt by Meitei groups, though this claim is unverified.
- The use of drones, similar to tactics in Myanmar, signals a dangerous escalation in the ethnic conflict in the state.

- The attack occurred after Chief Minister N. Biren Singh claimed that peace would be achieved in six months, suggesting the attack might be a deliberate attempt to increase tensions or a reminder of ongoing ethnic hostilities.
- The fact that militants could use drones points to an intelligence failure and the inability of security forces to contain the militants.
- The government has ordered police combing operations, but more needs to be done to disarm the various groups in the region to prevent further escalation.
- For 16 months, the Union and State governments have relied on security forces to maintain order without making progress in resolving the conflict or starting dialogues between the communities.
- The hardening of ethnic identities among the Meitei and Kuki-Zo communities is a result of the failed policies of both the Union and State governments.
- Despite the BJP's setback in the 2024 general election, the Centre continues its ineffective approach, and Chief Minister Singh remains in power despite his incompetence and lack of confidence from both communities.
- While security forces need to respond strongly to the attacks, a change in leadership and approach in the state is necessary for a chance at peace.

# On Germany's electoral architecture

Why has the German constitutional court upheld the move to downsize the lower house of parliament? How does a mixed-member proportional representation system work? What are balance or overhang seats and why were they deemed unconstitutional?

GS Paper II: Electoral System

EXPLAINER

Garimella Subramaniam

The story so far:

On July 30, Germany's federal constitutional court upheld the government's move to downsize the lower house of parliament, with effect from the 2025 federal elections. The present 20th Bundestag (German Parliament) is its largest ever, since the first post-war legislature was inaugurated in 1949, with a total of 736 deputies. The current tally positions the Bundestag as the largest Parliament among democratically elected assemblies, even bigger than the 720-strong parliament of the European Union. The steady rise in the number of representatives has raised concerns on the strain imposed on the public coffers, as well as implications for the functional efficiency of the Bundestag.

What is the background?

The context to the July judgment is the constant enlargement of the Bundestag, a consequence of Germany's complex electoral architecture as well as the fragmentation of the party system in recent years.

Since the country's second quadrennial federal elections of 1953, each voter has exercised two votes, in what is known as the personalised proportional or mixed-member proportional representation system. The first vote is cast to directly choose a candidate from a local constituency via the conventional first-past-the-post method of obtaining a simple majority for a total of 299 seats. Voters simultaneously cast a second ballot to choose a political party for another 299 parliamentary seats, which are distributed across Germany's 16 regions. A party must have secured either 5% of the second vote share or a minimum of three individual constituencies to qualify for entry into parliament. The 5% threshold was stipulated to prevent too



Too large: A general view of the empty plenary of the Bundestag in Berlin in 2022. AFP

many splinter parties from entering the Bundestag. It is the second, that is, the state list vote that determines the relative strength of parties in the Bundestag, because the allocation of seats is proportionate to the number of second votes each party has received.

The conversion of the second votes into seats involves a two-stage process. Each region receives seats in proportion to the population resident therein. These are then distributed among the parties based on their respective share of second votes. The seats for each party at the federal level is subsequently fixed as per the number of candidate seats it won in the state, as well as the number of seats it was entitled to, based on the share of the second vote it received. The higher of the above two figures is the final tally of the party's seats in a region. The cumulative addition of seats across the regions makes

up the party's strength in the Bundestag.

Why have legislators increased?

Germany's two largest parties, the ruling Centre-left Social Democrats (SPD) and the opposition Centre-right Christian Democratic Union (CDU), have over the decades garnered the maximum number of directly elected seats. These first vote seats are invariably greater than the seats that they would be entitled to on the basis of their share of the second votes and as such are known as extra seats or overhang seats. However, in view of Germany's personalised proportional system, parties have been allowed to retain these overhang seats. Crucially, even though the support base of the larger parties has eroded in recent years consequent to the emergence of smaller parties, they have managed to retain their dominance of first vote seats.

In a 2008 decision, the constitutional court ruled the rising numbers of overhang seats as violative of the equality of elections and hence unconstitutional.

In 2012, the constitutional court addressed this imbalance by ruling that the large number of extra or overhang seats that accrued to the larger parties must be compensated through the creation of "balance seats" for smaller parties. This would be in accordance with the principle of equal suffrage, direct elections and equal opportunities for political parties. The verdict therefore inevitably resulted in a further addition to the number of legislators. The Court has since upheld amendments to the election law that broadly reflect its 2012 judgment.

What move did the govt. propose?

On March 17, 2023, the government enacted legislation which would cap the size of the Bundestag at 630 representatives with effect from the 2025 federal elections. Whereas the number of candidate seats will remain at 299, the party list will increase to 331 seats. The new limit was decided under the guidance of an Electoral Rights Commission in 2022 and would be achieved by scrapping both the "overhang seats" and "balance seats". Crucially, the weightage hitherto attached to candidate seats would be reduced. Obtaining a simple majority in an individual constituency will not henceforth automatically translate into a parliamentary seat. Where parties win more candidate seats than their second vote share entitles them to, individual winners who poll the lowest share of the vote will not be awarded a seat. This has now been upheld by the federal constitutional court.

However, the government has faced strong criticism that the new measure was not backed by a wide consultative process ahead of its passage. The main opposition CDU has already said that it would roll back the law when it regained office.

The writer is Director, Strategic Initiatives, AgnoShin Technologies.

THE GIST

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Each voter exercises two votes, in what is known as the personalised proportional or mixed-member proportional representation system. The first vote is cast to directly choose a candidate from a local constituency via the conventional first-past-the-post method of obtaining a simple majority for a total of 299 seats. Voters simultaneously cast a second ballot to choose a political party for another 299 parliamentary seats, which are distributed across Germany's 16 regions.

On March 17, 2023, the government enacted legislation which would cap the size of the Bundestag at 630 representatives with effect from the 2025 federal elections.

## On Germany's electoral architecture (3 September)

Why has the German constitutional court upheld the move to downsize the lower house of parliament? How does a mixed-member proportional representation system work? What are balance or overhang seats and why were they deemed unconstitutional?

- On July 30, Germany's federal constitutional court supported the government's decision to reduce the size of the Bundestag (German Parliament), starting from the 2025 elections.
- The current Bundestag is the largest ever, with 736 deputies, making it the biggest among democratically elected parliaments, even larger than the European Parliament's 720 members.

- Concerns have been raised about the increasing number of representatives, impacting public finances and the Bundestag's efficiency.
- The rise in Bundestag members is due to Germany's complex electoral system and increasing party fragmentation.
- Since 1953, voters in Germany use two votes: one for a local candidate (first-past-the-post) and another for a political party.
- The first vote elects candidates from 299 constituencies, and the second vote determines the allocation of another 299 seats based on party support across 16 regions.
- To enter parliament, a party must get at least 5% of the second votes or win at least three constituencies.
- The second vote, which is based on proportional representation, decides the overall strength of each party in the Bundestag.

**The process of converting second votes into seats involves two stages:**

- Seats are first allocated to each region based on population.
- Within each region, seats are distributed among parties based on their share of second votes.
- Each party's final seat count is determined by either the number of candidate seats won or the number of seats proportional to second votes received, whichever is higher.
- The total seats across all regions make up the party's strength in the Bundestag.

**Legislators in the Bundestag have increased due to:**

- Germany's two largest parties, SPD and CDU, often winning more directly elected seats (first vote seats) than they would get based on their second votes alone. These additional seats are called "overhang seats."
- Despite the rise of smaller parties, SPD and CDU have retained their dominance in first vote seats.
- In 2008, the constitutional court found the increasing number of overhang seats unconstitutional due to violating election equality.
- In 2012, the court ruled that to address this imbalance, "balance seats" should be created for smaller parties to ensure equal representation.
- This ruling led to a further increase in the number of legislators.
- The court has since approved changes to the election law reflecting its 2012 judgment.

**What move did the govt. propose?**

- On March 17, 2023, the government passed a law to limit the Bundestag to 630 representatives starting from the 2025 elections.
- The number of candidate seats will stay at 299, but party list seats will increase to 331.
- The law will eliminate "overhang seats" and "balance seats," which previously allowed for more representatives than originally planned.
- The new rules will reduce the influence of candidate seats, meaning winning a constituency will not automatically secure a parliamentary seat.
- If parties win more candidate seats than their share of second votes entitles them to, seats will not be awarded to candidates with the lowest votes.
- This change has been confirmed by the federal constitutional court.
- The measure has faced criticism for lacking extensive consultation before its implementation.

- The CDU, the main opposition party, has stated it would reverse the law if it comes back into power.

# What is the Unified Lending Interface by the RBI?

How will the ULI enable friction-less credit to farmers? How will it make things easier for lenders?

[GS Paper III: Banking, Financial Inclusion](#)

**Lalendu Mishra**

## The story so far:

The Reserve Bank of India (RBI), as part of its strategy to create digital public infrastructure in the country, has announced that a new technology platform called the Unified Lending Interface (ULI) would be introduced by the Reserve Bank Innovation Hub, Bengaluru which will enable friction-less credit to farmers and MSME borrowers to begin with.

## What is ULI?

ULI is a platform that facilitates the seamless flow of a customer's digitised financial and non-financial data from multiple data service providers to lenders, making credit underwriting seamless and customer journeys frictionless for a diverse range of borrowers, according to Rajesh Bansal, CEO, Reserve Bank Innovation Hub. This platform facilitates seamless and consent based flow of digital information, including even land records

of various States. This will also bring down the time taken for credit appraisal, especially for smaller and rural borrowers without any credit history. The ULI architecture has common and standardised Application Programming Interfaces (APIs) designed for a 'plug and play' approach to ensure digital access to information from diverse sources. This will reduce the complexity of multiple technical integrations besides enabling borrowers to get the benefit of seamless delivery of credit and quicker turnaround time without requiring extensive and time-consuming documentation.

Lenders would gain access to customer data from various silos, including government databases (for example, land records) and satellite imagery through standardised APIs. And FinTechs can gain access to a variety of lenders on one platform and unlock opportunities to provide deeper customer insights.

## How will it work?

For first time loan seekers without any

credit history or required documentation, availing a bank loan is near impossible. Now with ULI, digital credit information can be made available through a single platform which provides access to data providers and lenders to serve the needs of perspective borrowers.

While ULI facilitates access to data about the loan applicant's economic activities, it also allows financial sector players to access the data by connecting to the platform through a 'plug and play' model. Therefore, the loan applicants need not have to spend weeks to search and secure the documents. Instead the bank, the NBFC or the FinTech would fetch data about the applicant from sources available on the ULI platform.

For a dairy farmer seeking a loan, the lender can find data from the milk cooperative to know about cash flows; land ownership status from land records of States; and insights into his financial condition through farming patterns. So what was once a blind spot for the lender would turn into a visible customer to do

business with. With the help of ULI, the lenders can immediately know the income of the loan applicant and credit eligibility. Thus decision making would be automated and loans could be sanctioned and disbursed within minutes.

Tenant farmers who often find it difficult to access agricultural credit for inputs and raw materials as they do not have the land title to submit to the banks can also avail loans. By programming the end use for purchase of agricultural inputs, the ULI platform can give the required comfort to banks and thus establish the identity of a farmer not through his land holding but through the end use of funds being disbursed.

## How did it start?

The RBI had on August 10, 2023 announced the setting up of a Public Tech Platform for Frictionless Credit which is now branded as the ULI. The central bank was of the view that with rapid progress in digitalisation, data required for credit appraisal must be available at a single point for digital credit delivery.

To address this situation, a pilot project for the digitalisation of Kisan Credit Card (KCC) loans of less than ₹1.6 lakh began in September 2022. The initial results of the KCC pilot, which got underway in select districts of Madhya Pradesh, Tamil Nadu, Karnataka, U.P., Maharashtra, were encouraging. According to the RBI, the pilot enabled doorstep disbursement of loans in assisted or self-service mode without any paperwork.

## THE GIST

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Tenant farmers who often find it difficult to access agricultural credit for inputs and raw materials as they do not have the land title to submit to the banks can also avail loans.

## What is the Unified Lending Interface by the RBI? (3 September)

How will the ULI enable friction-less credit to farmers? How will it make things easier for lenders?

- The Reserve Bank of India (RBI) is launching a new technology platform called the Unified Lending Interface (ULI) to simplify credit access for farmers and small businesses.
- ULI will allow seamless sharing of a borrower's financial and non-financial data between data providers and lenders.
- The platform will include digital information such as land records, making credit appraisal faster, especially for those without a credit history.
- ULI uses standardized Application Programming Interfaces (APIs) to integrate various data sources easily.
- This will reduce the need for extensive documentation and technical complexity for lenders.
- Lenders will be able to access diverse customer data, including government databases and satellite imagery, through ULI.
- FinTech companies will have access to multiple lenders on one platform and can provide better customer insights.
- ULI will help first-time loan seekers by providing a single platform for accessing digital credit information.
- ULI allows financial institutions to access loan applicants' data through a simple 'plug and play' model, eliminating the need for applicants to gather documents themselves.
- For example, a lender for a dairy farmer can get information from milk cooperatives, land records, and farming patterns to assess the borrower's financial situation.
- This makes the borrower's financial status visible to lenders, enabling quicker decisions on loan eligibility and potentially allowing loans to be approved and disbursed in minutes.
- Tenant farmers without land titles can also access loans by demonstrating the intended use of funds for agricultural inputs through the ULI platform.
- The RBI introduced ULI as part of a Public Tech Platform for Frictionless Credit on August 10, 2023, aiming to streamline digital credit delivery by centralizing required data.
- A pilot project for digital Kisan Credit Card (KCC) loans began in September 2022 in select districts, showing positive results with paperless loan disbursement.

# 'Be wary of market financialisation'

India's stock market capitalisation is about 140% of the GDP, the CEA says, adding, record profitability of the Indian financial sector, high levels of market capitalisation give rise to another phenomenon that deserves closer examination

GS Paper III: Economy

**The Hindu Bureau**  
MUMBAI

**C**hief Economic Adviser V. Anantha Nageswaran on Monday cautioned against excessive financialisation, the dominance of financial markets in public policy, given the risks it posed to macroeconomic stability.

India's stock market capitalisation was about 140% of the GDP, he noted, adding, the record profitability of the Indian financial sector and high levels of market capitalisation, or the ratio of market capitalisation to GDP, gave rise to



**Be alert:** India must be wary of the outcomes and avoid this [financialisation] trap, Dr. Nageswaran says. PTI

another phenomenon that deserved a closer watch.

"The consequences of such financialisation are evident in many advanced economies, including un-

precedented levels of public and private debt, economic growth increasingly dependent on continued asset-price inflation, and a massive surge in inequali-

ty. India must be wary of these outcomes and avoid this trap," the CEA said at the CII Financing 3.0 Summit, adding a disclaimer that these were his personal views.

Developed countries were encountering these challenges after they had become materially prosperous, he said. He, however, assured the current levels of growth in the capital markets had, so far, been growth enhancing.

Separately, SEBI Chief Madhabi Puri Buch said investors would soon be able to start SIPs (Systematic Investment Plans) with as lit-

tle as ₹250 per month.

## Single filing

She also said a single disclosure by listed firms on one stock exchange would be automatically uploaded on other bourses.

On innovative products, Ms. Buch said, "If I talk about REITs, I'm accused of conflict of interest," alluding to recent allegations by short-seller Hindenburg Research against her.

She did not comment on the Congress party allegations accusing her of receiving emoluments from ICICI Bank while at SEBI.

(With PTI inputs)

## 'Be wary of market financialisation' (3 September)

India's stock market capitalisation is about 140% of the GDP, the CEA says, adding, record profitability of the Indian financial sector, high levels of market capitalisation give rise to another phenomenon that deserves closer examination

- Chief Economic Adviser V. Anantha Nageswaran warned about the risks of excessive financialisation, where financial markets heavily influence public policy, which could threaten economic stability.
- India's stock market capitalization is about 140% of GDP, and the high profitability and market size could lead to issues seen in advanced economies, like high debt, reliance on rising asset prices, and increased inequality.
- He advised India to be cautious to avoid these problems, though he noted that current market growth has been beneficial.
- SEBI Chief Madhabi Puri Buch announced that investors will soon be able to start Systematic Investment Plans (SIPs) with as little as ₹250 per month.
- She also mentioned that listed companies would need to make a single disclosure on one stock exchange, which would then be automatically shared with other exchanges.
- Buch addressed recent criticism and allegations but did not comment on specific accusations of conflict of interest or improper financial benefits.