



NEWS ANALYSIS

10 JULY 2024

Prelims Practice Question

The Brandt Line (an imaginary line) is a concept that highlights

- a) Global Climate Change
- b) Global Food security
- c) Global economic disparities
- d) Access to clean drinking water

EXPLANATION

The Brandt Line (an imaginary line) is a concept that categorizes the world into richer countries mainly in the Northern Hemisphere and poorer countries mostly in the Southern Hemisphere, highlighting global economic disparities.

“Global North” (wealthier communities) and a **“Global South”** (poorer communities) exist both within and among nations.

The line is based on the **“North-South: A Programme for Survival”**, a report addressing the problems of international inequality



Prelims Practice Question For Today

The Ross Sea is the world's largest Marine Protected Area (MPA). It is located in the

- a) North Sea
- b) Arctic Sea
- c) Southern Ocean
- d) North Atlantic Sea

Innate limitations in executing iCET

The innate limitations in executing iCET

Despite the seemingly successful talks between National Security Adviser Ajit Doval and his U.S. counterpart Jake Sullivan in June, to make progress on the bilateral Initiative on Critical and Emerging Technologies (iCET), structural challenges endure in its execution.

Local industry officials and military analysts maintain that these impediments pertain primarily to the autonomy of U.S. defence companies with regard to transferring technology, which have been developed at immense cost at Washington's behest with many companies zealously guarding their intellectual property rights (IPR) over it. Additionally, the U.S.'s strict export control laws in this regard, controlled by its defence industrial complex, were loath to sharing military technologies via joint ventures, however meaningful they might be to Washington's wider strategic interests.

For now, the iCET's defence component is focussed on India locally manufacturing General Electric GE F-414INS6 after burning turbofan engines to power the under-development Tejas Mk-II light combat aircraft and locally assembling 31 armed MQ-9 armed Reaper/ Predator-B unmanned aerial vehicles (UAVs), under acquisition for all three services, for around \$3 billion.

Limitations

Official sources claimed negotiations had been concluded for GE to transfer around 80% technology to Hindustan Aeronautics Limited to produce the F-414 engines, but not critical know-how related to forging metallurgy discs for the power packs turbines. Technology transfer from General Atomics Aeronautical Systems to assemble the MQ-9s reportedly stands at around 10-15%, and includes establishing a domestic maintenance, repair and overhaul (MRO) facility for the UAVs. Alongside, directly acquiring,



Rahul Bedi
writes on defence and security issues

licence-building and co-developing the General Dynamics Land Systems Stryker Infantry Combat Vehicle for the Indian Army, under iCET patronage, is under negotiation.

But innate limitations in all these ventures persist.

Military analyst Abhijit Singh said that the U.S. government does not presume to act on behalf of its defence companies that own the IPRs for their sundry wares. Besides, U.S. defence vendors, he cautioned, were answerable to their shareholders, whose motivations were largely commercially driven. This, in turn, could adversely impact the quantum of technology they were willing to transfer.

It was precisely these mercantile considerations, weighed down by cumbersome bureaucracies, that led to the failure of the 2012 Defence Technology and Trade Initiative (DTTI) between India and the U.S., and on whose ashes the iCET emerged in June 2023, albeit with a more ambitious remit.

The DTTI flopped due to technology transfer issues. The iCET emerged enabled, in turn, by an alphabet soup of organisations including INDUS-X (India-U.S. Defense Acceleration Ecosystem), Joint IMPACT (INDUS-X Mutual Promotion Advanced Collaborative Technologies) I.O, IMPACT 2.0 and ADDED (Advanced Domains Defense Dialogue).

Exercising 'Jugaad'

Meanwhile, a cross-section of domestic defence industry officials averred that one strategy to ensure iCET's attainment, and that of related projects, centred on the U.S. permitting the Indian military to exercise the *jugaad* or innovative option on its U.S. platforms such as attack and heavy-lift helicopters, heavy transport aircraft, and naval surveillance aircraft it had acquired. After all, this resourceful *jugaad* recourse had provided India's military with user flexibility, by ably rendering

imported platforms serviceable in climatic extremes and assorted terrain. Through trial and error over decades, the services had elevated *jugaad* to sophisticated levels to ensure that foreign weapon systems performed over their declared potential. For instance, *jugaad* had rendered the fleet of Chetak's and Cheetah's, principally French-origin Alouette III's and SA-315B Lama's, capable of operating to heights over 14,000 feet in the Siachen glacier region, a feat their original equipment manufacturers had never deemed possible.

But the complex set of 'enabling' protocols that India had executed with the U.S. ahead of acquiring all the aforementioned assets simply foreclosed the possibility of pursuing the established, and at times, essential *jugaad* route. Besides, most of these acquisitions effected via the Foreign Military Sales or FMS route were concluded under the stricter 'Golden Sentry' end-use monitoring programme which completely disallows *jugaad*.

The iCET also appears to be part of the U.S.'s overall policy, outlined in a recent Senate Foreign Relations Committee report, which urged President Joseph Biden to address the ticklish issue of India's close strategic ties with Moscow and particularly its dependency on Russian arms. The implicit suggestion in the February 2023 report was that India should now begin sourcing its future military kit from Washington, conceivably via the iCET route.

Hopefully, the iCET will not fall prey to Augustine's Laws, the tongue-in-cheek aphorisms immortalised by Norman Augustine, an Under Secretary of the U.S. Army. One Law states that the more time both sides spend talking about what they had been doing, the less time they had to spend doing what they were talking about. And eventually they (could) end up spending more and more time talking about less and less, until finally they spent all their time talking about nothing.

Context

- The Initiative on Critical and Emerging Technologies (iCET) between India and the US faces structural challenges in its execution, particularly regarding technology transfer and autonomy of US defense companies.

Impediments pertain primarily to the autonomy of U.S. defence companies with regard to transferring technology

Challenges in Technology Transfer:

- **IPR and Export Control Hurdles:** US defense companies are reluctant to share military technologies due to **strict export control laws** and intellectual property rights concerns.
- **Partial Technology Transfer:** General Electric's **F-414INS6 engine deal with India** involves transferring about 80% technology, but excludes critical know-how related to forging metallurgy discs for turbines.
- **Limited UAV Technology Sharing:** Technology transfer from General Atomics for **MQ-9 UAVs** is limited to around 10-15%, primarily focused on establishing a domestic maintenance facility.



Limitations of US Defense Industry Cooperation:

- **Commercial Interests vs. Strategic Goals:** US government does not act on behalf of defense companies owning IPRs, as these companies are primarily driven by commercial interests.
- **Historical Precedent:** Failure of the 2012 **Defense Technology and Trade Initiative (DTTI)** due to technology transfer issues highlights persistent challenges.
- **Restrictions on 'Jugaad':** Complex 'enabling' protocols and strict end-use monitoring programs like '**Golden Sentry**' restrict India's ability to apply 'jugaad' (innovative adaptations) to US-origin platforms.



What is iCET?
Initiative on Critical & Emerging Technology

Two Powerhouse tech ecosystems unite for a collective future

Groundbreaking agreement to broaden **India-US** collaboration in New Tech

The infographic features a red background with a white torn-paper effect at the bottom. On the left, a photograph shows Indian Prime Minister Narendra Modi in a light blue vest and white kurta shaking hands with US President Joe Biden in a dark blue suit. The text is in white and red, with the title 'What is iCET?' in a large, bold, sans-serif font. Below the title is the subtitle 'Initiative on Critical & Emerging Technology' in a smaller, italicized font. To the right of the photo, there are two bullet points in red, each followed by a line of text in black. The first bullet point reads 'Two Powerhouse tech ecosystems unite for a collective future' and the second reads 'Groundbreaking agreement to broaden India-US collaboration in New Tech'.

Strategic Implications and Future Prospects:

- **Shifting Defense Partnerships:** iCET is part of US strategy to reduce India's dependency on Russian arms, as outlined in a recent Senate Foreign Relations Committee report.
- **Multi-organizational Approach:** The initiative involves multiple organizations like **INDUS-X, Joint IMPACT, and ADDD** to facilitate cooperation.
- **Balancing Act:** Success of iCET depends on overcoming **bureaucratic hurdles and aligning US commercial interests** with broader strategic goals in the India-US partnership.



India Russia to boost bilateral trade

India, Russia to boost bilateral trade to \$100 billion by 2030

At 22nd Annual Summit, Modi and Putin agree on cooperation in sectors such as energy, infrastructure development and agriculture; discussions also held on improving connectivity and using national currencies to circumvent Western sanctions

Sahasini Haidar
MOSCOW

India and Russia agreed to increase bilateral trade to \$100 billion dollars by 2030, including the use of national currencies to circumvent Western sanctions, as Prime Minister Narendra Modi and Russian President Vladimir Putin sat down for the 22nd Annual Summit here on Tuesday.

The leaders agreed to a cooperation statement on projects in Russia's Far East that Mr. Putin has been focused on developing. A joint vision statement on trade and economic cooperation by the end of the decade looked at nine issues including the elimination of non-tariff barriers, the development of a "bilateral settlement system using national currencies", ironing out customs procedures and using new connectivity routes, including the Chennai-Vladivostok maritime route and Northern Sea Route and the International North-South Transport Corridor via Iran, investments in the energy sector including nuclear energy,



In tandem: Prime Minister Narendra Modi with Russian President Vladimir Putin during a meeting at the Kremlin in Moscow on Tuesday. REUTERS

infrastructure development and investment promotion as "priority areas". In addition, India and Russia signed a number of MoUs between institutions on climate change, polar research, legal arbitration and pharmaceutical certification and other issues.

Earlier, addressing about 500 members of the Indian diaspora in Russia, Mr. Modi announced that Russia had agreed to India's request to open consulates in Kazan and Yekaterinburg to help facilitate services for the growing community.

The bilateral trade target set by the leaders should be reasonably easy to achieve, given that, already, trade stands at around \$65 billion, mostly because of the surge in India's imports of Russian crude at discount after the invasion of Ukraine led to the oil sanctions by the U.S. and Europe. In his preliminary comments, Mr. Putin said Russia-India trade

grew by 66% last year and 20% just in the first quarter of 2024.

Achieving the target would catapult the business relationship to levels of trade India currently has only with bigger economies such as the U.S., China and the European Union.

Asked about the target, Foreign Secretary Vinay Kwatra said it was "an expression of the ambition by the two leaders for the larger economic relationship

which includes the trade relationship", and said that Mr. Modi particularly stressed broad-basing the trade basket of goods between the two countries.

The focus on economic issues was a shift from previous Annual Summits where military supplies and the defence and strategic partnership between the two countries had been at the top of the agenda.

Officials said that the two leaders discussed the delay in defence supplies, and have committed to exploring more areas of co-production of defence equipment such as the India-Russia joint venture for assault rifles that could fill the domestic gap as well as facilitate export to other countries.

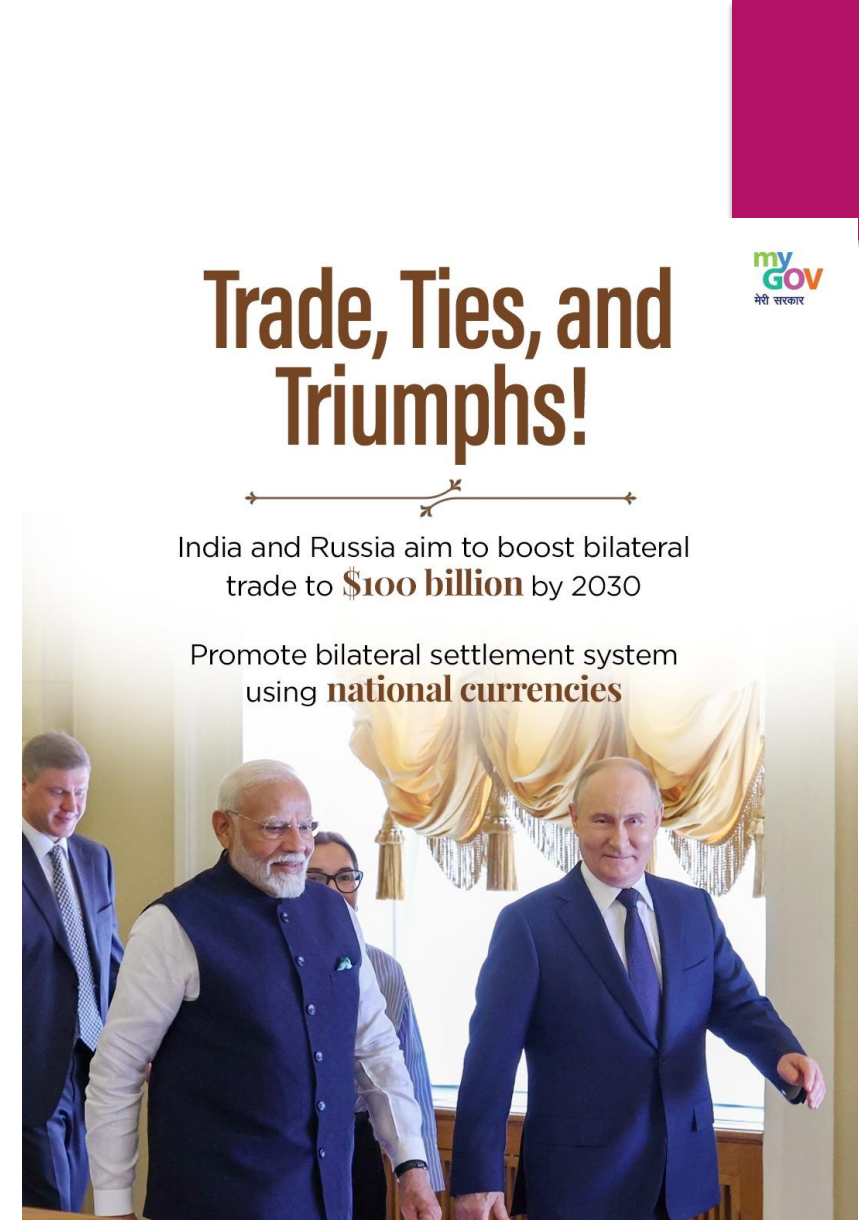
The Prime Minister accepted Russia's highest civilian honour, the Order of St Andrew the Apostle, an award that had been announced by President Putin in 2019, but could only be presented now. He also invited Mr. Modi to return in a few months to the Russian city of Kazan where he will host the first "Extended BRICS" summit.

Context

- Prime Minister Modi's first bilateral visit to Russia after being sworn in, showcases the **importance of India-Russia ties for India, especially in energy and defence**. India and Russia have maintained a relationship for over seventy years. However, as India has expanded its global ties in a multi-polar world, its partnership with Russia has seen stagnation in some areas and decline in others.
- Defence remains the strongest aspect of their strategic alliance, with significant cooperation also in nuclear and space sectors.

Significance of Russia for India

- **Critical Defence Interests:** India heavily relies on Russian and Soviet-origin defence equipment, constituting **60-70% of its arsenal**. Cooperation includes joint R&D, co-development, and production of various military systems like S-400 missiles, MiG-29s, and tanks.
- **The Brahmos supersonic antiship missile**, for instance, was jointly designed by Indian and Russian engineers for the Indian armed forces and first tested in 2001.



Trade, Ties, and Triumphs!

India and Russia aim to boost bilateral trade to **\$100 billion** by 2030

Promote bilateral settlement system using **national currencies**

myGov
मेरी सरकार

Russian joint ventures with India also include making

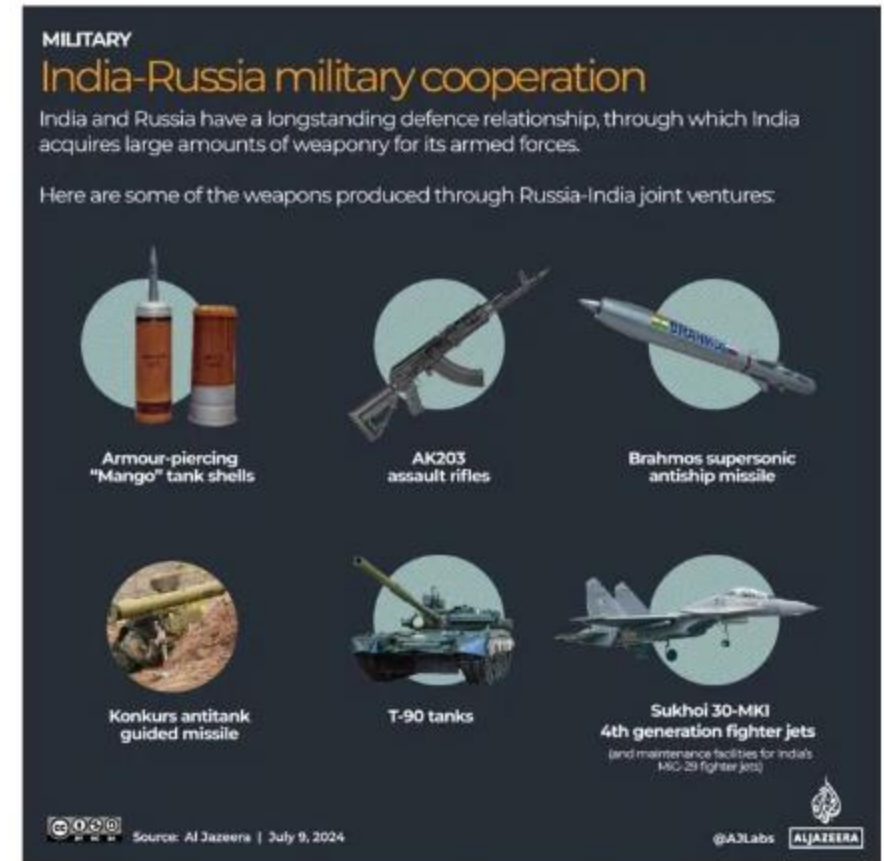
- **35,000 Kalashnikov AK203 assault rifles for the Indian army**
- **licensed production of advanced T-90 tanks and Sukhoi Su-30-MKI fourth-generation fighter jets**
- **maintenance facilities for India's MiG-29 fighter jets**
- **collaboration on making the Konkurs antitank guided missile**
- **War and Oil Trade Boost: India buys Russian oil at discounted rates, significantly impacting bilateral trade.**



- Despite the threat of even more US sanctions, Russia has become the 1 supplier of oil for India, which in turn is the top buyer of seaborne Russian oil. In June, India bought a stunning 2.13 million barrels of oil per day from Russia.
- **This trade helps mitigate inflation from rising crude prices, though it creates diplomatic challenges with Western allies due to Russia's actions in Ukraine.**

Factors irritating United States in India-Russia Relations

- India continues to strengthen its trade and diplomatic relationship with the world's most-sanctioned country.
- India has taken a neutral stance regarding Ukraine.
- **The Chennai-Vladivostok maritime route and the International North-South Transport Corridor (INSTC),** are aimed at long-term integration of the Indian and Russian economies. The INSTC also brings Iran - another American adversary - into the mix.



- India has even defied the US to strike a 10-year deal to develop **Iran's Chabahar port**.
- India significantly boosted India-Russia cooperation in military affairs. For example, India bought the **Russian S-400 missile defense systems**.
- India and Russia are considering cooperation on numerous strategic areas such as joint production of weapons, reciprocal access to military facilities, joint deployment of troops, warships and fighter jets.



India-Russia Agreements

Cooperation in trade, economic and investment spheres in Russian Far East (from 2024 to 2029) and the Arctic zone

MoU on climate change & low-carbon development	MoU between Survey of India and the Federal Service for State Registration, Cadastre and Cartography
MoU for cooperation in research and logistics in polar regions	
MoU for cooperation in broadcasting	MoU between Trade Promotion Council of India and All Russia Public Organization 'Business Russia'
MoU for cooperation in pharmacy and medicine	
MoU for cooperation in arbitration	
Joint Investment Promotion Framework Agreement	

Minimum support price

+ Minimum Support Price, loan waiver crucial issues for farmers

BUDGET IN FOCUS

Ashok Dhawale

The Bharatiya Janata Party-led National Democratic Alliance (NDA) faced huge setbacks in the Lok Sabha elections in the agrarian belts of the country.

This government is a continuation of the first two Narendra Modi regimes that favoured the corporate houses and tweaked policies in agriculture sector in their favour.

Rising farmer suicides

Farmers expect that this government make a radical break from all its earlier Budgets. Of course, this is asking for a tall order. But unless that is done, the farmers unrest and agrarian crisis are not going to subside. The National Crime Records Bureau data tells us that 1,00,474 farmers and agricultural workers committed suicide between 2015 and 2022.

This is a tragic indication of the agrarian crisis in the country.

The most important issue for farmers in the country today is statutory minimum support price at the rate of C2-50%, that is one-and-a-half times the comprehensive cost of production, as recommended by the M.S. Swaminathan Commission. Unless that is done, it's going to be impossible even to begin to resolve the agrarian crisis. They will have to make Budgetary provisions to implement this. This is our first demand.

Cut input prices

The second point is about the cost of production, which is continuously rising. Our expectation from



Great expectations: Farmers expect this government to make a radical break from all its earlier Budgets. *KNS.GRI*

the Budget is they must cut down the cost of production by reducing the price of fertilizers, seeds, insecticides, diesel, water and electricity.

Rates of all these inputs are going up. A statutory MSP at a rate of C2+50% may have no meaning if the cost of production is not brought down.

The government should bring control through the Budget on the corporates who are producing the inputs. The Budget should help public sector companies engaged in the production of inputs.

Loan waiver

The third expectation from the Budget is that they give a complete one-time loan waiver for farmers and agricultural workers all over the country. Unless this is done, farm suicides cannot be prevented.

This government has written off loans worth about ₹16 lakh crore of corporates.

Loan waiver, bringing down the cost of production and ensuring MSP at a rate of C2+50 have to be done together. If this is done, 70% of the crisis in the agrarian sector can be dealt with.

have provisions to complete these irrigation projects. Power production is also now under the control of corporate houses. Smart meters are going to create havoc for all consumers, rural and urban.

Expand MNREGA

The sixth point is about the expansion of MGNREGA. Ever since the Modi Government came to power, they have been trying to starve MGNREGA of funds. The number of work days has come to just 42. The government will have to increase the wages to ₹600 and the number of days of work to at least 200.

Radical land reforms

The seventh point, which is very important, is the question of land.

The rulers have changed the slogan of 'Land to the Tiller' to 'Land to the Corporates'. In total violation of the Land Acquisition Act, there's massive acquisition of farm lands by corporate houses. Land acquisition must be done only when strictly necessary for a public purpose. Radical land reforms must be initiated and completed.

Restore corporate tax

To raise resources for all this, the Union government must impose wealth tax and inheritance tax. They have tremendously reduced corporate tax. They must restore it. Rich have to pay more income tax and the middle class should get some relief.

Direct taxes must be increased and indirect taxes must be reduced. (Ashok Dhawale is a senior leader of the Samyukt Kisan Morcha and president of the All India Kisan Sabha)

Context

- The Bharatiya Janata Party-led National Democratic Alliance (NDA) faced huge setbacks in the Lok Sabha elections in the agrarian belts of the country.
- This government is a continuation of the first two Narendra Modi regimes that favoured the corporate houses and tweaked policies in agriculture sector in their favour.

Rising farmer suicides

- The National Crime Records Bureau data tells us that 1,00,474 farmers and agricultural workers committed suicide between 2015 and 2022.
- Issue for farmers in the country today is statutory minimum support price at the rate of C2+50%, that is one-and-a-half times the comprehensive cost of production, as recommended by the M.S. Swaminathan Commission.

Cut input prices

- The cost of production, which is continuously rising. Our expectation from the Budget is they must cut down the cost of production by reducing the price of fertilizers, seeds, insecticides, diesel, water and electricity.

Minimum Support Price (MSP)

It is the minimum price at which government agencies procure particular crops from the farmer at MSP.

It is announced by govt. on **23 commodities** at the start of each cropping season for Rabi & Kharif.

Commodities include **22** mandated crops and fair and remunerative price (**FRP**) for sugarcane.



23

CACP recommends MSPs on a total of 23 commodities

Current issues

- Higher usage of fertilizers resulted in poor NPK ration in soil.
- Current ratio- **31:8:1** (in Punjab)
- Target ratio- **4:2:1**
- Farmers are demanding a legal mandate for MSP.

4 COMMERCIAL CROP

Cotton, Sugarcane, Copra & Raw Jute

7 CEREALS

Paddy, Wheat, Maize, Bajra, Jowar, Ragi and Barley

5 PULSES

Chana, Arhar/tur, Urad, Moong and Masur

7 OILSEEDS

Rapeseed-mustard, groundnut, soyabean, sunflower, sesamum, safflower & nigerseed

Loan waiver

- A complete one-time loan waiver for farmers and agricultural workers all over the country. Unless this is done, farm suicides cannot be prevented.
- Loan waiver, bringing down the cost of production and ensuring MSP at a rate of C2+50 have to be done together. If this is done, 70% of the crisis in the agrarian sector can be dealt with.
- In the context of climate change and the environmental situation. In the light of continuous **drought, flood, unseasonal rains and hailstorms, there should be a comprehensive crop insurance scheme, which is totally different from the Pradhan Mantri Fasal Bima Yojana.**

MSP – FARM LOAN WAIVERS: WILL THESE SOLVE REAL PROBLEMS FACED BY FARMERS?



- 👉 Hiking the Minimum Support Price (MSP) and waiving off loans will just provide temporary relief to farmers as they do not address the core problems that agriculture sector faces.
- 👉 The farmer problems cannot be solved unless the inherent problems in the agriculture system are addressed. What MSP seeks to address is the market volatility and fluctuating prices. Farm loan waiver will provide relief when the farmer is unable to repay loans because of crop loss or low yield.

THE ACTUAL PROBLEMS THAT NEED TO BE ADDRESSED:

👍 Low yield

The average yields of almost all the crops in India are among the lowest in the world. One way to address this using right manures and fertilizers.

👍 Access to quality seeds

Quality seeds are a critical for attaining higher crop yields. Unfortunately, good quality seeds are out of reach of the majority of farmers.

👍 Irrigation

India is the second largest irrigated country in the world after China, but only one-third of the cropped area is under irrigation.

👍 Low profit margins

Farmers have been unable to arrest the rising cost of production which depends on several factors such as cost of fertilizers, irrigation costs, transportation costs, cost of raw materials etc.

👍 Lack of mechanisation

Lack of mechanisation affects the yield. Mechanisation needs massive investment and a farmer with small land holding may not be able to afford it.

👍 Lack of awareness

The government should take initiative to make farmers aware of modern agricultural techniques.

- On the question of irrigation and power. Public sector investment in irrigation and power has been cut down in the last 10 years.

Irrigation projects

- The cost of water and power is increasing. A number of irrigation projects are incomplete in the country. If they are completed, a large section of land will come under irrigation.

Expand MNREGA

- The expansion of MGNREGA. Ever since the Modi Government came to power, they have been trying to starve MGNREGA of funds. The number of work days has come to just 42. The government will have to increase the wages to ₹600 and the number of days of work to at least 200.



Radical land reform

- The question of land. The rulers have changed the slogan of 'Land to the Tiller' to 'Land to the Corporates'.
- In total violation of the Land Acquisition Act, there's massive acquisition of farm lands by corporate houses. Land acquisition must be done only when strictly necessary for a public purpose.

Restore corporate tax

- The Union government must impose wealth tax and inheritance tax. They have tremendously reduced corporate tax. They must restore it.
- Direct taxes must be increased and indirect taxes must be reduced.

GOVT ASSESSING IMPACT OF 'EXCLUSION LIST'

WHO COULD BE EXCLUDED

- I-T Assessees
- Govt employees
- Officials may collect info on small & marginal farmers who filed I-T returns
- This may prove to be a disadvantage for needy farmers & landowners
- Most of them file I-T returns to get loans for kids' education & marriage
- Excluding them from eligible list may be detrimental, said govt source



GOVT SEEKS FEEDBACK FROM FARMERS

- Govt concerned about impact of exclusion list
- It wants to know how farmers will react
- Also how many will be excluded in each village

What social activists say

- BRS govt did not distinguish between small & large farmers
- Paid them equally (₹ 10K per acre in Bandhu scheme)
- This made big & rich farmers benefit more
- Move also led to resentment among small & marginal farmers



Thank you

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